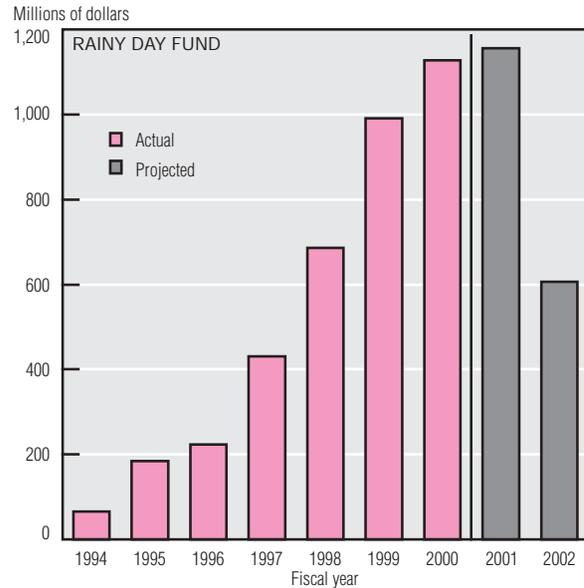
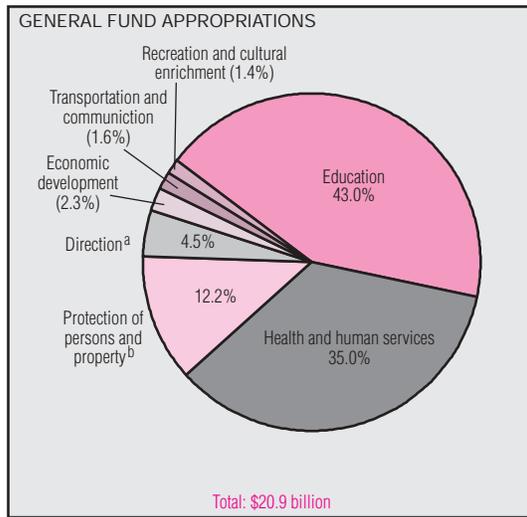
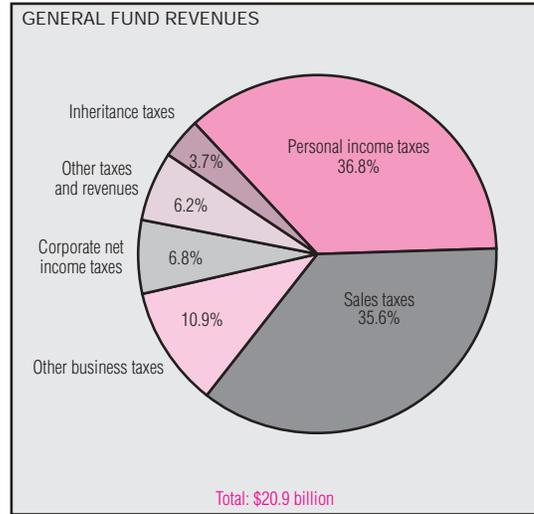
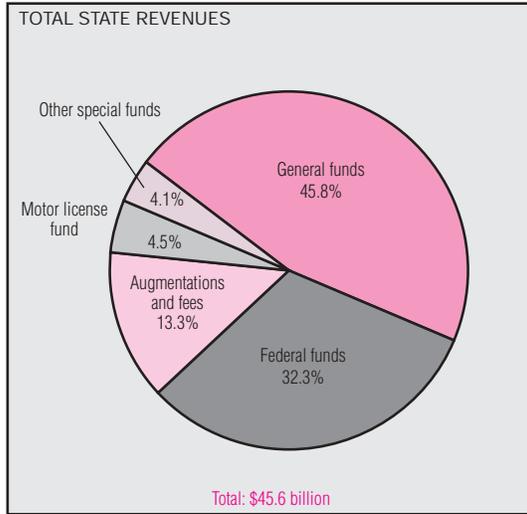


The Pennsylvania Budget



NOTE: Budget figures are for Pennsylvania's fiscal year 2002–2003, which begins July 1, 2002.
 a. Includes funds directed toward operation of state executive, legislative, and judicial offices.
 b. Includes funds directed toward law enforcement and protection; crime prevention; state security; and environmental initiatives.
 SOURCE: Commonwealth of Pennsylvania, Office of the Budget.

In February, Governor Schweiker presented his annual proposal for Pennsylvania's budget for fiscal year 2002.

More than half of the dollars collected by the state have spending restrictions associated with them. Dollars from the motor license fund and from augmentations and fees have specific uses that are mandated by the state legislature. Most federal funds are also restricted, but some of the funds earmarked for social welfare improvement are not associated with specific programs and can be allocated by the state legislature. The governor's budget focuses primarily

on expenditures from the general fund, which comprises more than 45% of the state's total budget. Most general fund dollars are derived from income and sales taxes on both individuals and businesses.

Pennsylvania's constitution mandates a balanced budget, so the general fund's appropriations must equal its revenues. A governor's proposed appropriations are a good indicator of his priorities. Governor Schweiker, who has stressed improving the quality of life for all Pennsylvanians, has dedicated more than 75% of the state's general revenues to education

and to health and human services.

The recession's effects on state fiscal policy are evident in the governor's proposal. Like most states, Pennsylvania has a rainy day fund that allows it to maintain its service level despite any revenue shortfalls that may result from temporarily sluggish economic activity. From 1994 to 2001, the rainy day fund grew from roughly \$100 million to more than \$1 billion (5% of the general fund). Because of the recession, the governor has proposed using about half the rainy day fund (\$550 million) to support state spending in 2002.