

Report on State Spending During the Budget Impasse

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December 3, 2015

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Executive Summary

Since July 1, 2015, while Pennsylvania has been without a state budget, the Wolf Administration has spent over \$30.4 billion. We conducted a review of waiver requests for 204 unused allocations submitted by 25 departments or agencies, examining the various categories of payments made by the administration during this time period. The point of the review was to determine how the administration was prioritizing its spending and to determine if waiver request dollars could have been used for programs and services that were unfunded during the budget impasse.

What we uncovered was a consistent theme of undisclosed and non-transparent information from which we could make only educated assumptions. Only 23 percent of the waiver requests revealed the dollar amounts the administration was seeking to spend, which totaled \$60 million. According to information provided by the Treasury Department, the administration spent over \$2.7 billion in waivers during the budget impasse (so far). Without transparency, these tax dollars appear to be treated as the governor's private surplus funds he is using for unclarified purposes.

Most of the waiver requests were for funds from the 2014 fiscal year; however, 9 percent of the waiver requests did not disclose the fiscal year during which the unused funds were first allocated. We also uncovered waiver requests reaching as far back as 2005 for allocation dollars. Our report highlights several examples of questionable waivers that in some instances failed to reveal how the money would be used. Other examples showed the use of the funding for things like creating new operating systems, plans for domesticated animals or simply needing the money because there is no budget in place.

The report also points out how open-ended some categories of spending are within the allocations being requested. General government operations was one category we examined since it was noted several times on many of the waiver requests submitted by the administration. The report unveils some of the prioritized spending in administrative costs the departments are taking instead of improving our communities. We question why some programs and services were not provided with funds instead of the administration paying for its own costs during the budget impasse.

In a review of payments made by various agencies that are made public on PennWATCH, we continue to find examples that failed to disclose whether expenditures paid during the budget impasse were necessary instead of providing funds to programs and services that need it most. Further, the administration has only posted on PennWATCH \$4 billion of the \$30.4 billion they have spent as of October 31.

We conclude our report by making 15 recommendations to the Auditor General, the administration and the General Assembly to provide more financial transparency and accountability.

The Analysis

Since the beginning of the new fiscal year (July 1, 2015), the state has been operating without a budget in place. As of October 31, 2015, the Wolf Administration has spent over \$30.4 billion. With the Wolf Administration spending \$30.4 billion in the first third of the fiscal year, they are on track to spend over \$90 billion for the entire fiscal year. This report examines the waiver requests submitted by the Administration and expenditures since the budget impasse has been in place. For this review, 204 allocation requests submitted by 25 departments or agencies were reviewed.

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Under Act 146 of 1980, as amended by Act 57 of 1997, and to Management Directive 310.3, the Secretary of the Budget has the authority to waive the provisions of encumbrance of funds for an appropriation enacted in a previous fiscal year that was not lapsed as of the statutory or other applicable lapse date upon written request of an agency justifying the exception is in the best interest of the Commonwealth. When the Secretary approves the agency request for a waiver, the Secretary is required to submit the agency request along with a written analysis and justification for the waiver to the Chairmen of the Appropriations Committees in the House and Senate.

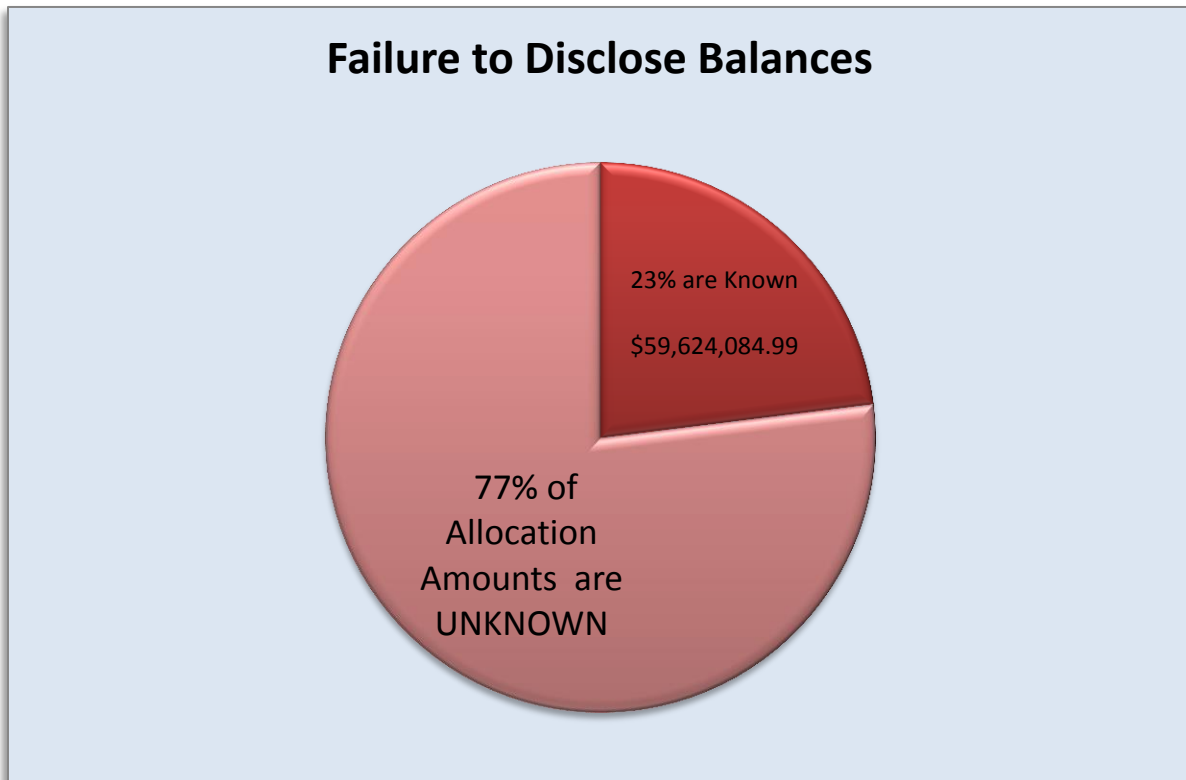
Since the law was enacted, seven Pennsylvania Governors' administrations (Dick Thornburgh, Robert P. Casey, Tom Ridge, Mark S. Schweiker, Ed Rendell, Tom Corbett and Tom Wolf) had the ability to utilize the waiver process to allow agencies to retain previous unused allocated monies for the purposes for which the money was first allocated.

For the most part, waiver usages have been a limited practice as a means of ensuring available balances, services, and commitments of expenditures continue to be paid in the event they carry forward and remaining funds are available. In other words, the waiver allowed real dollars to come back on the books of agencies to continue to be used since the General Assembly already weighed in on the merits of allocations for their intended purposes through the legislative budget process.

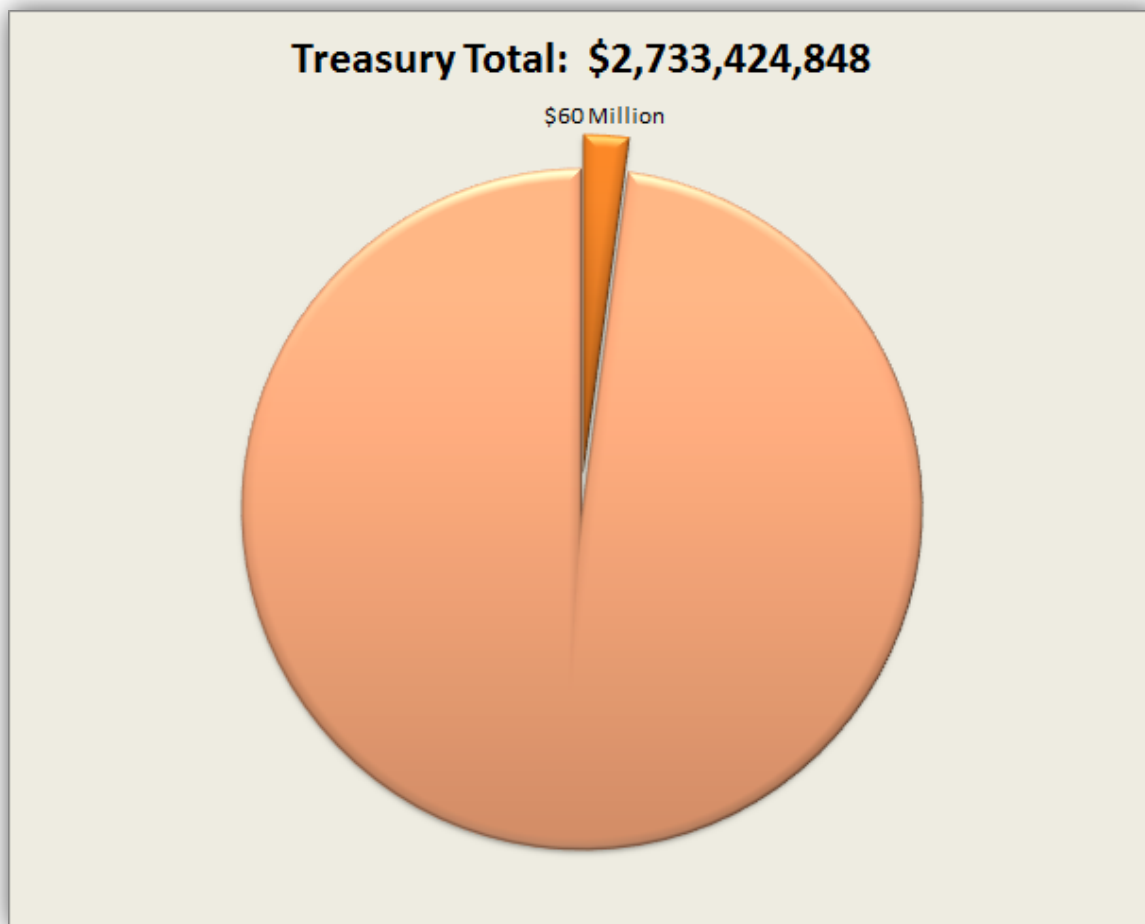
The waivers were not intended to be a means for the Administration to circumvent the authority of the General Assembly, which has the authority to approve all spending bills, or to circumvent budget ceilings adopted when the legislature adopts a budget. With the number and abundance of waivers being approved by the Wolf Administration, one has to question if the waivers are being used as a source of supplemental appropriations during the budget impasse. The Wolf Administration is routinely circumventing, waiving and ignoring the fiscal control powers held by the General Assembly.

Knowing Act 146 requires waivers to be "in the best interests of the Commonwealth," the Secretary closes each notification letter to the Chairmen with those sentiments. Meanwhile, the waivers and letters relay little to no information about what use or future purposes the waived

dollars will provide to the taxpayers of the Commonwealth. Of particular concern is the non-transparency in how much money is being requested since most of the waiver requests read “Available Balance.” A significant majority of the allocation requests did not reveal the actual dollar amount being requested. Only 23% of the waiver requests revealed the dollar amounts being sought. Considering the known amounts of the allocations totaled \$60 million, one can assume the unknown amounts may be close to half a billion dollars if not more. There needs to be some level of transparency for how much money is being requested in a waiver as well as how the money will be utilized.



*This chart illustrates a breakdown of whether the allocation amounts referenced in the waiver requests were revealed in the waiver documents or if they were unknown. (SOURCE: 204 allocation requests submitted by the Wolf Administration)



*This chart illustrates the total amount the Treasury Department has categorized as an expenditure from July 1, 2015 to October 15, 2015, which is \$2.7 billion. About \$60 million in waiver requests were shared with us through a Right-to-Know request. (SOURCE: 204 allocation requests submitted by the Wolf Administration)

According to information provided by the Treasury Department, the waivers spent during the budget impasse totaled \$2.7 billion. About \$60 million in waiver requests were shared with us through a Right-to-Know request. We do not know if the \$60 million is part of the larger \$2.7 billion or if they are additional dollars the Administration plans on spending. Are there other waiver requests that have not been shared with us through our request? How were the remaining dollars spent?

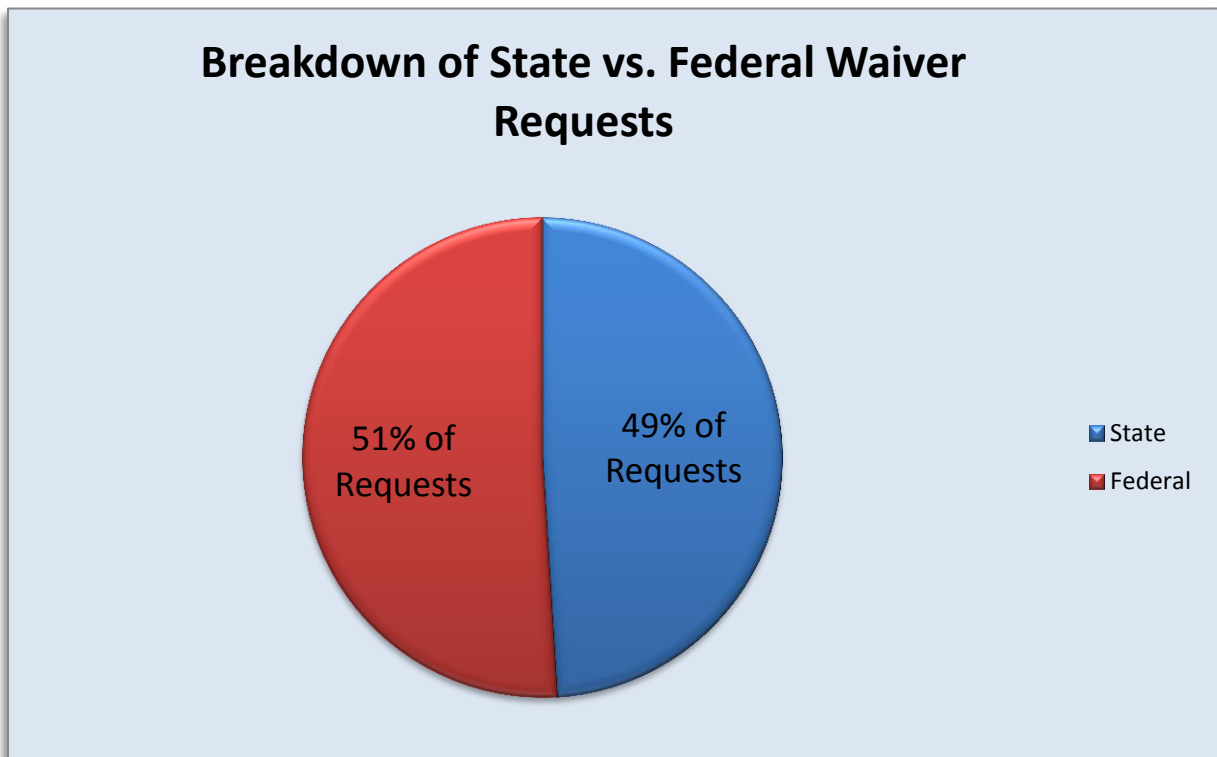
Considering the waivers we received did not equal half of the \$2.7 billion, there is concern about the transparency of the dollar amounts requested and spent by the Wolf Administration. Without transparency, these tax dollars appear to be treated as the governor's private surplus funds he is using for unclarified purposes and costs.

Aside from the Governor announcing "programs that affect the health, safety, and protection of Pennsylvanians or as required under Federal Law, state court decisions or the Pennsylvania Constitution," there has been no clearly stated policy on what reimbursements or expenses the Wolf Administration will pay during the budget impasse. The only clear statement he provided was that payments to vendors or grantees would be delayed.

Expenditures by Category of Authorization	
July 1, 2015 through October 15, 2015	
Category of Authorization	Expenditures
Prior Year Funds (2014 and earlier)	\$2,086,102,915
Prior Year Funds (2015)	\$647,321,933
Restricted Funds	\$3,192,376,684
2015 ESN Special Funds (Legislative Asks)	\$71,376,089
Non-Budgets Funds (SWIF, UC, Federal Motor Licensing Fund)	\$5,946,357,762
2015 ESN Executive Authorizations (General Assembly granted Governor)	\$3,242,545,197
Continuing Appropriations (Capital Projects)	\$629,934,304
Stop Gap ESN 14-174	\$11,676,605,561
Stop Gap ASN 2015-1	-\$144,128,088
Total	\$27,348,492,357

*These amounts show the total tax dollars the Governor has spent since the beginning of the budget impasse.

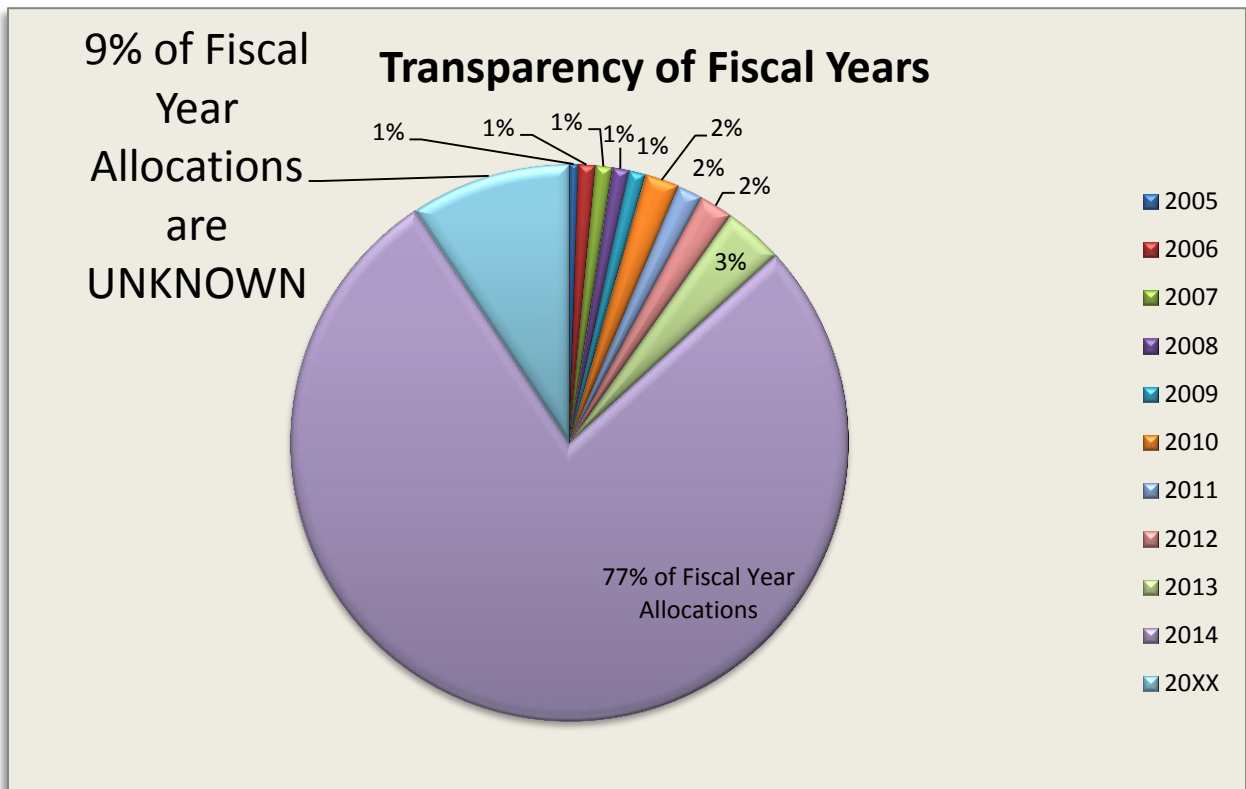
The Administration is requesting nearly equal plays for lapsed funds from both federal allocations and state tax dollar allocations. State waiver requests made up 49 percent of the total requests we received.



*This chart illustrates the breakdown of the waivers reviewed on state allocations versus federal allocation waivers. (SOURCE: 204 allocation requests submitted by the Wolf Administration)

The majority of the waivers requested funds from the 2014 fiscal year. Surprisingly, nine percent of the allocations referenced in the waivers did not disclose the fiscal year of the funds

being requested. Instead, the fiscal year was referenced as “20XX.” The earliest fiscal year in which a waiver requested funds was from the 2005 fiscal year. This information should be known and included in the waiver requests for better transparency.



*This chart illustrates the year in which the allocations were originally provided. The waiver process allows the Administration to reach back to retain unused dollars which were previously accounted. (SOURCE: 204 allocation requests submitted by the Wolf Administration)

Examples of Questionable Waivers

There are 10 waivers submitted by the Administration that indicate the allocations are needed for costs associated with the development, implementation or modernization of management systems or technology advances. Of the allocations known, the total exceeds \$35 million (some allocation amounts are unknown). Aside from the issue of whether the waiver is being used as a means to circumvent the General Assembly which has the authority to authorize spending bills, the waiver requests leave questions about costs unanswered. We do not know if they create a one-time expense or if they establish future ongoing costs associated with the development and procurement of new initiatives. Future costs will put the General Assembly in a position of either abandoning the new system, which means taxpayer dollars were wasted, or they will be obligated to provide follow-up funding for an unspecified period of time.

Perhaps one of the most alarming examples of a waiver request that creates a new system of operation is the request

have raised concerns about lost documentation and processing delays. The Governor has approved DHS's plan to improve performance and reduce costs through centralizing its state-wide incoming mail and document processing activities into a centralized Document Management Center. The Department plans to begin centralized operations on 7/1/2016 and be fully operational on 9/1/2017.

submitted by the Department of Human Services. This waiver requested funding for an initiative that was touted by the department as being approved and supported by the Governor. The total dollar amount was for over \$14 million (\$3 million for travel, postage and other operational costs). According to the waiver request sent from the Department of Human Services to the Secretary of the Budget, almost \$11 million is being sought for a new Document Management Center, which the department plans to begin operating on July 1, 2016. The waiver indicated the system would be fully operational by September 1, 2017. This new system was not vetted by the General Assembly through any budgetary hearings or discussions. The waivers were not intended to be a means for the Administration to circumvent the authority of the General Assembly. Because this initiative suggests it would not be fully operational until 2017, there would certainly be additional expenses beyond the \$11 million requested for this fiscal year.

An example of a “new” program being created and funded through the waiver process can be found in the waiver request submitted by the Pennsylvania Emergency Management Agency. In the request, the agency indicates it will use \$140,000 of the general government operations allocations from 2012 for the purpose of creating a “Statewide Plan for Domesticated Animals.” This was not an item discussed during the previous budget hearings which would have supported spending money on this type of plan. It is a questionable expenditure, at any time, but particularly during a budget impasse.

The treatment of unused allocation dollars is under question. In each of the waiver requests submitted to the Secretary of the Budget, the Secretary of Health cites the reasons for requesting the funds as “due to the continuing 2015-16 budget impasse....” This suggests the funds are being treated as a supplemental budget allocation during the budget impasse. This was not the intended purpose for applying for waiver funds.

In total, the Department of Education has 49 waiver allocations. Twelve of the waiver allocations are for state funds. The requests continuously state the funds will be used for “non-budgeted costs essential for the operation of the department.” One has to wonder if the non-budgeted costs are due to the fact that there is no budget to cover any costs incurred by the department at this time. Furthermore, it is alarming to know the Administration is digging deep to find itself revenue sources while denying schools support from the Treasury as was given to the Democratic Caucus when our schools are the ones taking out loans, discussing closing their doors or furloughing staff. The notion of paying for “non-budgeted” costs is found in many of the waivers from various departments.

The waiver requests submitted by the Department of Revenue shed light on the use of these waivers as a temporary funding source during the budget impasse. The Secretary’s own words allude that the moneys will be used since a current budget is not in place for the current fiscal year and the department is running out of money for certain operations—*“This waiver is necessary to provide flexibility in addressing central budgeting, financial management, and other functions essential to the operation of the Commonwealth. **Sufficient funds are not available from the current year appropriation for this purpose but are available from the prior year appropriations...**”* In addition, a waiver of \$500,000 was requested with the explanation the department needed the funding so it could continue to file property liens against property owners. While we understand the need to generate revenue for the Commonwealth, it seems

Likewise, the waiver requests from the Department of Labor and Industry suggest the money is needed because the department has not been funded this fiscal year because of the budget impasse. One of the waiver allocations being requested would support four named Pennsylvania Centers for Independent Living. While we certainly support the CILs and the important services

For the Department of Health, there are a total of 52 waiver allocation requests (25 state allocations and 27 federal). While almost all of these allocations seek funds from the 2014 fiscal year (two request funds from the 2013 fiscal year), all fail to reference an actual dollar amount being requested or detail the reason the money is being sought other than to say generally the funds will be used “to maintain uninterrupted operations, for items including,

Travel costs were also highlighted by the Department of Drug and Alcohol Programs and the Civil Service Commission as an intended use of the money being requested. It should be noted that travel costs are administrative costs and not costs of providing actual services to those in need. These types of administrative costs should be postponed during a budget impasse. Likewise, other expenditures we believe that should be held back include subscription costs (like those referenced by the Civil Service

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Commission). These too are costs that should have been postponed until a budget is put in place.

One particular waiver submitted by the Department of Community and Economic Development requests funds from 26 line item allocations (7 are state and 19 are federal). The total amount listed on the waiver is \$998,136; however, this only accounts for seven of the allocations. The total dollar amounts for the remaining 19 allocations were not provided. Once again, the dollar amounts being requested were listed as “Available Balance.” This waiver is of particular interest because it contains three allocations which may no longer be in play since they were line items established by former Governor Tom Corbett. These are the Discovered in PA/Developed in PA allocations for the fiscal years 2012, 2013 and 2014 which total \$313,090. The waiver suggests it would be used for “contract amendment payments.” There is no transparency to explain these amendment payments.

At least four of the 25 departments or agencies requesting waivers explained the waiver was necessary because it had experienced “delays.” Delays in contracting were a common theme and indicated it was required due to circumstances beyond the control of the grantees. One waiver request which indicated a “delay” shows the Wolf Administration is not up to speed on running the Commonwealth. The waiver request submitted by the Department of Labor and Industry made specific reference to a press conference the Governor held on June 16 announcing grants for various local workforce investment projects, but he did not provide ample time for the department to commit and issue the grants in a timely fashion. While we understand commitments are not fully expended during a fiscal year and some other circumstances may arise, delays in implementation because of a timing incident made by the Governor calls into question the manner in which the Governor runs the Commonwealth.

General Government Operations

In total, 15 waivers requested funds from the allocation under the category of “General Government Operations.” Of the 15, eight did not disclose the available balances in those allocations. As a government agency, the amount of money on a ledger should be known and published on waiver requests. By not listing the amount of money being requested, we question whether there are accounting problems within the Administration or if this is an attempt to hide from public review the amount of taxpayer dollars being requested.

The Administration should be justifying its expenses by improving our community, not by focusing on administrative costs.

Those that listed the balance amounts totaled \$13 million. It is important to remember that this category does not fund services or programs for Pennsylvanians. Instead, this allocation appears to be a catch all fund to pay various administrative costs (like office equipment) and other items that are “not specified.” These costs were not directly related to the department’s mission. For example, the Department of Education’s mission is to educate our children, not to spend

\$120,000 on membership dues (this was an actual operational expense paid by the department to the Education Commission for the States during the budget impasse). The Administration should be justifying its expenses by improving our community, not by focusing on administrative costs. When money is spent, taxpayers have the right to question the Administration's spending habits and review expenditures to see if they are reasonable given the lack of authorization. Some costs, like salaries and utilities, are necessary but the Administration needs to get its excessive costs under control. It can be argued that during this budget impasse, the Administration is more concerned with paying its own administrative expenses than fulfilling its mission statements.

Below is a highlight of some of the expenditures that should be reviewed thoroughly. The examples give rise to question whether the expenses had to be paid during the budget impasse or if they could have been postponed in order to use the taxpayer dollars to fund urgent services and programs that benefit Pennsylvanians. It is discerning to think the Administration acts as though the cost of running Harrisburg is more of a priority than providing vital services. During the budget impasse, the Administration has ignored the need of many Pennsylvanians such as social service providers who are taking out lines of credit to continue to provide services, and our schools that need state funding.

Legal Services/Fees

Various departments have legal services and fees listed as operational expenses. While there may be fees associated with legal filings or court documents, not all of these expenses appear to be for the purpose of case filings or court documents. Most departments have salaried attorneys on staff. Why then, during this time of critical funding, are departments and agencies spending taxpayer dollars on outside legal services and listing outside firms as expenses?

“Other Specialized Services”

Found in nearly every department or agency's listing of operational expenses, this subcategory appears to be a catch all title for expenses paid out under operational expenses. What are “other specialized services?” A pattern comes to light when we take a closer look at this particular expenditure. Checks of various amounts are paid to individuals repeatedly throughout various departments under this subcategory. If the amounts were for some type of professional service they offered, then why is that expense not listed as such? In other instances, checks for \$60,000 are made out to a policy study group in Denver, CO (an expense under the Department of Labor and Industry listed to Policy Studies Inc.).

Perhaps tying into the “legal services/fee” expense is this particular item. The Department of Human Services made payments in three months to a federal hearings and appeals service company of \$115,000. The department also paid over \$40,000 on security services under the auspices of “other specialized services” and over \$109,000 to an accountant. These are all services the department should be able to address with its salaried staff.

Another payment made under this category that deserves some consideration is a payment from the Department of Education to the Pennsylvania Turnpike Commission. It seems punishing to taxpayers for a state-affiliated entity to charge another state agency for services. While we want to ensure abuses of taxpayer dollars are not occurring, this payment raised the question of why the Administration is not trying to save every dollar by not “charging” taxpayers for intergovernmental uses of services. The amount paid during the two months is not a large amount; however, consideration should be made to how much money the turnpike or other state-affiliated entities are charging other state agencies or authorities on an annual basis (or could these payments be deferred until a budget is enacted).

Refunds of Overpayments

The strong majority of expenses listed under this sub category from the Department of State and the Department of Human Services are listed as “refunds of overpayments.” This causes us to wonder if calculations or fees assessed by the departments were done incorrectly or an error occurred to explain the hundreds and thousands of refunds issued. This is yet another example of how the Administration spikes its administrative costs. Issuing refunds for overpayments comes with a cost to taxpayers.

Late Payments

While not an overly noted operational expense, late payment fees were listed by the Administration for the month of September (particularly the Pennsylvania Historical and Museum Commission). Any payments made late and incurring a late payment fee show mismanagement by the Administration. These are taxpayer dollars paying the bills of the Commonwealth and taxpayers should not have to pay late payment fees because of the Administration’s inability to pay its bills on time when the Administration can find money for things like subscriptions, membership dues or “other specialized services.” We were surprised that a breakdown of “late payments” was not a subcategorization made available on PennWATCH.

Subscriptions

There is an enormous amount of money spent by the Administration on subscriptions. A detailed list by PennWATCH below shows the amount exceeds \$600,000 for the period of July through September of this year. This is a disturbing amount of money being paid at a time when many programs and services are not receiving payments from the Commonwealth. Our communities should be our top priority, not subscriptions or market researchers.

Expenditure Sub Category for Fiscal Year 2015-16

Fiscal Year to Date Through Sep 2015

Sub Category	Fund Source	Expenditure Amount	
Subscriptions	Federal	\$25,284	Agency Details
Subscriptions	State	\$685,058	Agency Details
Total Expenditure Amount:		\$710,342	

Membership Dues

This is another subcategory under general government operations that costs taxpayers over half a million dollars. There are numerous agencies and departments (as listed below) that made payments for membership dues. Are these expenses necessary? Are these expenses that had to be paid during the budget impasse? Knowing the Department of Education paid \$120,800 on July 8, when it was clear there was no budget agreement, is an insensitive act that neglected to recognize the financial need of our schools. Surely, these dollars could have been used for other operational expenses that could be paid directly to our schools and not policy think tanks or member-based organizations.

Expenditure Sub Category Agency Details for Fiscal Year 2015-16

Fiscal Year to Date Through Sep 2015

Sub Category	Agency Name	Fund Source	Expenditure Amount	
Membership Dues	Attorney General	State	\$393	Payee Details
	Auditor General	State	\$9,600	Payee Details
	Banking & Securities	State	\$159,015	Payee Details
	Board of Claims	State	\$203	Payee Details
	Community & Economic Develop	State	\$400	Payee Details
	Corrections	State	\$813	Payee Details
	Education	State	\$122,200	Payee Details
	Environmental Protection	State	\$10,030	Payee Details
	Executive Offices	State	\$42,900	Payee Details
	Fish & Boat Commission	State	\$1,500	Payee Details
	Game Commission	State	\$750	Payee Details
	General Services	State	\$200	Payee Details
	Health	State	\$9,500	Payee Details
	Human Services	State	\$59	Payee Details
	Insurance	State	\$200	Payee Details
	Labor & Industry	State	\$8,360	Payee Details
	Liquor Control Board	State	\$1,400	Payee Details
	Military & Veterans Affairs	State	\$2,310	Payee Details
	Milk Marketing Board	State	\$400	Payee Details
	PA Gaming Control Board	State	\$2,500	Payee Details
	PA School Employees' Retirement	State	\$54	Payee Details
	Probation & Parole	State	\$100	Payee Details
	Public Utility Commission	State	\$65,770	Payee Details
	Revenue	State	\$31,254	Payee Details
	State Department	State	\$12,150	Payee Details
	State Police	State	\$25	Payee Details
	Transportation	State	\$32,603	Payee Details
	Treasury	State	\$18,832	Payee Details
Total Expenditure Amount:			\$531,319	

Professional Services-Not Specified

The very name of this subcategory insinuates a level of non-transparency. What exactly are these professional services? While it may seem cynical to ask, one of the first expenses we came across under this title appears to be a payment made to a high school athlete. What type of professional service can a student athlete provide and why are taxpayer dollars being used for this purpose? Any expense made from this subcategory should be reviewed. Are these individuals a friend or family member of someone in the Administration or the agency making the payment? What are the backgrounds of these people that make their professional services worth spending taxpayer dollars during a budget impasse?

Other Operational Expenses

We first came across this payment under the Department of Health. What made it rise to a level of questioning was the payment of \$1,275 to a catering company. We wondered why this expense was not subcategorized under “Food” as other departments have done. This made us question if there was a policy in place to define what is payable under “other operational expenses.” A review of the items paid under this category as well as the category of “food” should be thoroughly done to ensure taxpayer dollars are spent wisely.

Advertising

This subcategory of expenses was another costly one paid under the allocations of General Government Operations. We acknowledge that by law, some agencies must “advertise” or provide public notice; however, during a budget impasse these types of expenses should be deferred so that the funds may be used for other purposes under this allocation—purpose that serves Pennsylvanians.

We must question some of the expenditures paid this subcategory. For example, there is an advertising expense listed and paid by the Department of Corrections. Why is the department advertising? Is not the point to reduce recidivism and not encourage them to “come back soon?” Another example of questionable advertising expenditure is the hefty costs of \$380,000 for a media consultant in Philadelphia by the Department of Transportation. While we do not know the specifics of the expense or any contract leading up to the payment for advertising, it still leads to question whether advertising costs are expenses that should be paid first during a budget impasse. There are many urgent service providers who had to make priority choices to make their budgets work during the impasse. We are certain “advertising” would not have been a priority expense to those providers.

Expenditure Sub Category for Fiscal Year 2015-16

Fiscal Year to Date Through Sep 2015

Sub Category	Fund Source	Expenditure Amount	
Advertising	Federal	\$23,796	Agency Details
Advertising	State	\$15,453,511	Agency Details
Total Expenditure Amount:		\$15,477,307	


There are so many expenditures that we could call into question. For example, there were massive listings of expenditures for office equipment. We realize some of these payments may have been bound by a contract but why not delay these purchases or payments until a budget was enacted so the available money could have been used to benefit citizens of this Commonwealth? If payment was required because of a contract, why did not the contracts contain provisions to protect taxpayers that would delay payment until a budget is enacted? These various expenditures call upon us to request more legislative oversight and our desire for more transparency in spending money during a budget impasse.

PennWATCH

The Pennsylvania Web Accountability and Transparency (PennWATCH) Act, Act 18 of 2011, was enacted as a means to provide Pennsylvanians with a single searchable website containing information relating to the Commonwealth funding actions, expenditures and appropriations. According to the law, expenditures, appropriations and funding actions are to be provided on an annual basis and each department is responsible for ensuring the accuracy and completeness of the information submitted.

While there are specific timeframes of when state revenues that have been received and deposited in the State Treasury are to be posted on the website, there are no specific timelines for how often expenditure information must be updated on the website. There are specific exemptions for certain types of funding actions or expenditures that are not to be posted on the website:

“...The term shall not include social services payments, unemployment compensation, workers' compensation, property tax or rent rebate, employee benefit buyout or other entitlement program that provides direct monetary payments to an individual...”



pennsylvania
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PennWATCH contains data reported by [state agencies and other entities](#) as required by Act 18 of 2011. Questions regarding specific data should be directed to the [agency or entity that reported it](#).

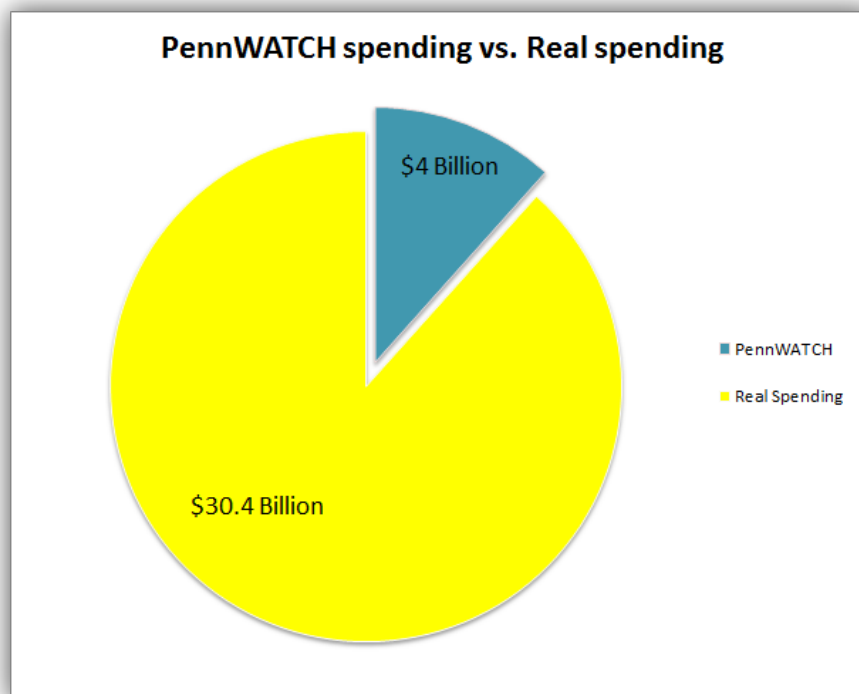
PennWATCH excludes data and information that are confidential, private, or otherwise exempt from disclosure under state and federal laws. This includes information regarding certain payments to individuals, such as social services payments (payments made to an individual for cash assistance, medical and other health-related or welfare-related benefits or services, education and training benefits or aging services), unemployment compensation, workers' compensation, property tax or rent rebate, employee benefit buyout, reimbursement of employees for expenditures, and other programs that provides direct monetary payments to an individual.

Records or data that are exempt from disclosure under the Right to Know Law do not appear on PennWATCH. In particular, certain personal employee information is excluded because the disclosure of the information would be reasonably likely to:

- Result in a substantial and demonstrable risk of physical harm to or the physical security of an individual.
- Jeopardize or threaten public safety or preparedness or public protection activity and the information is maintained in connection with the military, homeland security, national defense, law enforcement or other public safety activity.
- Endanger the safety or physical security of a building, public utility, resource, infrastructure, etc.

For more information, please read the [Pennsylvania Right to Know Law](#).

Out of the \$30.4 billion spent by the administration, only \$4 billion in expenses and payments were provided for public review on PennWATCH. Does this mean a bulk of the money spent was on social services payments, unemployment compensation, workers' compensation, property tax or rent rebate, employee benefit buyout or other entitlement programs that provide direct monetary payments to an individual or that releasing the information would bring demonstrable physical harm or threaten their security or the public's? While, departments cannot by law give details on specific payments to individuals, they can provide details on the total expenditures of those programs. This lack of transparency is unacceptable and is an unaccounted for \$26 billion red flag.



*This chart illustrates the amount of expenses made available for public review on PennWATCH. (SOURCE: 204 allocation requests submitted by the Wolf Administration)

The budget impasse presented a serious adverse impact on school districts and students across the Commonwealth. While the percentage varies from school district to school district, the money each district receives from the state is essential. If the school districts did not receive state funding they would have to generate 100 percent of their funding from property taxes and other local taxes. Because money is scarce, some school districts are not offering early intervention programs. Some of our most vulnerable students receive scholarships through the Pennsylvania EITC and OSTC programs. These students do not have textbooks in many schools because of the budget impasse.

PennWATCH did provide us with an opportunity to review some of the expenditures paid by the Administration that could have led to providing urgent services or necessary programs in our legislative districts. There was a waiver request submitted by the Department of Education for textbooks, materials and equipment for nonpublic schools. The waiver request was for \$1,332,127. According to PennWATCH, during the budget impasse the department spent \$135,286.49 on this expenditure. Because the date of the waiver request was August 26, 2015, and all but one expenditure was paid before this date but during the budget impasse, it is safe to assume the Administration had at least \$1,467,413.49 that could have been used to purchase textbooks for our vulnerable students. We wonder why the Administration did not utilize these funds as a down payment with a guarantee of full payment once a budget was in place to ensure students would have textbooks for the school year. After all, this expenditure was needed during the budget impasse.

Payments by Agency and Appropriation			
Fiscal Year 2015-16			
Fiscal Year to Date Through Sep 2015			
Education			
Appropriation	Fund Source	Expenditure Amount	
Textbooks, Materials and Equipment for Nonpublic Schools	State	\$135,286	Payee Details
Total		\$135,286	

Looking at the expenditures and comparing the waiver request from the Department of Education, we noticed during the budget impasse the department spent \$4,284,000 on Early Intervention. Meanwhile, the department was seeking a waiver in the amount of \$556,266. Could these dollars, which were paid out during the impasse, not also have been utilized for early intervention programs across the Commonwealth when these services were in jeopardy in many school districts?

Payments by Agency and Appropriation

Fiscal Year 2015-16

Fiscal Year to Date Through Sep 2015

Education

Appropriation	Fund Source	Expenditure Amount	
Early Intervention	State	\$4,284,000	Payee Details
Total		\$4,284,000	

The State Library, known as the Office of Commonwealth Libraries, is a deputate within the Department of Education. It has two bureaus: the Bureau of Library Development and the Bureau of State Library. In general it operates a major research library and leads the development of the state's public school, academic and special libraries. The budget impasse has delayed the annual state aid appropriation to the district library centers which provide cooperative library services in 29 regions. These libraries usually receive their state payments in July, so right now they are operating on last year's allocations. We noticed on PennWATCH, the state library appropriation has spent \$100,288.45 during the budget impasse this is in addition to a waiver request in the amount of \$30,000. Could not a better use of these dollars have been to support our libraries?

We were surprised to see that despite all the other expenditures paid during the budget impasse, we could not locate one expenditure payable for the benefit of services for domestic violence or rape crisis centers. In addition, there was not a waiver request for any lapsed funds for either allocations. Why were there no expenditures or any funding waivers for domestic violence or rape crisis centers? Were there no lapsed funds that could have been used during the budget impasse? There are many other expenditures across the spectrum of the Wolf Administration that need to be analyzed and considered.

Recommendations

Based on information reviewed to compose this report and the analysis of the data available, we hold to the belief that several changes need to occur in order to provide real transparency. Broken into three categories below are recommendations for improvements and changes to be taken into consideration.

Auditor General

1. The Auditor General should do a full audit on the waivers the administration applied for, as well as the impasse spending to ensure the administration had the legal authority to do

- so. The Auditor General should also make recommendations to the General Assembly and administration on any findings.
2. The Auditor General should conduct an audit of all ledger 5 expenses and make recommendations on how to improve the transparency and accountability of its use.
 3. The Auditor General should investigate all accounts for an accurate determination of how many dollars are unspent from previous fiscal years and from what accounts those dollars remain. We should not have a waiver of unspent dollars from 2005.

Administration

4. The waiver requests submitted by the administration to the Treasurer and shared with the Chairmen of the Appropriations Committees should be more detailed and specific on both the amount of dollars requested and their intended use. Most of the waivers submitted by the State Civil Service Commission met this threshold and should be used as a model for future waivers.
5. During a budget impasse, the administration should prioritize funding, waivers and unencumbered funds to assist school districts, nonprofits and counties. The people's business should outweigh other expenditures noted above.
6. The administration should make public its policies and guidelines on spending during an impasse including their definitions of "health, welfare and safety."
7. The administration should list all services that state departments will continue to provide during an impasse and what services or programs will not be continued. This should include how the administration will fund the continuation of these services.
8. Future contracts for nonessential services for Pennsylvanians should include clauses for delayed payments during a budget impasse. State government administrative "desires" should not outweigh urgent services for Pennsylvanians.
9. All furniture purchases, hardware purchases and any other nonessential purchasing should be delayed until a budget is in place.
10. The administration should use waiver dollars to maximize assistance for Pennsylvanians. Could the \$1.3 million waiver for Textbooks, Materials, and Equipment for Nonpublic Schools been used as a down payment to textbook providers so nonpublic schools could have books?
11. The administration should not use taxpayer dollars to pick winners and losers. Every county, school district and nonprofit should have equal access to waiver dollars being distributed.
12. The website for PennWATCH should be examined by its handlers for its ability to print and download documents, and its ability to be user-friendly.
13. The administration should resubmit all waivers to provide more accountability and transparency.

General Assembly

14. Rather than the waiver request letters being a matter of notification to the General Assembly, the process should include an approval by a majority vote of the Appropriations Committees to provide more transparency and clarity. A similar process is in existence under IRRC for regulations.

15. All contracts and contract amendments which incur additional costs during a budget impasse should be disclosed to the Chairmen of the Appropriations Committees. The disclosure should include a summary, a total cost of the contract, the name of the specific appropriation being used to pay for it and an explanation detailing the necessity of the contract or amendment.

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