

Report Highlights

Grant Expenditures of Commonwealth Agencies

The Officers of the Legislative Budget and Finance Committee (LB&FC) directed its staff to conduct a review of FY 2015-16 Commonwealth grant expenditures. Our review only includes state fund expenditures (i.e., grants that use federal funds are not included) as identified on the PennWATCH website. We found:

- **In FY 2015-16, 363 various types of grant payments were made with State General Fund and State Special Fund appropriations.** In some cases, the appropriation was entirely or almost entirely devoted to grants (i.e., the Ben Franklin Technology Challenge Grant program) and in other cases, grant expenditure comprised only a small percentage of the appropriation (e.g., \$1.5 million in grants from the Fish & Boat Commission's \$46.6 million General Operations appropriation).
- **Grant payments made from FY 2015-16 appropriations totaled \$39.5 billion, \$24.7 billion of which was paid from General Fund monies and \$14.8 billion from Special Funds.** The amount of General Funds used for grants is understated, however, because often General Funds are the primary source of funding for a Special Fund (Special Funds are designated as "State Other" in the report). For example, PennWATCH lists College Capital grants as funded through the College Capital Fund, a Special Fund, even though the College Capital Fund receives virtually all its funding from the General Fund.
- **Table 3 of the report, which identifies the amount paid to grant payees by county, should be viewed with caution.** We used PennWATCH payee address information to assign grant payment amounts to counties. However, payees include, for example, out-of-state pharmaceutical companies that provide prescription drugs to residents throughout PA. In that case, the "county" is listed as "out-of-state." The payee address may also simply be a billing address and not indicative of the amount of funds available to or distributed within that county.
- **Often the state grant represents either a mandated payment or the state matching portion of a much larger federal grant.** Any cutting of state grants needs to be done with caution as the grant may be a mandated payment (e.g., state law requires PEMA to distribute a certain portion of the wireless surcharge funds it receives back to counties to help fund county 911 centers) or may represent the state matching portion of a federal grant (e.g., the \$38 million in Assistance to Drug and Alcohol Program grants is used to match federal Substance Abuse Treatment and Prevention Block Grant funds).