



Rep. Mario J. Civera, Jr., Republican Chairman

Economic Brief



October Revenues Fall Short of Projections; Year-to-Date Shortfall Increases to \$160 Million

Pennsylvania's General Fund revenue collections again failed to meet the Department of Revenue's monthly projection mark in October, bringing the current year's shortfall to \$160.2 Million.

The Rendell Administration revised the state's revenue estimate in October to reflect changes made as part of the state's newly enacted budget, specifically tax increases and reserve fund transfers. The new General Fund revenue estimate is \$28.57 Billion.

October's collections totaled \$3.52 Billion, which was \$19.5 Million less than anticipated. This marked the 18th consecutive month the state fell short of estimate. It is important to note the total collections for the month include a \$1.7 Billion transfer of revenue into the General Fund from state's reserve funds. This is posted as Non-Tax Revenue.

Despite the overall monthly shortfall, the state's Personal Income Tax collections were above estimate in October by \$13.7 Million. However, year-to-date collections for the tax are still short by \$84.2 Million. Sales Tax collections were short by more than \$37 Million in October, which brings its yearly shortfall to \$89.3 Million.

With the enacted budget draining the state's reserve funds, these monthly shortfalls continue to pose a concern for what may be in store throughout the coming months.

Economic Indicators

Pennsylvania Labor Statistics

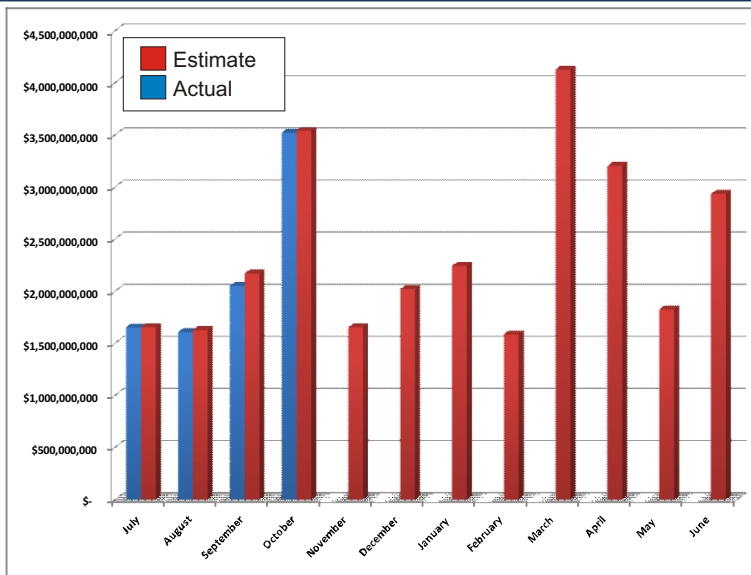
Labor Market	Current Data	Monthly Change
Unemployment Rate	8.8%	+0.1% ↑
Non-Farm Employment	5,605,000	-0.2% ↓
Manufacturing Jobs	569,300	-0.1% ↓
Manufacturing Avg. Hourly Earnings	\$16.41	-0.4% ↑

Unemployment increased again in September, bringing the state's current rate to 8.8 Percent. Although a full point behind the national rate of 9.8 Percent, Pennsylvania's unemployment has seen a dramatic climb over the last year. In September 2008, the state's rate was marked a 5.6 Percent. This represents 57 Percent increase when compared to the current rate.

* All data is derived from monthly reports published by the US Department of Labor's Bureau of Labor Statistics and the PA Department of Labor and Industry. All data is considered preliminary until the department finalizes its reports.

Pennsylvania General Fund Revenue Collections October 2009

Actual	Estimate
Corporation Taxes	
\$116.6 Million	\$116.1 Million
Consumption Taxes	
\$790.7 Million	\$817.0 Million
Other Taxes	
\$807.4 Million	\$791.3 Million
Non-Tax Revenue	
\$1.80 Billion	\$1.81 Billion



The state's new General Fund revenue estimate is \$28.57 Billion. This accounts for the tax increases and reserve fund transfers included as part of the newly enacted budget. To date, the state is still \$160 Million below estimate, which raises concerns as there are no reserve funds remaining to offset a potential year-end deficit.