

2013/14
BUDGET BRIEFING
 HOUSE APPROPRIATIONS COMMITTEE (D)
 Report on Key Issues
 HOUSE APPROPRIATIONS COMMITTEE (D)



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2013/14 Budget At-A-Glance

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On June 30 and July 1, the PA House passed the numerous bills that make up the state budget package to provide \$28.375 billion in state funds to run state government through June 30, 2014. **At the time of this publication, the Fiscal Code, Public Welfare Code and Tax Code are with the Senate for concurrence.** Gov. Corbett signed the General Appropriations bill (HB 1437, PN 2198) a few hours before midnight on June 30. The budget represents a \$645 million (2.3 percent) increase as compared to 2012/13.

Sadly, this budget fails most Pennsylvanians, especially our students. This budget fails to make public education the priority it should be. The small boost in funding for public schools does not come close to restoring the \$1 billion in cuts Gov. Corbett made to public education in his first budget. Our school districts are in distress, and because this budget fails to restore the cuts, they are forced to increase class sizes, slash educational programs and activities, eliminate positions (in addition to the 20,000 jobs already lost) and raise property taxes. Despite the governor’s campaign commitment to fund early childhood programs, this budget fails to fully restore the cuts he made to these vital programs.

This budget fails to adequately address Pennsylvania’s transportation needs, including highways, bridges and mass transit.

The governor’s attempts to turn over management of the PA Lottery to a foreign company and sell the state liquor system remain unresolved, hopefully sparing thousands of people from losing their jobs. **His attempt to “reform” the state pension systems also remains unresolved,** hopefully ensuring retirement security for tens of thousands of people and future generations will not be burdened with billions of dollars in debt.

At the time of this publication, Medicaid Expansion remains unresolved as the Public Welfare Code bill, stripped of expansion language, is with the Senate for concurrence. Consequently, all decision-making as to when and how Pennsylvania expands Medicaid eligibility, as allowed under the federal Affordable Care Act, would rest solely with the governor.

Finally, this budget leaves money on the table by failing to enact sensible revenue enhancements that could have been used to properly fund our schools and provide for our most vulnerable residents.

This document provides a quick overview of the highlights and lowlights in the 2013/14 state budget. **The House Appropriations Committee (D) will continue to review provisions of the budget and post more information online at www.hacd.net over the next few weeks.**

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General Appropriations & Tax Code

Q: What is the total spending contained in the budget?

The budget appropriates **\$28.375 billion** in state General Fund expenditures. This represents an increase of \$645 million (2.3 percent) over the 2012/13 General Fund budget and approximately \$63.8 million more than Gov. Corbett's budget proposed in February.

UPDATED Q: What are the tax changes associated with the budget package?

Several changes were made in the Tax Code (HB 465, PN 2211). Here are a few of the highlights. The tax code:

- Modifies the capital stock and franchise tax phase-out schedule. The rate will decline from its current rate of 0.89 mills to 0.67 mills for tax year 2014, and then drop to 0.45 mills for tax year 2015. The tax is scheduled to be eliminated for tax year 2016 and beyond.
- Provides an exemption from the sales and use tax for aircraft parts, services to aircrafts and aircraft components.
- Extends the 1 percent Philadelphia sales tax and use tax, and allows revenues to be distributed primarily to the Philadelphia School District after July 1, 2014.
- Requires companies to "add back" intangible expenses and some costs for corporate net income tax purposes. (Note: This is in lieu of closing the Delaware loophole through combined reporting as supported by House Democrats.)
- Increases the cap on the net operating loss deduction to the greater of \$4 million or 25 percent of income in tax year 2014 and the greater of \$5 million or 30 percent of income in tax year 2015 and after.
- Eliminates the realty transfer tax 89/11 loophole.
- Creates a new Innovate in PA program, which auctions insurance premium tax credits to raise capital for the venture investment programs through the Ben Franklin Technology Development Authority and regional biotechnology research centers established under the Tobacco Settlement Act.
- Creates a new tax credit for the mobile telecommunications industry equal to 5 percent of the purchase price of qualified broadband equipment put into service in Pennsylvania, subject to a \$5 million cap.
- Eliminates the inheritance tax on family owned business, provided certain criteria are met.

Education

K-12

UPDATED Q: How does the budget fund K-12 classroom education?

Total funding for the basic education subsidy is \$5.526 billion. The subsidy drives out an additional \$130 million to school districts (2.4 percent more than 2012/13); however, the subsidy increase in the appropriation is actually only \$122.5 million (2.3 percent more than 2012/13) because of a funding gimmick involving unencumbered funds and the Financial Recovery School District Transitional Loan Account.

While this is a step in the right direction, the roughly \$1 billion in cuts to classroom funding remains largely in place.

The budget addresses other classroom funding as follows:

- The Accountability Block Grant is flat-funded at \$100 million.
- Special Education is flat-funded at \$1.026 billion. School districts and intermediate units will receive

the same amount of funding as 2012/13, and the budget did not enact any changes to the formula.

- Public Library subsidy is flat-funded at \$53.5 million.
- Safe School Initiative was increased by \$6.5 million by the Senate, for total funding of \$8.5 million (321.5 percent). This funding provides targeted grants to school entities and municipalities to address school violence and safety issues

For the third budget in a row, no funding is included in the budget for Dual Enrollment, Reimbursement of Charter Schools, Educational Assistance Program, Science: It's Elementary, School Improvement Grants or Intermediate Units.

UPDATED Q: How much funding will each school district receive?

A breakout of the Basic Education Funding (BEF) subsidy by school district is located in the spreadsheet section of the House Democratic Appropriations Committee's website at www.hacd.net. In the formula, \$100 million is appropriated by using student population and aid ratio for each school district. The other \$30 million is appropriated through a series of 12 supplemental categories and awarded to only 21 school districts.

UPDATED Q: Does the budget include money for distressed school districts?

A breakout of education funding for the financially distressed school districts is located at www.hacd.net. Only two of the eight financially distressed districts (Reading and York City) receive extra funding from the \$30 million in additional Basic Education Subsidy supplements. The total basic education increase for all eight distressed schools is \$10.9 million; \$9.4 million of that increase is for Reading and York City School Districts.

Additionally, roughly \$10 million is available in the Financial Recovery School Transitional Loan Account and another \$4.5 million will be used to provide technical assistance to the eight distressed school districts.

Q: How does this budget address early childhood education and care?

Despite Gov. Corbett's campaign commitment to fund early childhood programs, the 2013/14 budget fails to restore the cuts made to these programs since 2010/11.

The budget provides \$100 million for the **Accountability Block Grant** (ABG) under the Department of Education (PDE). This represents level funding with 2012/13. This represents a cut of \$254.5 million (including the \$100 million supplemental appropriation retroactively made in the 2011/12 budget) when compared with the funding available for school districts to spend before Gov. Corbett took office. Nearly 75 percent of past Accountability Grants have been used by school districts for early learning initiatives, including Pre-K programs, full-day kindergarten and class-size reduction in kindergarten through third grade.

The budget does provide increased funding over 2012/13 for both **Pre-K Counts** (\$4.5 million or 5.4 percent) and **Head Start Supplemental Assistance** (\$1.9 million or 5.1 percent). These amounts also represent a slight increase over funds appropriated in 2010/11.

Since taking office, Gov. Corbett has cut \$63.2 million from **child care programs**. These programs provide child care support for working families and research-based early childhood care initiatives, such as the nationally recognized Keystone Stars program. The budget provides some meager increases over 2012/13 funding amounts, but still falls way short of restoring cuts made under his governance.

For **Child Care Services**, the budget increases the appropriation by \$14.3 million (10.1 percent) over 2012/13. In his February proposal, the governor recommended using over \$7 million in additional funds (net) to reduce the waiting list for services and to provide further support to the STARS program. The budget matches the amount requested by the governor in his Spring Update, a revised budget request. In that request, the governor included an additional \$3.7 million to cover federal sequestration cuts and another \$3.5 million for an early learning quality improvement initiative.

For **Child Care Assistance**, the budget reduces the appropriation by \$4.1 million (2.6 percent), reflecting a full year implementation of cost-cutting initiatives enacted in 2012/13.

NEW Q: What happened with school construction projects (PlanCon)?

For the second time, PlanCon was flat-funded at \$296.2 million, and a moratorium was enacted to stop funding approval of school construction projects. PlanCon is funded through the Authority Rentals and Sinking Fund Requirements appropriation in the education budget. This program provides for statutorily mandated state reimbursement to school districts for a portion of their capital expenditures on construction projects and for reimbursement to charter schools for the cost of leased facilities.

NEW Q: Does the budget include the Educational Improvement Tax Credit (EITC) and vouchers?

Yes. Funding for the EITC program continues at \$100 million, and authorizes the award of tax credits to businesses that make contributions to scholarship organizations, educational improvement organizations and Pre-K scholarship organizations.

Despite only using approximately \$20 million of the available \$50 million in tax credits last fiscal year to provide vouchers (the Educational Opportunity Scholarship Tax Credit Program), the 2013/14 budget continues the \$50 million in tax credits available to businesses who contribute to scholarship organizations for the purpose of providing school vouchers to students in low-achieving public school districts. Students receiving a voucher may attend a public or private/parochial school.

Higher Education

Q: How does the budget provide for higher education?

The budget increases select appropriations, but does not include broad-based increases above the 2012/13 funding level. For the most part, the budget locks in the funding cuts made since Gov. Corbett took office.

The budget provides flat-funding to the community colleges, PHEAA grants, the State System of Higher Education, and the main appropriations for Penn State, the University of Pittsburgh, Temple University and the Thaddeus Stevens College of Technology.

The budget provides a \$2 million increase to Lincoln University and the Pennsylvania College of Technology, which is part of the Penn State non-preferred appropriation. The budget provides a \$217,000 increase for rural education outreach, under the University of Pittsburgh. The budget also includes an additional \$1 million for community college capital funding, as well as a \$500,000 increase for the community education councils.

Health & Human Services

Department of Public Welfare (DPW) - Human Services

Q: Was the \$84 million funding cut to county human services programs restored in the 2013/14 budget?

No. The 2013/14 budget maintains the 10 percent funding cut enacted in 2012/13 for the following county-run human services programs: community mental health services, community intellectual disability base program, behavioral health services, Act 152 drug and alcohol treatment services, county child welfare special grants, homeless assistance, and the human services development fund.

UPDATED

Q: What happened to Gov. Corbett’s proposal to turn the 20-county Human Services Block Grant pilot program into a statewide pilot program with voluntary participation by counties?

The General Assembly rejected the governor’s proposal, and instead expanded the pilot program to 30 counties in 2013/14. In selecting counties for the pilot program, DPW must consider certain factors such as the county’s geographic location, population and human services administrative structure. DPW shall give priority to those counties that have participated in the pilot or applied to participate in the pilot. (*HB 1075, Public Welfare Code*)

Q: Does the budget reduce the waiting list for people with intellectual disabilities?

The budget includes \$19.9 million in state funding to provide community waiver services for 1,180 individuals during 2013/14, including 380 people on county waiting lists. These funds are in the appropriation for Intellectual Disabilities (ID) – Community Waiver Program, as detailed below:

- \$14 million for 380 people on the county emergency waiting list and who require services immediately or within six months;
- \$4.5 million for 700 graduates from special education programs; and
- \$1.4 million for 100 people who currently reside in a state ID center.

Q: What happened to home and community-based programs that serve people with physical disabilities?

The budget increases state funding in two different appropriations so that an additional 1,682 individuals with physical disabilities may receive home and community-based services in 2013/14.

- Services for Persons with Disabilities includes \$15.8 million to expand home and community based waiver services to 1,282 people who have a severe physical disability, including people with traumatic brain injury.
- Attendant Care includes \$4.1 million to expand services to an additional 400 disabled adults.

Q: What happened to funding for Autism Intervention and Services?

The budget includes \$1.5 million in state funds to expand Autism Waiver services to an additional 118 adults. Funding for mini-grants to individuals and families remains unchanged at \$500,000 and funding for the three regional autism centers remains at \$800,000 each. The General Assembly added \$400,000 to the state appropriation for Autism Intervention and Services, but these funds are earmarked for two special initiatives, one located in Philadelphia and the other in Pittsburgh.

Q: How does the budget address County Assistance Office (CAO) backlogs that continue to create obstacles for Pennsylvania’s most vulnerable residents to receive the services they desperately need?

Since taking office, Corbett reduced the authorized complement for CAOs by 168 positions. In his February proposal, the governor recommended reducing authorized positions by an additional 201. In his revised budget request (also called the Spring Update), the governor asked for an additional \$4.6 million in state funds above his February request to address increased caseload projections due to provisions of the Affordable Care Act (ACA). The budget funds CAOs at \$6.9 million in state funds above the governor’s February proposal. This represents an increase of \$30.1 million in state funds over the 2012/13 revised appropriation. It is unknown at this time what assumptions about authorized, filled and vacant positions were used in calculating this appropriation.

DPW - Medical Assistance

NEW Q. What happened to Medicaid Expansion?

The Senate inserted language in the Public Welfare Code (HB 1075), requiring action by the governor so that expansion would begin no later than July 2, 2014; however, House Republicans removed the language in House Rules Committee. At the time of this publication, the bill is with the Senate for concurrence. Consequently, all decision-making as to when and how Pennsylvania expands Medicaid eligibility, as allowed under the federal Affordable Care Act, would rest solely with Gov. Corbett.

UPDATED Q: Did managed care organizations receive a rate increase?

The final budget includes additional funding for managed care organizations beyond the 2 percent rate increase requested by Gov. Corbett for physical health plans and beyond the 1.5 percent rate increase requested by the governor for behavioral health plans. At this time, we do not have any details regarding the average statewide rate increases built into the Medical Assistance Capitation appropriation (which funds the managed care program) or the amount of funds budgeted to support the rate increases.

UPDATED Q: Did nursing homes receive a rate increase?

The budget provides for a 2 percent increase in the per diem rates paid to nursing facilities. In addition, the General Assembly included \$8 million in state funding for a one-time targeted payment to non-public nursing facilities that have an overall occupancy rate of at least 85 percent and a medical assistance occupancy rate of at least 65 percent. Provisions detailing how DPW will determine qualifying facilities and calculate quarterly payments, which are referred to as the “medical assistance day one incentive payments”, are stipulated in the Public Welfare Code (HB 1075).

UPDATED Q: What happened to the statewide hospital assessment?

The statewide assessment – known as the Quality Care Assessment – is being extended three years, through June 30, 2016. Revenue generated from this provider tax will continue to be used for the following purposes: to reduce state expenditures for Medical Assistance inpatient services (this is the “state share” of the assessment), to fund the reimbursement rates paid to hospitals under the All Patient Refined Diagnosis Related Groups (APR-DRG) payment system; and to fund supplemental payments made to qualifying hospitals. Previous provisions, which expired June 30, 2013, establish a 3.22 percent assessment on hospital net inpatient revenue and a state share of \$109 million for fiscal year 2012/13. Amendments to the Public Welfare Code, which extend the assessment, increased the state share of the assessment to \$150 million in both 2013/14 and 2014/15 and to \$140 million in 2015/16. The assessment rate remains at 3.22 percent; however, changes in the base year to 2010 (previously 2007) for purposes of calculating hospital net inpatient revenue will result in increased revenues being generated from the assessment. (*Senate Bill 1075, Public Welfare Code*)

Q: Why is the 2013/14 state General Fund appropriation for Home and Community Based Services nearly \$57 million less than the amount requested by the governor and the original House proposal?

Part of the decrease can be explained by the revised budget request (known as the Spring Update) released by DPW, which reduced the 2013/14 state appropriation for Home and Community Based Services by \$20 million because of updated caseload and cost projections that were based on the latest actual trends. However, **most of the decrease is apparently due to shifting \$36 million of expenditures “offline”** and thereby reducing the need to spend General Funds in 2013/14. At this time, we do not know what alternative funding source was used to pay for these program expenditures.

Q. Were any other program costs shifted in DPW's budget in order to reduce the amount of state General Fund appropriations required for 2013/14?

Yes. The Medical Assistance program relied upon excess unspent appropriations from 2012/13 to pay for MA bills payable in 2013/14. This so-called "rollback" of 2013/14 expenditures totaled \$50 million and occurred in two appropriations: Medical Assistance Capitation (\$35 million rolled back to 2012/13) and Medical Assistance Outpatient services (\$15 million rolled back to 2012/13).

Insurance Department

Q: How does the budget fund Insurance Department operations?

The budget appropriates \$22.3 million for Insurance Department operations within a new Insurance Regulation and Oversight Fund, created by SB 914. This represents an increase of \$4.4 million (24.4 percent) over 2012/13 levels for department operations. Prior to SB 914, all fees and fines collected by the department were deposited into the General Fund and the department's operations were appropriated in that section of the General Appropriations Act. Now, a portion of collected fees and fines will be deposited into the new Fund to cover department operations. Per provisions in SB 914, excess funds will be returned to the General Fund at the end of each fiscal year.

Q: Does the budget adequately fund the Children's Health Insurance Program (CHIP)?

The budget provides an increase \$9.5 million (9.3 percent) in state funds for CHIP over 2012/13. By comparison, Gov. Corbett's February proposal increased funding by \$13.5 million (13 percent). His proposal included an additional \$1 million for outreach activities and funding to cover the additional children enrolled as a result of these activities. Unfortunately, CHIP enrollment has declined by thousands of children over the past several years. Even more disappointing, CHIP enrollment continued to decline since the governor's February budget proposal. Therefore, adding new children to a lower base means less money is needed that originally proposed in Gov. Corbett's February proposal.

Department of Health

Q: Does the budget fund health programs geared at keeping patients out of more costly care situations?

The budget restores funding for numerous health education, research and treatment appropriations in the Department of Health. In many cases, these appropriations are increased over the amounts appropriated in 2012/13. However, most funding levels are significantly less than several years ago.

Q: Will State Health Care Centers and related district offices being consolidated or closed?

The appropriation for State Health Care Centers is even less than the governor's proposal which assumed a plan to consolidate the commonwealth's 60 state health centers into 36, as well as make changes in district offices. This plan includes 73 layoffs (including 26 community health nurses).

Lottery

Q: How much is budgeted for senior programs funded by the Lottery?

The budget increases funding by \$50 million. The increase is distributed amongst the following programs:

- \$27 million for PennCARE (Department of Aging) to provide home and community-based services to 5,400 additional people in the OPTIONS program (\$20 million), to enhance support to the Area Agencies on Aging (\$5 million), and to expand attendant care services to 193 individuals (\$2 million).

- \$2 million for grants to senior centers to modernize facilities and programs. This is a new appropriation in the Department of Aging.
- \$21 million for Home and Community Based Services (in the Department of Public Welfare) to expand waiver services to an additional 1,550 elderly Medical Assistance recipients (\$8.127 million), with the balance used to pay expense for the current waiver program (\$12.873 million).

UPDATED **Q: Is the additional funding for senior programs predicated on privatizing the Lottery as proposed by the governor?**

No, the funding is not predicated on privatizing the Lottery. However, on June 30, the governor announced a one-week extension of Camelot’s bid to take over management of the Lottery.

Liquor

NEW **Q: What is the status of the governor’s efforts to privatize the state liquor system?**

The legislature did not pass any laws to change the state’s liquor system. The House Republicans passed a bill (HB 790) that would have sold off the retail and wholesale functions of the Liquor Control Board, forcing the current 600 wine and spirit shops to close and dramatically expanding the number of liquor licenses. After several Senate committee meetings, the Senate Republicans revised the bill and introduced its own bill (SB 100); however, the bill did not make it to the Senate floor for a vote. Democrats, in the House and Senate, offered alternative ways to modernize the state’s liquor system that would improve convenience for consumers and generate additional revenue for the General Fund, without furloughing 5,000 employees.

Pensions

NEW **Q: What is the status of the governor’s efforts to “reform” the state’s pension systems?**

The legislature did not pass any laws to change the state’s current pension systems. After several actuaries reviewed the governor’s proposal, as contained in House and Senate bills, and determined that closing the state’s two defined benefits plans would cost taxpayers billions of dollars, the legislature decided not to move the so-called “reform” proposals forward. Visit the House Democratic Appropriations Committee website, at www.hacd.net, for more information about the various pension proposals and cost estimates involving the Public School Employees’ Retirement System (PSERS) and the State Employees’ Retirement System (SERS).

Transportation

UPDATED **Q: What is the status of transportation funding?**

This budget fails to adequately address Pennsylvania’s transportation needs, including highways, bridges and mass transit. The Senate passed a \$2.51 billion transportation funding package (as estimated by Senate Republican committee staff). On June 27, House Republicans in the Transportation Committee amended SB 1, dramatically reducing the overall spending on roads, bridges, mass transit and multimodal projects to \$1.84 billion by year five. This represented just a fraction of the unspent funding need as identified in the Transportation Funding Advisory Committee (TFAC) report. Since the report was issued in 2011, the overall need has grown to more than \$4.5 billion and continues to grow every day. The Republican transportation funding plan was dangerously inadequate.

Highways, bridges, and the administration thereof, are funded exclusively by the Motor License Fund with revenues generated largely from taxes, fees, fines, statutory transfers and federal grants. Public transit is funded largely from statutory transfers and federal grants. Funding for transportation through the General Appropriations bill represents roughly 0.15 percent of the Department of Transportation’s total budget.

Q: Was funding for the Rail Freight Assistance Program (RFAP) and PennPORTs eliminated?

The budget includes conditional language providing that if legislation establishing a Multimodal Transportation Fund for RFAP and PennPORTs is NOT enacted by Oct. 31, 2013, then the governor can transfer an amount, not to exceed \$10 million, from any unused funds appropriated to the Department of Transportation for these purposes. The budget specifies that a minimum of \$3.7 million will be appropriated for PennPORTs and \$5.75 million for the Rail Freight Assistance Program.

As background, RFAP provides financial assistance for investment in rail freight infrastructure. The intent of the program is to (1) preserve and rehabilitate essential rail freight service where economically feasible, and (2) preserve or stimulate economic development through the generation of new or expanded rail freight service. In the current year, this program has leveraged \$6.8 million in local investments.

PennPORTs provides grants and interagency agreements to support operations and improvements to the ports of Philadelphia, Erie and Pittsburgh. It also provides grants for strategic planning and port security planning. Local government units, port authorities, municipal, redevelopment, industrial and economic development authorities, port commissions and non-profit organizations are eligible for the grants.

Law Enforcement & Justice

Q: Does this budget address the State Police trooper shortage?

No. The budget provides for three State Police cadet classes (approximately 290 cadets) and the hiring of 90 civilians to free up 90 troopers, for a total of 380 additional troopers. The State Police currently has 545 vacancies and roughly 1,000 troopers are eligible to retire. Even with the increase in funding for additional troopers, it is not enough and it will be difficult for the State Police to maintain adequate trooper complements across the commonwealth.

The State Police funds the cadet classes from its general government operations appropriation (GGO). The State Police receives \$759.2 million for 2013/14, \$2 million more than what was proposed in the budget and \$8 million more than the governor's proposal. Of that amount, \$191.3 million (25 percent) is from the General Fund and \$567.9 million (75 percent) is from the Motor License Fund. The budget increases the State Police's GGO by \$52.8 million (7.5 percent) as compared to 2012/13.

Q: How much funding is the Department of Corrections receiving in this budget?

The Department of Corrections receives an increase of \$75.2 million (4 percent) compared to 2012/13. This is an increase of \$14.7 million as compared to the governor's budget proposal.

The budget includes \$43,000 for the newly created Transfer to Justice Reinvestment Fund. The moneys transferred into the fund represent savings to the Department of Corrections from the Justice Reinvestment Initiative (JRI), a statutorily-created effort to rein in rising costs and to lower recidivism rates. The governor's proposal included \$761,000 for the fund, an amount representing the JRI's anticipated 2012/13 savings. However, the Senate reduced the amount to \$43,000, the actual savings generated by the JRI in 2012/13.

Q: Does the budget include an increase for the Office of Attorney General?

Yes. Total funding for the Office of Attorney General is \$87.3 million, a \$9.2 million (11.7 percent) increase over 2012/13. This is \$9.169 million more than proposed by the governor and \$8 million more than the House plan.

The Attorney General's general government operation (GGO) appropriation increases by \$3.9 million (10.9 percent) compared to 2012/13. While this appears to be a significant increase, two other appropriations are

being consolidated into the Attorney General's GGO: Capital Appeals Case Unit and Charitable Nonprofit Conversions. These consolidated appropriations received \$1.3 million in 2012/13.

The budget eliminates the Drug Strike Task Force appropriation, which received nearly \$2 million in 2012/13.

The budget for the Attorney General includes a new \$2.5 million appropriation for a Mobile Street Crimes Unit. The Local Drug Task Forces receives \$11.8 million, a 22.6 percent increase over 2012/13. The Child Predator Interception Unit receives nearly \$4.4 million, which is \$3 million more than 2012/13.

Q: Does the budget include an increase for the Judiciary?

Yes. The courts receive a \$8.1 million (2.6 percent) increase in their budget compared to 2012/13. This is \$7.5 million less than what the courts requested, but is \$9.2 million more than the governor's proposal.

Environment

Q: What happened to the Conservation District funding in the Department of Environmental Protection?

Because Pennsylvania's 66 conservation districts now receive a portion of the impact fee money from unconventional gas wells, Gov. Corbett proposed to eliminate the General Fund contribution to conservation districts. The budget as it passed the House fully restored the General Fund funding for conservation districts, but the Senate version only funded 87 percent of the previous General Fund contribution.

Q: Does the budget reduce funding for Pennsylvania's State Parks and State Forests?

The budget cuts General Fund support for the Department of Conservation and Natural Resources (DCNR) State Park Operations and State Forests Operations by 77 percent and 69 percent, respectively; however, these state-funding cuts are being backfilled with revenue from the Oil and Gas Lease Fund. DCNR collected \$100 million in rents and royalties from oil and gas drilling on state lands in 2012/13, which was \$40 million more than their \$60 million estimate. The Republicans have chosen to use the unanticipated funds to reduce the General Fund appropriations to state parks and forests. With this budget, the Oil and Gas Lease Fund will provide more than twice the amount of funding as the General Fund for the commonwealth's state parks and forests.

Other Areas

Q: How is the Pennsylvania Race Horse Development Fund being used to support agricultural programs?

The budget includes a new restricted revenue account called the Pennsylvania Race Horse Development Restricted Receipts Account under the Pennsylvania Race Horse Development Fund. Each week \$802,682 from Pennsylvania Race Horse Development Fund will be transferred to the account. This transfer is not to exceed \$17.65 million annually. These funds will be used to fund the Transfer to Farm Show Products (\$4 million), Pennsylvania Fairs (\$3 million), the Animal Health Commission (\$5.4 million) and the Pennsylvania Veterinary Laboratory (\$5.3 million) appropriations under the Department of Agriculture. In 2012/13, these appropriations were supported from the General Fund.

Q: What happened to the Pennsylvania Business Development Authority proposed in the Department of Community and Economic Development?

Gov. Corbett's Pennsylvania Business Development Authority proposal, and its predecessor proposals for the Liberty Loan Fund/Liberty Financing Authority, are not included in the 2013/14 budget.

Q: Does this budget provide adequate funding to address the information technology infrastructure needs of the Auditor General's office?

No. The Auditor General's office is in serious need of a significant investment in technology infrastructure. The Auditor General's technology audit set the need for investment within the department at \$9 million. The budget provides \$1.75 million for this program. While it is important that the appropriation has been established, the need still far exceeds the funding.

Q: What is the rationale for the substantial increase in the Voter Registration appropriation within the Department of State?

The budget increases the Voter Registration appropriation to \$2.5 million. This is a 456 percent increase over the 2012/13 appropriation of \$451,000. Traditionally, this line is used for voter registration and education programs; however, the significant increase in funding is questionable compared to historical increases and given that this is not a Presidential election year. Additionally, some people have speculated that the rationale behind this increase may be because of the possibility of continued litigation surrounding the Voter ID law.

Q: What does the budget include for disabled individuals receiving services from the Department of Labor and Industry?

The transfer to the Vocational Rehabilitation Fund is flat funded at \$40.47 million, which is less than what is required to maximize federal matching dollars. The Centers for Independent Living also received the same amount they did last year, \$1.9 million.

Assistive Technology Demonstration and Training (funding the AT lending library) did not receive an increase, but Assistive Technology Devices (funding a low-interest low program through the Pennsylvania Assistive Technology Foundation) received an additional \$156,000.