

Legislative Budget and Finance Committee

Grant Expenditures of Commonwealth Agencies

Report Presentation by Philip Durgin, at March 22, 2017, Meeting

Good morning. In December 2016, the Officers of the Legislative Budget and Finance Committee directed the Committee staff to conduct a review of Commonwealth grant expenditures. The report we are presenting today addresses many, though not all, of the issues the Officers raised in December.

In particular, the report lists all the grants made out of state funds from FY 2015-16 appropriations and identifies whether the funds were from the General Fund or a State Special Fund. We did not include any federal money in this report.

The report also provides a brief description of the purpose of the grant program and identifies the types of recipients that received the grant funds, such as individuals; nonprofit organizations; or a governmental subrecipient, such as a school district or county government. Table 3, which is the bulk of the report, identifies the counties to which these payments were sent.

We collected this information from PennWATCH, the publicly available website created through the Pennsylvania Web Accountability and Transparency Act of 2011. You may be surprised at some of the expenditures that are classified as grants, but the PennWATCH definition of a grant is broad and includes “all payments made by the state to political subdivisions, individuals, institutions and organizations for which no direct services are rendered to the state.” Thus it includes not only the kind of grant programs one might normally think of, such as DCED’s economic development grants, but also the Basic Education appropriation, pension payments made to retired state and school employees, and most state Medicaid expenditures.

In short, we found that, as of the end of January 2017, state grant expenditures from FY 2015-16 appropriations totaled \$39.5 billion dollars. \$24.7 billion, or 63 percent of that amount, came from the General Fund and \$14.8 billion (37 percent) was from state Special Funds. These figures are somewhat deceptive, however, in that PennWATCH may identify a Special Fund as the source of grant funding, even though that Special Fund may receive most or all of its funding from the General Fund. For example, the \$14 million in grants awarded by DCED's Ben Franklin Technology Partners Challenge Grant is shown as coming from a Special Fund, known as the Ben Franklin Technology Development Fund. But that Special Fund receives virtually all of its funding from the General Fund.

Before I close, I'd like to point out another caveat with regard to Table 3, which shows how much in grant payments went to each county. To develop this table, we used the zip code to which the payments were sent, and then identified the county associated with that zip code. So if a payee received grant funds that it subsequently distributed to people or organizations in another county, we attributed all the funds to the county of the original payee. Similarly, if the funds were sent to, for example, an out-of-state billing address, the report would show the funds as going "Out of State."

Thank you for your attention, and I'd be happy to try to answer any questions you might have about the report.