

**EXECUTIVE OFFICES
FISCAL YEAR 2018-19 BUDGET PRESENTATION**

OFFICE OF ADMINISTRATION

MEDICARE PART B PENALTIES

OFFICE OF THE BUDGET

OFFICE FOR INFORMATION TECHNOLOGY

OFFICE OF STATE INSPECTOR GENERAL

OFFICE OF GENERAL COUNSEL

PENNSYLVANIA HUMAN RELATIONS COMMISSION

PENNSYLVANIA COUNCIL ON THE ARTS

JUVENILE COURT JUDGES' COMMISSION

COMMISSION ON CRIME AND DELINQUENCY

**Executive Offices
Fiscal Year 2018-19 Budget Presentation**

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EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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Office of Administration

10601, 10620, 82898

I. SUMMARY FINANCIAL DATA

(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|---|-------------------|------------------------|-------------------------|
| State Funds Total | \$8,845 | \$9,818 | \$10,326 |
| Office of Administration (10620) | \$8,670 | \$9,718 ^(a) | \$10,226 |
| Medicare Part B Penalties (10601) | \$175 | \$100 | \$100 |
| Federal Funds Total | \$134 | \$134 | \$134 |
| Homeland Security Grant Program (EA) (82898) | \$134 | \$134 | \$134 |
| Other Funds - Augmentations | \$28,637 | \$25,667 | \$76,562 |
| Other Funds Itemized | | | |
| Benefit Administration (REHP) | \$745 | \$740 | \$1,064 |
| Classification and Pay | \$2,887 | \$2,888 | \$2,888 |
| Workplace Support Division (SEAP) | \$3,441 | \$2,931 | \$3,181 |
| Temporary Clerical Pool (TCP) | \$5,082 | \$4,586 | \$4,594 |
| Enterprise Services (GO-TIME) | \$2,066 | \$1,866 | \$2,219 |
| CDL Drug and Alcohol Testing | \$196 | \$310 | \$310 |
| Labor Relations (LR) | \$4,185 | \$1,922 | \$1,876 |
| Managing for Government Responsiveness Training (MGR) | \$91 | \$325 | \$325 |
| Group Life Insurance Program Commissions | \$100 | \$100 | \$100 |
| Leadership Development Institute (LDI) | \$87 | \$80 | \$80 |
| HR Shared Services Center | \$9,137 | \$9,178 | \$58,326 ^(b) |
| PHMC Personnel Services | \$97 | \$100 | \$100 |
| OHR Personnel Services | \$275 | \$311 | \$318 |
| BEAS Personnel Services | \$192 | \$274 | \$180 |
| Legal Services | \$56 | \$56 | \$1,001 |
| Total | \$37,616 | \$35,619 | \$87,022 |

(a) Reflects recommended appropriation reduction of \$140,000.

(b) Includes \$50,379,000 for HR shared services consolidation.

II. DETAIL BY MAJOR OBJECT

(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Budgeted vs. Available | Percent Change |
|------------------------|-------------------|----------------------|---------------------|---------------------------|-------------------|
| PERSONNEL | | | | | |
| State Funds | \$7,735 | \$9,135 | \$8,264 | (\$871) | -9.53% |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Other Funds | \$20,923 | \$18,905 | \$69,537 | \$50,632 | 267.82% |
| Total Personnel | \$28,658 | \$28,040 | \$77,801 | \$49,761 | 177.46% |
| | | | | Change | |
| | | | | Budgeted vs. | Percent |
| | | | | Available | Change |
| OPERATING | | | | | |
| State Funds | \$548 | \$583 | \$962 | \$379 | 65.01% |
| Federal Funds | \$134 | \$134 | \$134 | \$0 | 0.00% |
| Other Funds | \$7,714 | \$6,762 | \$7,025 | \$263 | 3.89% |
| Total Operating | \$8,396 | \$7,479 | \$8,121 | \$642 | 8.58% |

| Page # of Governor's Executive Budget: | | | Office of Administration | | |
|---|----------|----------|--------------------------|-------------------|--------------------------|
| Pp. E2.1, E2.2, E2.3, E2.5, E2.7, E2.8, E2.15, 13, 18 | | | 10601, 10620, 82898 | | |
| FIXED ASSETS | | | | | |
| State Funds | \$0 | \$0 | \$1,000 | \$1,000 | N/A |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Other Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Total Fixed Assets | \$0 | \$0 | \$1,000 | \$1,000 | N/A |
| GRANT & SUBSIDY | | | | | |
| State Funds | \$175 | \$100 | \$100 | \$0 | 0.00% |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Other Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Total Grant & Subsidy | \$175 | \$100 | \$100 | \$0 | 0.00% |
| BUDGETARY RESERVE | | | | | |
| State Funds | \$387 | \$0 | \$0 | \$0 | 0.00% |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Other Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Total Budgetary Reserve | \$387 | \$0 | \$0 | \$0 | 0.00% |
| TOTAL FUNDS | | | | | |
| State Funds | \$8,845 | \$9,818 | \$10,326 | \$508 | 5.17% |
| Federal Funds | \$134 | \$134 | \$134 | \$0 | 0.00% |
| Other Funds | \$28,637 | \$25,667 | \$76,562 | \$50,895 | 198.29% |
| Total Funds | \$37,616 | \$35,619 | \$87,022 | \$51,403 | 144.31% |
| III. HISTORY OF LAPSES | | | | | |
| (\$ Amounts in Thousands) | | | <u>2015-16</u> | <u>2016-17</u> | <u>Estimated 2017-18</u> |
| State Funds | | | \$59 | \$0 | \$0 |
| Office of Administration (10620) | | | \$0 | \$0 | \$0 |
| Medicare Part B (10601) | | | \$59 | \$0 | \$0 |
| IV. COMPLEMENT INFORMATION | | | | | |
| | | | <u>12/31/2016</u> | <u>12/31/2017</u> | <u>2018-19 Budgeted</u> |
| Benefit Factor | | | 65.00% | 67.00% | 76.00% |
| Total Funds (State and Other) | | | | | |
| (1) Office of Administration (OA) (10620) | | | | | |
| - Authorized | | | 224 | 694 | 694 |
| - Filled | | | 203 | 646 | n/a |
| V. DERIVATION OF REQUEST/ LEGISLATIVE CITATIONS | | | | | |
| Derivation of Request | | | | | |
| (A) Personnel | | | | | |
| All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget. | | | | | |
| (B) Operating Expenses | | | | | |
| Operating Funds will be used for continuing activities. | | | | | |

Legislative Citations: The Office of Administration was established within the Governor's Office in 1955. Reorganized by Executive Resolution #OR-15-002, February 18, 2015.

Additional Information

(1) 2016-17 Obligations rolled forward to 2017-18
(\$ Amounts in Thousands)

| | |
|---------------|-----|
| State Funds | \$0 |
| Federal Funds | \$0 |
| Other Funds | \$0 |
| Total | \$0 |

(2) 2017-18 Supplemental appropriation needs

(\$ Amounts in Thousands) \$0

Date current appropriation will be exhausted: N/A

The Office of Administration (10620) is not requesting a supplemental appropriation for the current fiscal year.

(3) Prior FY appropriations waived pursuant to Act 146 of 1980 used to support the 2017-18 appropriation.
(\$ Amounts in Thousands)

| | | | |
|----------------------|---------|------------------|--|
| State Funds | | | |
| 1062000000 (BP 2014) | \$104 | HR Consolidation | |
| 1062000000 (BP 2015) | \$549 | HR Consolidation | |
| 1062000000 (BP 2016) | \$387 | HR Consolidation | |
| Total | \$1,040 | | |

Waiver is currently held in budgetary reserve and will be released as needed for the HR consolidation.

VI. EXPLANATION OF CHANGES

(\$ Amounts in Thousands)

| | State \$ | Federal \$ | Other \$ | Total \$ |
|---|-----------|------------|----------|----------|
| PERSONNEL | | | | |
| A. Increase to continue current program | \$508 | \$0 | 0 | \$508 |
| B. Move complement from approp to augs | (\$253) | \$0 | \$253 | \$0 |
| C. HR shared services consolidation | (\$1,126) | \$0 | \$50,379 | \$49,253 |
| Subtotal Personnel | (\$871) | \$0 | \$50,632 | \$49,761 |
| OPERATING | | | | |
| A. Increase to continue current program | \$379 | \$0 | \$263 | \$642 |
| Subtotal Operating | \$379 | \$0 | \$263 | \$642 |
| FIXED ASSETS | | | | |
| A. Increase for HR Management system | \$1,000 | \$0 | \$0 | \$1,000 |
| Subtotal Fixed Assets | \$1,000 | \$0 | \$0 | \$1,000 |
| GRANT & SUBSIDY | | | | |
| A. No Change | \$0 | \$0 | \$0 | \$0 |
| Subtotal Grant & Subsidy | \$0 | \$0 | \$0 | \$0 |

BUDGETARY RESERVE

| | | | | |
|-------------------------------|--------------|------------|-----------------|-----------------|
| A. 2017-18 Budgetary Reserve. | \$0 | \$0 | \$0 | \$0 |
| Subtotal Budgetary Reserve | \$0 | \$0 | \$0 | \$0 |
| TOTAL | \$508 | \$0 | \$50,895 | \$51,403 |

VII. PROGRAM STATEMENT

The Office of Administration (OA) was established within the Governor's Office in 1955. OA provides policy direction and support to all commonwealth agencies for human resources, information technology, continuity of government, records/directives management, and strategic/innovation enhancements to help improve the results, reduce costs, and enhance customer service of all agencies under the Governor's jurisdiction.

Human Resources and Management provides policy direction and support for centralized human resource services, ensuring equity by maintaining the classification, pay, benefits, and workers compensation systems; negotiating and administering collective bargaining agreements; recruiting for all non-civil service positions; training in management and supervisory skills; and administering the commonwealth's equal employment opportunity program for all agencies under the Governor's jurisdiction. OA also manages the HR Service Center, the central point of contact for employees and managers for common human resource, benefits and payroll services and information.

These responsibilities are carried out through the Office of the Deputy Secretary for Human Resources and Management which is comprised of three organizational units and six delivery centers:

1) Employee Relations and Workforce Support Office : This office negotiates and administers collective bargaining agreements between the commonwealth and the various unions representing state employees; investigates and responds to employee grievances; represents the commonwealth at arbitration hearings; provides assistance to agencies in the day-to-day administration of collective bargaining agreements; conducts labor relations training for supervisory and management personnel; advises agencies on implementing consolidations, closures and other administration initiatives. The Bureau of Employee Benefits administers an employee benefit package with the goal of maintaining and further developing the excellent and highly competitive benefits for state employees and retirees. The Bureau of Equal Employment Opportunity oversees the commonwealth's EEO policies and programs. Provides guidance to help ensure the fair and equitable treatment of employees. Provides training to educate all employees about EEO laws and commonwealth policies. Investigates and reviews appeals of internal complaints alleging discriminatory behavior. The Bureau of Workforce Support provides employee assistance benefits and services to commonwealth employees and agencies. Enhances the safety and wellness of the workforce by providing policies, procedures and guidance on workplace violence prevention, work release requests, maintaining a substance-free workplace and the provision of CDL drug/alcohol testing services.

2) Talent Management Office : This office establishes policies and procedures for selecting and appointing candidates to non-civil service positions in agencies under the Governor's jurisdiction; receives and evaluates resumes; refers qualified applicants to agencies for consideration for vacant positions in accordance with established job standards and equal employment opportunity guidelines; administers the furlough placement process; manages the assignment of temporary clerical employees to state offices in the Capitol Complex and Dauphin County area to address emergency clerical work needs. This office also establishes and maintains policies and procedures for a comprehensive organization management program; develops and administers job classification and pay standards; provides leadership and technical assistance to agencies on position classification, organizational and staffing matters, and employee compensation; manages

a classification grievance program for employees covered by collective bargaining agreements; administers the pay schedules and pay rules; provides support in the management of agency salary and wage complements; and assures compliance with the federal regulations of the Fair Labor Standards Act. This office also administers the Commonwealth's workforce and succession planning, performance management, employee recognition, and training and development programs for executive, management, and supervisory personnel. Provides consultative services to agencies to improve organizational efficiency and effectiveness and administers the Commonwealth's learning management system.

3) Human Resources Service Center: This bureau provides common human resources, benefits and payroll services and information to employees and agencies under the governor's jurisdiction; administers the enterprise new employee onboarding and orientation program; advises the Secretary of Administration on the best use of technology to support current or future human resource needs; supports central system activities; provides assistance on the use of the commonwealth's human resources systems; manages the commonwealth employee financial disclosure requirements for agencies under the governor's jurisdiction; manages the human resources data and information access policies while supporting commonwealth human resources reporting needs; and publishes the Governor's annual workforce report. This organization also administers the Commonwealth's employee absences, workers' compensation, unemployment compensation and safety programs.

4) Human Resource Delivery Centers Office: This office oversees the six Human Resource Delivery Centers and ensures the consistent and efficient delivery of human resource services to all agencies served. The six Human Resource Delivery Centers are:

General Government serves the HR needs of OA, Office of the Budget, Office of General Counsel, Governor's Office, Lieutenant Governor's Office, Education, General Services, Office of Inspector General, PCCD.

Public Safety serves the HR needs of Corrections, JNET, Probation & Parole, and State Police.

Employment, Banking, and Revenue serves the HR needs of Labor & Industry, Revenue, State, Banking & Securities, and Insurance.

Health & Human Services serves the HR needs of Human Services, Health, Drug & Alcohol Programs, Aging, and Military & Veterans Affairs.

Conservation and Environment serves the HR needs of Conservation & Natural Resources, Environmental Protection, Agriculture, Milk Marketing Board, and Environmental Hearing Board.

Infrastructure and Economic Development serves the HR needs of Community & Economic Development, Transportation, and PEMA.

Office of Continuity and Records Information Management: This office ensures the continuance of essential government services during or shortly after a disruption or emergency. This office creates and implements policy, provides subject matter expertise, technical support, and conducts multi-agency exercises to ensure readiness and resilience and serves as a liaison to independent agencies, the legislature, and the judiciary. This office is also responsible for the efficient and systematic control of the creation, receipt, maintenance, use, and disposition of records and information, and manages the process for policy development for the Commonwealth through the maintenance of the Directives Management System and Executive Board Review process.

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|--|--|
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|--|--|

Office of Communications and Legislative Affairs: This office is responsible for communicating news and information about the Office of Administration to various internal and external constituencies and for the overall Office of Administration web presence and direction, media questions and resolution, and public affairs; and coordinates with the Governor's Communication Office so that all communication aligns with the Governor's Office direction and policies. This office is also responsible for coordinating the relationship between the House and Senate with the Office of Administration and the Governor's Legislative Office and works with the Secretary of Administration, the Office of Human Resources and Management, and the Office for Information Technology in driving legislation that aligns with the Office of Administration's and the Governor's Office policies.

MEDICARE PART B PENALTIES

Beginning in 1992, commonwealth retirees with health care coverage paid for by the commonwealth were required to sign up for Medicare Part B if eligible as a condition of coverage. Many incurred a late enrollment penalty from the Federal Government as a result. First enacted July 1, 1992, this appropriation rebates annuitants penalized by the Federal Government and ameliorates the financial impact of selecting Part B coverage.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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Office of the Budget

10622, 10711, 10616

I. SUMMARY FINANCIAL DATA

(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|---|---------------------------|------------------------------|-----------------------------|
| State Funds | \$22,903 | \$20,676 | \$21,404 |
| (1) Office of the Budget (10622) | \$19,103 | \$17,577 (a) | \$18,404 |
| (2) Audit of the Auditor General (10711) | \$0 | \$99 | \$0 |
| (3) Law Enforcement Activities (10616) | \$3,800 | \$3,000 | \$3,000 |
| Federal Funds | \$0 | \$0 | \$0 |
| Other Funds | \$48,008 | \$50,953 | \$52,005 |
| Augmentations | | | |
| (1) OAS Support Services (000) | \$71 | \$80 | \$80 |
| (2) Support for PLCB Comptroller's Office (100) | \$5,750 | \$5,690 | \$5,690 |
| (3) Support for Commonwealth Payroll Operations (200) | \$6,558 | \$6,886 | \$6,886 |
| (4) BOA Single Audit (300) | \$661 | \$704 | \$704 |
| (5) Comptroller Single Audit (400) | \$2,469 | \$2,809 | \$2,809 |
| (6) Support for Comptroller Services (000, 500) | \$32,300 | \$34,685 | \$35,736 |
| (7) RCAP - eGrant System | \$199 | \$99 | \$100 |
| Total | \$70,911 | \$71,629 | \$73,409 |

(a) Reflects recommended appropriation reduction of \$170,000

II. DETAIL BY MAJOR OBJECT

(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Change Budgeted vs. Available | Percent Change |
|--------------------------|---------------------------|------------------------------|-----------------------------|--|---------------------------|
| PERSONNEL | | | | | |
| State Funds | | | | | |
| (1) OB - 10622 | \$15,604 | \$15,188 | \$16,159 | \$971 | 6.39% |
| Subtotal | \$15,604 | \$15,188 | \$16,159 | \$971 | 6.39% |
| Other Funds | | | | | |
| Augmentations | | | | | |
| (1) OAS - 000 | \$71 | \$40 | \$80 | \$40 | 100.00% |
| (2) PLCB - 100 | \$4,968 | \$4,698 | \$4,762 | \$64 | 1.36% |
| (3) BCPO - 200 | \$4,998 | \$5,029 | \$5,102 | \$73 | 1.45% |
| (4) BOA SA - 300 | \$640 | \$644 | \$650 | \$6 | 0.93% |
| (5) CO SA - 400 | \$226 | \$236 | \$246 | \$10 | 4.24% |
| (6) CO - 000, 500 | \$28,178 | \$29,240 | \$30,317 | \$1,077 | 3.68% |
| (7) RCAP - eGrant System | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Subtotal | \$39,081 | \$39,887 | \$41,157 | \$1,270 | 3.18% |
| Total Personnel | \$54,685 | \$55,075 | \$57,316 | \$2,241 | 4.07% |
| OPERATING | | | | | |
| State Funds | | | | | |
| (1) OB - 10622 | \$2,547 | \$2,288 | \$2,245 | (\$43) | -1.88% |
| (2) RCAP - eGrant System | \$0 | \$101 | \$0 | (\$101) | -100.00% |
| (3) AAG - 10711 | \$0 | \$99 | \$0 | (\$99) | -100.00% |
| Subtotal | \$2,547 | \$2,488 | \$2,245 | (\$243) | -9.77% |
| Other Funds | | | | | |
| Augmentations | | | | | |
| (1) OAS - 000 | \$0 | \$40 | \$0 | (\$40) | -100.00% |
| (2) PLCB - 100 | \$782 | \$782 | \$928 | \$146 | 18.67% |
| (3) BCPO - 200 | \$1,560 | \$1,560 | \$1,784 | \$224 | 14.36% |
| (4) BOA SA - 300 | \$21 | \$54 | \$54 | \$0 | 0.00% |
| (5) CO SA - 400 | \$2,243 | \$2,571 | \$2,563 | (\$8) | -0.31% |
| (6) CO - 000, 500 | \$4,096 | \$4,590 | \$5,419 | \$829 | 18.06% |
| (7) RCAP - eGrant System | \$199 | \$99 | \$100 | \$1 | 1.01% |
| Subtotal | \$8,901 | \$9,696 | \$10,848 | \$1,152 | 11.88% |
| Total Operating | \$11,448 | \$12,184 | \$13,093 | \$909 | 7.46% |

| Page # of Governor's Executive Budget: Pp. E2-1, E2-2, E2-3, E2-5, E2-6, E2-8, E2-15. I-3 | | | Office of the Budget 10622, 10711, 10616 | | |
|---|---------------------------|------------------------------|---|--|------------------------------|
| FIXED ASSETS | | | | | |
| Augmentations | | | | | |
| (1) CO - 500 | \$26 | \$78 | \$0 | (\$78) | -100.00% |
| Total Fixed Assets | \$26 | \$78 | \$0 | (\$78) | -100.00% |
| GRANT & SUBSIDY | | | | | |
| State Funds - LEA (10616) | \$3,800 | \$3,000 | \$3,000 | \$0 | 0.00% |
| Total Grant & Subsidy | \$3,800 | \$3,000 | \$3,000 | \$0 | 0.00% |
| II. DETAIL BY MAJOR OBJECT (continued) (\$ Amounts in Thousands) | | | | | |
| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Change Budgeted vs. Available | Percent Change |
| BUDGETARY RESERVE | | | | | |
| State Funds | \$952 | \$0 | \$0 | \$0 | 0.00% |
| Augmentation Funds | \$0 | \$1,292 | \$0 | (\$1,292) | -100.00% |
| Total Budgetary Reserve | \$952 | \$1,292 | \$0 | (\$1,292) | -100.00% |
| TOTAL FUNDS | | | | | |
| State Funds | \$22,903 | \$20,676 | \$21,404 | \$728 | 3.52% |
| Augmentation Funds | \$48,008 | \$50,953 | \$52,005 | \$1,052 | 2.06% |
| Total Funds | \$70,911 | \$71,629 | \$73,409 | \$1,780 | 2.49% |
| III. HISTORY OF LAPSES (\$ Amounts in Thousands) | | | | | |
| | | | 2015-16 | 2016-17 | Estimated 2017-18 |
| State Funds | | | \$0 | \$0 | \$0 |
| Total | | | \$0 | \$0 | \$0 |
| IV. COMPLEMENT INFORMATION | | | | | |
| | | | 12/31/2016 | 12/31/2017 | 2018-19 Budgeted |
| Benefit Factor | | | 75.56% | 75.84% | 76.50% |
| Total | - Authorized | | 602 | 522 | 522 |
| | - Filled | | 504 | 485 | n/a |
| V. DERIVATION OF REQUEST/ LEGISLATIVE CITATIONS | | | | | |
| Derivation of Request | | | | | |
| (A) Personnel | | | | | |
| All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget. | | | | | |
| (B) Operating Expenses | | | | | |
| Operating Funds will be used for continuing activities necessary to meet the program's mission. | | | | | |
| <u>Additional Information</u> | | | | | |
| (1) 2016-17 Obligations rolled forward to 2017-18 (\$ Amounts in Thousands) | | | | | |
| | Total | | \$0 | | |
| (2) Supplemental appropriation needs | | | | | |
| (\$ Amounts in Thousands) | | | | | |
| | | | \$0 | | |
| Date current appropriation will be exhausted: N/A | | | | | |
| (3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation. (\$ Amounts in Thousands) | | | | | |
| State Funds | | | | | |
| | 1062200000 (BP 2014) | | \$232 | | |
| | 1062200000 (BP 2015) | | \$4,408 | | |
| | 1062200000 (BP 2016) | | \$3,750 | | |
| | Total | | \$8,390 | | |

VI. EXPLANATION OF CHANGES
(\$ Amounts in Thousands)

| | <u>State \$</u> | <u>Federal \$</u> | <u>Other \$</u> | <u>Total \$</u> |
|--|-----------------|-------------------|------------------|------------------|
| PERSONNEL | | | | |
| A. Contractual salary/benefit increases | \$971 | \$0 | \$1,230 | \$2,201 |
| B. OAS augmentation increase | <u>\$0</u> | <u>\$0</u> | <u>\$40</u> | <u>\$40</u> |
| Subtotal Personnel | \$971 | \$0 | \$1,270 | \$2,241 |
| OPERATING | | | | |
| A. OAS augmentation decrease | \$0 | \$0 | (\$40) | (\$40) |
| B. Decrease in operating to cover contractual salary/benefit increases | (\$43) | \$0 | \$0 | (\$43) |
| C. Triennial audit of the Auditor General | (\$99) | \$0 | \$0 | (\$99) |
| C. RACP eGrant system augmentation increase | (\$101) | \$0 | \$0 | (\$101) |
| D. Comptroller laptop/peripheral refresh | <u>\$0</u> | <u>\$0</u> | <u>\$1,192</u> | <u>\$1,192</u> |
| Subtotal Operating | (\$243) | \$0 | \$1,152 | \$909 |
| FIXED ASSETS | | | | |
| A. No planned fixed asset purchases in FY 2018-19 | <u>\$0</u> | <u>\$0</u> | <u>(\$78)</u> | <u>(\$78)</u> |
| Subtotal Fixed Assets | \$0 | \$0 | (\$78) | (\$78) |
| BUDGETARY RESERVE | | | | |
| A. Elimination of Budgetary Reserve | <u>\$0</u> | <u>\$0</u> | <u>(\$1,292)</u> | <u>(\$1,292)</u> |
| Subtotal Budgetary Reserve | \$0 | \$0 | (\$1,292) | (\$1,292) |
| TOTAL | \$728 | \$0 | \$1,052 | \$1,780 |

VII. PROGRAM STATEMENT

The budgeting and accounting oversight responsibilities for Commonwealth funds under the Governor's jurisdiction are maintained by the following three Office of the Budget organizations.

Governor's Budget Office:

The Governor's Budget Office (GBO) prepares the Governor's Executive budget annually and is responsible for administering and carrying out the various phases of the budget process. Budget Office functions include: directing and overseeing the Commonwealth's operating and capital budget processes; developing the Governor's program policy guidelines; reviewing revision requests and initiatives; preparing legislation to implement the budget; analyzing legislation and preparing fiscal notes; conducting policy analyses, program evaluations, fiscal analyses and special studies; analyzing revenue estimates and tracking revenue trends throughout the fiscal year; preparing cash flow analyses; and scheduling and conducting sales of bonds, tax anticipation notes and other forms of short term debt.

Office of Administrative Services:

The Office of Administrative Services-Executive Offices (OAS-EO) provides agency fiscal management, purchasing, and payment clearance support services for the Executive Offices. The OAS-EO places an emphasis on standardized, streamlined business processes, and leverages specialized teams that become intricately involved in various business process re-engineering and policy setting initiatives within the Executive Offices and throughout the Enterprise. The OAS-EO includes two divisions, i.e. Budget & Fiscal Management and Purchasing & Payment.

Comptroller Operations:

The Office of Comptroller Operations (OCO) provides for a cost-effective uniform system of accounting and financial controls to ensure accountability of government funds by developing and implementing leading edge technologies; adopting innovative and dynamic business practice; providing proactive guidance, direction and support; and facilitating agency operations within the parameters of laws, regulations, policies and standards.

OFFICE OF ADMINISTRATION 2018-19 BUDGET PRESENTATION

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Office for Information Technology
10605, 10979, 71010, 71057, 80549, 80875, 80882, 80885

I. SUMMARY FINANCIAL DATA

(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|--|---------------------------|------------------------------|-----------------------------|
| State Funds | \$62,688 | \$55,602 | \$56,906 |
| (1) Commonwealth Technology Services (CTS) (10605) | \$61,444 | \$54,275 | \$55,832 |
| (2) Commonwealth Technology Services (CTS-MLF) (10979) | \$1,244 | \$1,327 | \$1,074 |
| Federal Funds Total | \$1,412 | \$815 | \$623 |
| (1) NSTIC Grant (71010) | \$225 | \$225 | \$225 |
| (2) Information Sharing Init. (71057) | \$246 | \$246 | \$246 |
| (3) JNET MARIS (80875) | \$218 | \$42 | \$0 |
| (4) JNET Inter-County Case Transfer (80882) | \$87 | \$45 | \$45 |
| (5) JNET ElecRptgImprvmt (80885) | \$136 | \$107 | \$107 |
| (6) JNET JFRS Messaging Queue (80549) | \$500 | \$150 | \$0 |
| Other Funds Total | \$49,240 | \$48,784 | \$205,625 |
| Augmentations Itemized | | | |
| (1) Integrated Enterprise System (IES) (10605**400) | \$39,204 | \$39,213 | \$38,424 |
| (2) Project Mgmt Resources (PMR) (10605**300) | \$8 | \$25 | \$0 |
| (3) OIT-Shared Service Delivery (10605**500) | \$10,028 | \$9,546 | \$167,201 |
| Total | \$113,340 | \$105,201 | \$263,154 |

II. DETAIL BY MAJOR OBJECT

(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Change Budgeted vs. Available | Percent Change |
|---------------------------------------|---------------------------|------------------------------|-----------------------------|--|---------------------------|
| PERSONNEL | | | | | |
| State Funds | | | | | |
| (1) CTS (10605) | \$22,914 | \$23,704 | \$24,965 | \$1,261 | 5.32% |
| (2) CTS-MLF (10979) | \$1,170 | \$1,113 | \$1,030 | (\$83) | -7.46% |
| Subtotals | \$24,084 | \$24,817 | \$25,995 | \$1,178 | 4.75% |
| Other Funds | | | | | |
| Augmentations Itemized | | | | | |
| (1) IES (10605**400) | \$13,778 | \$13,509 | \$13,292 | (\$217) | -1.61% |
| (2) Shared (10605**500) | \$0 | \$0 | \$153,458 | \$153,458 | N/A |
| Subtotals | \$13,778 | \$13,509 | \$166,750 | \$153,241 | 1134.36% |
| Total Personnel | \$37,862 | \$38,326 | \$192,745 | \$154,419 | 402.91% |
| OPERATING | | | | | |
| State Funds | | | | | |
| (1) CTS (10605) | \$30,966 | \$27,193 | \$26,341 | (\$852) | -3.13% |
| (2) CTS-MLF (10979) | \$15 | \$44 | \$44 | \$0 | 0.00% |
| Subtotals | \$30,981 | \$27,237 | \$26,385 | (\$852) | -3.13% |
| Federal Funds | | | | | |
| (1) NSTIC (71010) | \$225 | \$225 | \$225 | \$0 | 0.00% |
| (2) Information Sharing Init. (71057) | \$246 | \$246 | \$246 | \$0 | 0.00% |
| (3) JNET MARIS (80875) | \$218 | \$42 | \$0 | (\$42) | -100.00% |
| (4) JNET Inter-Cty Trfr (80882) | \$87 | \$45 | \$45 | \$0 | 0.00% |
| (5) JNET ElecRptgImprvmt (80885) | \$136 | \$107 | \$107 | \$0 | 0.00% |
| (6) JNET JFRS Mess Queue (80549) | \$150 | \$150 | \$0 | (\$150) | -100.00% |
| Subtotals | \$1,062 | \$815 | \$623 | (\$192) | -23.56% |
| Other Funds | | | | | |
| Augmentations Itemized | | | | | |
| (1) IES (10605**400) | \$22,313 | \$23,376 | \$22,856 | (\$520) | -2.22% |
| (2) PMR (10605**300) | \$8 | \$25 | \$0 | (\$25) | -100.00% |
| (3) Shared (10605**500) | \$9,809 | \$9,320 | \$13,517 | \$4,197 | 45.03% |
| Subtotals | \$32,130 | \$32,721 | \$36,373 | \$3,652 | 11.16% |
| Total Operating | \$64,173 | \$60,773 | \$63,381 | \$2,608 | 4.29% |

II. DETAIL BY MAJOR OBJECT - Cont'd.
(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Change Budgeted vs. Available | Percent Change |
|----------------------------------|-------------------|----------------------|---------------------|-------------------------------------|-------------------|
| FIXED ASSETS | | | | | |
| State Funds | | | | | |
| (1) CTS (10605) | \$5,618 | \$3,378 | \$4,526 | \$1,148 | 33.98% |
| Subtotals | \$5,618 | \$3,378 | \$4,526 | \$1,148 | 33.98% |
| Federal Funds | | | | | |
| (1) JNET JFRS Mess Queue (80549) | \$350 | \$0 | \$0 | \$0 | 0.00% |
| | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Subtotals | \$350 | \$0 | \$0 | \$0 | 0.00% |
| Other Funds | | | | | |
| Augmentations Itemized | | | | | |
| (1) IES (10605**400) | \$3,113 | \$2,328 | \$2,276 | (\$52) | -2.23% |
| (2) Shared (10605**500) | \$219 | \$226 | \$226 | \$0 | 0.00% |
| Subtotals | \$3,332 | \$2,554 | \$2,502 | (\$52) | -2.04% |
| Total Fixed Assets | \$9,300 | \$5,932 | \$7,028 | \$1,096 | 18.48% |
| BUDGETARY RESERVE | | | | | |
| State Funds | | | | | |
| (1) CTS (10605) | \$1,946 | \$0 | \$0 | \$0 | 0.00% |
| (2) CTS-MLF (10979) | \$59 | \$170 | \$0 | (\$170) | -100.00% |
| Subtotals | \$2,005 | \$170 | \$0 | (\$170) | -100.00% |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Other Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Total Budgetary Reserve | \$2,005 | \$170 | \$0 | (\$170) | -100.00% |
| TOTAL FUNDS | | | | | |
| State Funds | \$62,688 | \$55,602 | \$56,906 | \$1,304 | 2.35% |
| Federal Funds | \$1,412 | \$815 | \$623 | (\$192) | -23.56% |
| Other Funds | \$49,240 | \$48,784 | \$205,625 | \$156,841 | 321.50% |
| Total Funds | \$113,340 | \$105,201 | \$263,154 | \$157,953 | 150.14% |

III. HISTORY OF LAPSES
(\$ Amounts in Thousands)

| | 2015-16 | 2016-17 | Estimated 2017-18 |
|--|-------------|--------------|----------------------|
| State Funds | | | |
| (1) Commonwealth Technology Services (CTS) (10605) | \$0 | \$0 | \$0 |
| (2) Commonwealth Technology Services (CTS-MLF) (10979) | \$74 | \$192 | \$0 |
| Total | \$74 | \$192 | \$0 |

IV. COMPLEMENT INFORMATION

| | 12/31/2016 | 12/31/2017 | 2018-19 Budgeted |
|--|------------|------------|---------------------|
| Benefit Factor | 65.65% | 67.26% | 70.26% |
| State Funded | | | |
| (1) Commonwealth Technology Services (CTS) (10605) | | | |
| - Authorized | 354 | 1488 | 1488 |
| - Filled | 285 | 1404 | n/a |

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

All personnel costs were prepared on the complement planning layouts in the SEM-BPS system using instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities to support the program mission.

(C) Fixed Assets

Fixed Asset Funds will be used for the purchase of computer hardware necessary to maintain the Commonwealth's IT infrastructure.

Legislative Citations:

Reorganized by Executive Resolution #OR-15-002, February 18, 2015.

Reorganized by Executive Resolution #OR-15-021, December 15, 2015.

Additional Information

- (1) 2016-17 Obligations rolled forward to 2017-18
(\$ Amounts in thousands)

Total \$0

- (2) 2017-18 Supplemental appropriation (10605) request
(\$ Amounts in thousands)

\$0

Date current appropriation will be exhausted: N/A

- (3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation.
(\$ Amounts in Thousands)

State Funds

1060513000

\$252

IT Services Consolidation

1060500000 (BP 2015)

\$81

IT Services Consolidation

1060500000 (BP 2016)

\$5,137

IT Services Consolidation

Total

\$5,470

VI. EXPLANATION OF CHANGES

(\$ Amounts in Thousands)

| | State \$ | Federal \$ | Other \$ | Total \$ |
|---|----------------|----------------|------------------|------------------|
| PERSONNEL | | | | |
| A. Reduction of Complement | (\$1,004) | \$0 | (\$814) | (\$1,818) |
| B. Salary & Benefit Increases | \$691 | \$0 | \$965 | \$1,656 |
| C. Transfer of Staff | \$1,491 | \$0 | (\$368) | \$1,123 |
| D. IT Shared Services Consolidation | \$0 | \$0 | \$153,458 | \$153,458 |
| Subtotal Personnel | \$1,178 | \$0 | \$153,241 | \$154,419 |
| OPERATING | | | | |
| A. Increases to continue current programs | \$1,557 | \$0 | \$0 | \$1,557 |
| B. IT Shared Services Consolidation | (\$570) | \$0 | \$0 | (\$570) |
| C. Initiative to Modernize Operations | \$0 | \$0 | \$7,543 | \$7,543 |
| D. Decrease in Operating to cover contractual pay & benefits incr | (\$691) | \$0 | \$0 | (\$691) |
| E. Grant Ended | \$0 | (\$192) | \$0 | (\$192) |
| F. Elimination of Programs | \$0 | \$0 | (\$25) | (\$25) |
| G. Transfers between Operating and Fixed Assets | (\$1,148) | \$0 | \$52 | (\$1,096) |
| H. Decrease for Carry-forward | \$0 | \$0 | (\$3,918) | (\$3,918) |
| Subtotal Operating | (\$852) | (\$192) | \$3,652 | \$2,608 |
| FIXED ASSETS | | | | |
| A. Enhancements for IT Infrastructure and Storage | \$1,148 | \$0 | \$0 | \$1,148 |
| B. Decrease in Fixed Assets to use in Operating | \$0 | \$0 | (\$52) | (\$52) |
| Subtotal Fixed Assets | \$1,148 | \$0 | (\$52) | \$1,096 |
| BUDGETARY RESERVE | | | | |
| A. FY17/18 Budgetary Reserve | (\$170) | \$0 | \$0 | (\$170) |
| Subtotal Budgetary Reserve | (\$170) | \$0 | \$0 | (\$170) |
| TOTAL | \$1,304 | (\$192) | \$156,841 | \$157,953 |

VII. PROGRAM STATEMENT

The **Office for Information Technology**—part of the Office of Administration managed by the Deputy Secretary for Information Technology who is the Commonwealth Chief Information Officer—is responsible for developing and administering statewide policies, and standards and practices governing management of the commonwealth's IT resources.

The Office for Information Technology develops and manages several operationally critical IT services leveraged by most state agencies including, but not limited to; the commonwealth's telecommunications systems, the computing network backbone, network security, the statewide email system, website platforms, and facilities that house servers and mainframe processors for the state's high-volume, mission-critical applications for public health, safety, welfare, transportation, and more.

The Office for Information Technology also manages the commonwealth's integrated resource planning system—known to many as the commonwealth's "SAP system" or Integrated Enterprise System (IES)—that efficiently standardizes common business processes across state agencies. The Office for Information Technology works directly with business owners from the Office of the Budget, the Department of General Services, the Department of Transportation, and the Office of Administration to continuously refine processes and achieve operating efficiencies. The Integrated Enterprise System team is preparing to migrate the commonwealth's HR, payroll, finance and other data in SAP to a new platform called HANA. This powerful, in-memory database will bring faster response, improved security and a foundation for next generation applications to the Integrated Enterprise System (IES). The migration is scheduled to take place over Memorial Day weekend 2018.

Shared Services Transformation / Delivery Centers – Effective 1 July 2017, all HR and IT employees were transferred to the Office of Administration, as part of the Shared Services Transformation project. Included in this project was the creation of six Delivery Centers (DCs) designed to provide HR / IT services organized along similar lines of business. Some services remain centralized under the Deputy Secretary for HRM and IT direction. The purpose of this reorganization is to take advantage of increased efficiency through resource consolidation (personnel, processes and technology).

The **Office for Information Technology** is responsible for developing and administering statewide policies and standards governing commonwealth's information technology resources and supporting several enterprise shared services.

The **Office for Information Technology** is comprised of the following areas:

The **Enterprise Technology Services Office (ETSO)** provides direction and guidance on the establishment of enterprise wide technology services. As such, the Office is responsible for the architecture, design & development, security, operational integrity, system support and maintenance across the bureaus engaged in providing mainframe systems support, server-class/distributed systems support, telecommunications, database design, software development, enterprise service desk, end-user compute, and shared IT services to all agencies in the commonwealth. The ETSO is responsible for delivering IT solutions with a focus on planning, directing, evaluating, and controlling the technical operations.

The **Enterprise Information Security Office (EISO)** establishes the commonwealth's cyber security strategy, standards, and enterprise cyber security posture. The high-level objectives of the organization are to prevent and defend against cyber-attacks on critical infrastructures, to reduce the commonwealth's vulnerability to cyber-attacks, to minimize damage and recovery time from attacks that may occur, and to continuously promote security awareness through education and information sharing thereby limiting risks and exposure.

Bureau of Enterprise Solutions (BES) offers enterprise backend client/server and web-based software and application development and support for OA and the Delivery Centers. It also provides augmented aid to the General Government Delivery Center OB, PHMC, PHRC, Governor's Office, Lt. Governor's Office, Office of the First Lady, Board of Pardons and OGC.

The **Office of Strategy and Management (OSAM)** provides direction and guidance on IT strategy, the annual strategic planning process, project management, performance management, OIT service portfolio health, service quality assurance, continual service improvement, financial management regarding the OIT services, IT policy, training and outreach. Its bureaus provide enterprise services related to the following areas: Project Management, Business Office, IT Service Management, Financial Management, and Contract Management.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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Office of State Inspector General

10595, 10600, 70369, 70370, 70372, 71373

I. SUMMARY FINANCIAL DATA
(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|--|-------------------|-------------------------|---------------------|
| State Funds | \$16,602 | \$15,231 | \$15,629 |
| Office of State Inspector General (10595) | \$4,334 | \$4,042 | \$3,900 |
| OSIG/ Office of Welfare Fraud (10600) | \$12,268 | \$11,189 ^(a) | \$11,729 |
| Federal Funds Total | \$13,605 | \$14,405 | \$14,905 |
| Food Stamps- Program Accountability (70369) | \$7,000 | \$7,000 | \$7,000 |
| Med Assistance- Program Accountability (70370) | \$4,200 | \$5,000 | \$5,500 |
| TANFBG- Program Accountability (70372) | \$1,500 | \$1,500 | \$1,500 |
| Subsidized Day Care (70373) | \$905 | \$905 | \$905 |
| Other Funds | \$1,111 | \$1,111 | \$1,111 |
| Other Funds Itemized | | | |
| Reimbursements for Special Fund Investigation | \$1,111 | \$1,111 | \$1,111 |
| Total | \$31,318 | \$30,747 | \$31,645 |

(a) Reflects recommended appropriation reduction of \$118,000

II. DETAIL BY MAJOR OBJECT

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Budgeted vs. Available | Percent Change |
|--------------------------------|-------------------|----------------------|---------------------|---------------------------|-------------------|
| PERSONNEL | | | | | |
| State Funds | \$13,623 | \$12,993 | \$12,539 | (\$454) | -3.49% |
| OSIG (10595) | \$3,239 | \$3,538 | \$3,837 | \$299 | 8.45% |
| OSIG Welfare (10600) | \$10,384 | \$9,455 | \$8,702 | (\$753) | -7.96% |
| Federal Funds | \$6,744 | \$9,275 | \$8,361 | (\$914) | -9.85% |
| Food Stamps (70369) | \$3,245 | \$4,383 | \$4,264 | (\$119) | -2.72% |
| Med Asst (70370) | \$2,865 | \$3,410 | \$2,592 | (\$818) | -23.99% |
| TANFBG (70372) | \$423 | \$936 | \$920 | (\$16) | -1.71% |
| Subsrd Day (70373) | \$211 | \$546 | \$585 | \$39 | 7.14% |
| Other Funds - OSIG (10595) | \$910 | \$980 | \$980 | \$0 | 0.00% |
| Total Personnel | \$21,277 | \$23,248 | \$21,880 | (\$1,368) | -5.88% |
| OPERATING | | | | | |
| State Funds | \$1,851 | \$2,228 | \$3,090 | \$862 | 38.69% |
| OSIG (10595) | \$754 | \$494 | \$63 | (\$431) | -87.25% |
| OSIG Welfare (10600) | \$1,097 | \$1,734 | \$3,027 | \$1,293 | 74.57% |
| Federal Funds | \$2,754 | \$5,130 | \$3,694 | (\$1,436) | -27.99% |
| Food Stamps (70369) | \$1,325 | \$2,617 | \$1,884 | (\$733) | -28.01% |
| Med Asst (70370) | \$1,170 | \$1,590 | \$1,145 | (\$445) | -27.99% |
| TANFBG (70372) | \$173 | \$564 | \$406 | (\$158) | -28.01% |
| Subsrd Day (70373) | \$86 | \$359 | \$259 | (\$100) | -27.86% |
| Other Funds - OSIG (10595) | \$201 | \$131 | \$131 | \$0 | 0.00% |
| Total Operating | \$4,806 | \$7,489 | \$6,915 | (\$574) | -7.66% |
| BUDGETARY RESERVE | | | | | |
| State Funds | \$1,128 | \$10 | \$0 | (\$10) | -100.00% |
| OSIG (10595) | \$341 | \$10 | \$0 | (\$10) | -100.00% |
| OSIG Welfare (10600) | \$787 | \$0 | \$0 | \$0 | 0.00% |
| Federal Funds | \$4,107 | \$0 | \$2,850 | \$2,850 | N/A |
| Food Stamps (70369) | \$2,430 | \$0 | \$852 | \$852 | N/A |
| Med Asst (70370) | \$165 | \$0 | \$1,763 | \$1,763 | N/A |
| TANFBG (70372) | \$904 | \$0 | \$174 | \$174 | N/A |
| Subsrd Day (70373) | \$608 | \$0 | \$61 | \$61 | N/A |
| Subtotal | \$4,107 | \$0 | \$2,850 | \$2,850 | N/A |
| Other Funds | | | | \$0 | 0.00% |
| Total Budgetary Reserve | \$5,235 | \$10 | \$2,850 | \$2,840 | 28400.00% |

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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Office of State Inspector General

10595, 10600, 70369, 70370, 70372, 71373

TOTAL FUNDS

| | | | | | |
|---------------|----------|----------|----------|-------|-------|
| State Funds | \$16,602 | \$15,231 | \$15,629 | \$398 | 2.61% |
| Federal Funds | \$13,605 | \$14,405 | \$14,905 | \$500 | 3.47% |
| Other Funds | \$1,111 | \$1,111 | \$1,111 | \$0 | 0.00% |

| | | | | | |
|-------------|----------|----------|----------|-------|-------|
| Total Funds | \$31,318 | \$30,747 | \$31,645 | \$898 | 2.92% |
|-------------|----------|----------|----------|-------|-------|

III. HISTORY OF LAPSES

(\$ Amounts in Thousands)

| | <u>2015-16</u> | <u>2016-17</u> | <u>Estimated 2017-18</u> |
|---------------|----------------|----------------|------------------------------|
| State Funds | \$0 | \$0 | \$0 |
| Federal Funds | \$3,652 | \$4,107 | \$0 |

IV. COMPLEMENT INFORMATION

| | | <u>12/31/2016</u> | <u>12/31/2017</u> | <u>2018-19 Budgeted</u> |
|----------------------|--------------|-------------------|-------------------|-----------------------------|
| Benefit Factor | | | | |
| OSIG (10595) | | 67.75% | 67.43% | 67.90% |
| OSIG Welfare (10600) | | 80.27% | 80.35% | 80.20% |
| State Funded | | | | |
| OSIG (10595) | - Authorized | 34 | 38 | 38 |
| | - Filled | 34 | 33 | NA |
| OSIG Welfare (10600) | - Authorized | 219 | 185 | 185 |
| | - Filled | 182 | 153 | NA |

V. DERIVATION OF REQUEST

Derivation of Request

(A) Personnel

All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities.

Legislative Citations: Act of July 20, 2017, P.L. 328, No. 29 [Act 29] C1. 71

Additional Information

- (1) 2016-17 Obligations rolled forward to 2017-18
(\$ Amounts in Thousands)

| | |
|-------|-----|
| Total | \$0 |
|-------|-----|

- (2) 2017-18 Supplemental appropriation needs
(\$ Amounts in Thousands)

\$0

Date current appropriation will be exhausted:

N/A

- (3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation.
(\$ Amounts in Thousands)

State Funds

| | |
|---------------------|----------------|
| 1060000000 (BP2015) | \$35 |
| 1059500000 (BP2016) | \$431 |
| 1060000000 (BP2016) | <u>\$1,178</u> |

| | |
|-------|---------|
| Total | \$1,644 |
|-------|---------|

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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Office of State Inspector General

10595, 10600, 70369, 70370, 70372, 71373

VI. EXPLANATION OF CHANGES

| | State \$ | Federal \$ | Other \$ | Total \$ |
|--|----------------|------------------|------------|------------------|
| PERSONNEL | | | | |
| A. Personnel - reduction due to change in funding for filled versus vacant positions and elimination of wage funding | (\$454) | \$0 | \$0 | (\$454) |
| B. Change in federal cost distribution methodology | \$0 | (\$914) | \$0 | (\$914) |
| Subtotal Personnel | <u>(\$454)</u> | <u>(\$914)</u> | <u>\$0</u> | <u>(\$1,368)</u> |
| OPERATING | | | | |
| A. Increases in recurring and non-recurring costs | \$862 | \$0 | \$0 | \$862 |
| B. Change in federal cost distribution methodology | \$0 | (\$1,436) | \$0 | (\$1,436) |
| Subtotal Operating | <u>\$862</u> | <u>(\$1,436)</u> | <u>\$0</u> | <u>(\$574)</u> |
| BUDGETARY RESERVE | | | | |
| A. Budgetary Reserve | (\$10) | \$0 | \$0 | (\$10) |
| B. Change in federal cost distribution methodology | \$0 | \$2,350 | \$0 | \$2,350 |
| C. Increase Med Assistance Cap due to higher volume of MA overpayments | \$0 | \$500 | \$0 | \$500 |
| Subtotal Budgetary Reserve | <u>(\$10)</u> | <u>\$2,850</u> | <u>\$0</u> | <u>\$2,840</u> |
| TOTAL | <u>\$398</u> | <u>\$500</u> | <u>\$0</u> | <u>\$898</u> |

VII. PROGRAM STATEMENT

The Office of Inspector General was created by Executive Order 1987-7. Act 29 of 2017 subsequently created the Office of State Inspector General. The mission of the Office of State Inspector General is:

- To initiate, supervise, and coordinate investigative activities relating to fraud, waste, misconduct, or abuse in executive agencies, and when invited, in independent agencies.
- To investigate allegations of American Recovery and Reinvestment Act fraud.
- To recommend policies for and to conduct, supervise, and coordinate activities designed to deter, detect, prevent, and eradicate fraud, waste, misconduct, and abuse in executive agencies.
- To refer violations of criminal law or matters requiring civil actions by the Commonwealth involving executive agencies to the General Counsel.
- To cooperate with federal, state, and local law enforcement agencies in the prosecution of criminal violations of federal and state benefit programs.
- To prevent, detect, and deter fraud prior to authorization of program benefits.
- To recover overpaid program benefits.
- To promote public awareness of effective government.
- To ensure proper distribution of benefits to citizens in need.

The Office of State Inspector General is responsible for conducting welfare fraud investigations and performing collection activities for programs administered by the Department of Human Services. The Office of State Inspector General is responsible for ensuring accountability and integrity in these programs including Temporary Assistance for Needy Families, Medical Assistance, Supplemental Nutrition Assistance Program, and Subsidized Day Care programs.

The Office of State Inspector General's investigative and collection activities generate revenues that are used to reduce state fund appropriations and also help prevent unnecessary revenue expenditures through a fraud prevention program.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

Page # of Governor's Executive Budget:
Pp. E2-1 to E2-3, E2-5, E2-7 to E2-8, E2-15 to E2-16, I3

Office of State Inspector General
10595, 10600, 70369, 70370, 70372, 71373

The Office of State Inspector General's welfare fraud investigation programs include field investigations and fraud investigations:

- **Field Investigations** - The Department of Human Services submits applicant and recipient referrals to the Office of State Inspector General for investigation when there is suspected fraud or inaccurate, incomplete, or inconsistent information relating to an application for benefits. Based on the Office of State Inspector General's investigative findings, the Department of Human Services is able to make an informed and more accurate determination of eligibility for benefits. Findings of fraud result in cost savings to the Commonwealth by preventing ineligible applicants from receiving benefits and helps prevent unnecessary revenue expenditures by closing benefits for ineligible recipients and reducing benefits for partially ineligible recipients
- **Fraud Investigations** - The Office of State Inspector General investigates Department of Human Services overpayment referrals to determine if benefits were received fraudulently. Based on the Office of State Inspector General's investigative findings, overpayments are prosecuted through the criminal court system, processed through the administrative disqualification hearing system, or processed through the collection program. Criminal findings of fraud and administrative disqualification hearing findings of intentional program violations result in cost savings through disqualification from benefits. Revenue is generated through court-ordered restitution of overpaid benefits, through Bureau of Hearings and Appeals' decisions ordering repayment of benefits, and through other collection methods.

The Office of State Inspector General's means of collections include reimbursement, restitution, recoupment, and federal treasury offsets:

- **Reimbursement** is obtained from recipients who were eligible to receive benefits but later acquired resources to repay the Commonwealth for those benefits. The Office of State Inspector General receives reimbursement from delayed resources, such as Supplemental Security Income, unemployment compensation, tort recoveries, inheritance, and other sources.
- **Restitution** is obtained from active or inactive recipients who have been overpaid benefits. The Office of State Inspector General receives restitution through court-ordered payments, installment payments, and other methods.
- **Recoupment** is obtained by reducing the monthly benefit allotment of active recipients who have been overpaid benefits. Recoupment can be court-ordered, federally or state mandated, or voluntary.
- **Federal treasury offsets** are intercepts of available federal payments to repay delinquent food stamp overpayments for inactive recipients.

The 2018-19 Budget incorporates the most recent program and financial data available and represents the best planning efforts of the Office of State Inspector General in order to maintain the current level of services while incorporating agency changes that resulted from the passing of Act 29.

PROGRAM PERFORMANCE

Under Appropriation 600, the Office of State Inspector General estimates the following program performance for Fiscal Years 2018-19 and 2019-20:

| | FY 2018-19 | FY 2019-20 |
|---|-------------------|-------------------|
| Collections | \$26,800,000 | \$26,800,000 |
| Fraud Investigations* | 6,000 | 6,000 |
| Field Investigations** | 25,000 | 25,000 |
| Average Cost Savings per Welfare Fraud Investigator | \$1,240,500 | \$1,240,500 |
| The Ratio of Cost-Savings and Collections to Investigative Expenditures* | \$10.30 | \$10.30 |

* Includes all intentional program violation investigations of overpayments.

** Referrals from the Department of Human Services on applicants and recipients.

The Office of State Inspector General generates cost-savings for the Commonwealth based on intentional program violation disqualifications and ineligibility determinations as a result of its investigative findings. The Office of State Inspector General generates revenues for the Commonwealth based on the various means used to collect benefit overpayments. For each dollar spent on investigative and collection activities, the Office of State Inspector General projects that it will realize a cost-benefit of \$10.30.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

| Page # of Governor's Executive Budget: | Office of General Counsel | | | | |
|---|---------------------------|-------------------|------------------|---------------------|----------------|
| Pp. E2-1, E2-2, E2-3, E2-5, E2-6, E2-9, I-3 | 10599 | | | | |
| I. SUMMARY FINANCIAL DATA | | | | | |
| (\$ Amounts in Thousands) | 2016-17 | 2017-18 | 2018-19 | | |
| | Actual | Available | Budgeted | | |
| State Funds | \$3,823 | \$3,702 (a) | \$4,086 | | |
| Other Funds | \$144 | \$121 | \$121 | | |
| CLE Registration fees | \$144 | \$121 | \$121 | | |
| Total | \$3,967 | \$3,823 | \$4,207 | | |
| <small>(a) Reflects recommended appropriation reduction of \$70,000</small> | | | | | |
| II. DETAIL BY MAJOR OBJECT | | | | | |
| (\$ Amounts in Thousands) | | | | | |
| | 2016-17 | 2017-18 | 2018-19 | Change | Percent |
| | Actual | Available | Budgeted | Budgeted vs. | Change |
| | | | | Available | |
| PERSONNEL | | | | | |
| State Funds | \$3,317 | \$3,385 | \$3,769 | \$384 | 11.34% |
| Other Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Total Personnel | \$3,317 | \$3,385 | \$3,769 | \$384 | 11.34% |
| OPERATING | | | | | |
| State Funds | \$400 | \$317 | \$317 | \$0 | 0.00% |
| Other Funds | \$144 | \$121 | \$121 | \$0 | 0.00% |
| Total Operating | \$544 | \$438 | \$438 | \$0 | 0.00% |
| BUDGETARY RESERVE | | | | | |
| State Funds | \$106 | \$0 | \$0 | \$0 | 0.00% |
| Federal Funds | | | | \$0 | 0.00% |
| Other Funds | \$0 | | | \$0 | 0.00% |
| Total Budgetary Reserve | \$106 | \$0 | \$0 | \$0 | 0.00% |
| TOTAL FUNDS | | | | | |
| State Funds | \$3,823 | \$3,702 | \$4,086 | \$384 | 10.37% |
| Other Funds | \$144 | \$121 | \$121 | \$0 | 0.00% |
| Total Funds | \$3,967 | \$3,823 | \$4,207 | \$384 | 10.04% |
| III. HISTORY OF LAPSES | | | | | |
| (\$ Amounts in Thousands) | | | | | |
| | 2015-16 | 2016-17 | Estimated | | |
| | | | 2017-18 | | |
| State Funds | \$0 | \$0 | \$0 | | |
| IV. COMPLEMENT INFORMATION | | | | | |
| | 12/31/2016 | 12/31/2017 | 2018-19 | | |
| | | | Budgeted | | |
| Benefit Factor | 85.60% | 85.75% | 69.40% | | |
| State Funded | | | | | |
| - Authorized | 59 | 49 | 52 | | |
| - Filled | 54 | 52 | N/A | | |

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

Page # of Governor's Executive Budget:

Office of General Counsel

Pp. E2-1, E2-2, E2-3, E2-5, E2-6, E2-9, I-3

10599

V. DERIVATION OF REQUEST/ LEGISLATIVE CITATIONS

Derivation of Request

(A) Personnel

All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities.

Legislative Citations: Act 164 of 1980

Additional Information

- (1) 2016-17 Obligations rolled forward to 2017-18
(\$ Amounts in Thousands)

| | |
|-------|-----|
| Total | \$0 |
|-------|-----|

- (2) 2017-18 Supplemental appropriation needs

The Office of General Counsel (10599) is not requesting a supplemental appropriation for the current fiscal year.

Date current appropriation will be exhausted: N/A

- (3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation.

(\$ Amounts in Thousands)

Waiver is currently held in budgetary reserve and will be released for (personnel, unanticipated expenses, etc.)

| | | | |
|-------------|----------------|-------|--|
| State Funds | 10599 (BP2015) | \$41 | |
| State Funds | 10599 (BP2016) | \$157 | |
| Total | | \$198 | |

VI. EXPLANATION OF CHANGES

(\$ Amounts in Thousands)

| | State \$ | Federal \$ | Other \$ | Total \$ |
|--|----------|------------|----------|----------|
| PERSONNEL | | | | |
| A. Contractual pay and mandatory benefit increases. No USTIF funds offsetting personnel costs. | \$384 | \$0 | \$0 | \$384 |
| Subtotal Personnel | \$384 | \$0 | \$0 | \$384 |
| OPERATING | | | | |
| A. Level Operating budget | \$0 | \$0 | \$0 | \$0 |
| Subtotal Operating | \$0 | \$0 | \$0 | \$0 |
| TOTAL | \$384 | \$0 | \$0 | \$384 |

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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Office of General Counsel

Pp. E2-1, E2-2, E2-3, E2-5, E2-6, E2-9, I-3

10599

VII. PROGRAM STATEMENT

The Office of General Counsel provides legal advice to the Governor and the Cabinet, and supervises, coordinates and administers legal services provided to each executive agency under the Governor's jurisdiction.

Program: Legal Services

The General Counsel serves as the chief legal advisor to the Governor, heads the Office of General Counsel, and appoints deputies general counsel, chief counsel and assistant counsel to assist in the performance of the responsibilities of OGC. OGC represents the Commonwealth, the Governor, members of his Cabinet, and more than 30 agencies that conduct the business of the Commonwealth.

OGC renders legal advice and representation concerning matters and issues arising in connection with the operation of executive agencies under the Governor's jurisdiction. OGC reviews and approves for form and legality all Commonwealth deeds, leases, contracts, rules and regulations. OGC provides advice to the Governor on pending legislative matters and issues, and reviews for constitutionality and legality all legislation presented to the Governor for approval.

The Office of General Counsel is responsible for initiating appropriate actions or defending the Commonwealth when the Attorney General declines to initiate appropriate proceedings or delegates that responsibility to OGC. Upon request by the Governor, OGC also has the authority to intervene in any action by or against an agency under the Governor's jurisdiction.

The General Counsel administers the operations of the Juvenile Court Judges Commission and supervises the legal representation for this agency as well as that of the Pennsylvania Employee Retirement Commission, Council on the Arts, the Pennsylvania Commission for Women, the Governor's Advisory Commission on African-American Affairs, the Governor's Advisory Commission on Asian Pacific American Affairs, the Governor's Advisory Commission on Latino Affairs, Pennsylvania Rural Development Council, the Office of Public Liaison, the Patient Safety Authority, the Pennsylvania Higher Educational Facilities Authority, State Public School Building Authority, the State Board of Education, the Board of Pardons, and the Tax Equalization Division.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

Page # of Governor's Executive Budget:
Pp. E2-1, E2-2, E2-3, E2-4, E2-5, E2-6, E2-10, E2-16, I-3

PA Human Relations Commission
10633, 70403, 70404

I. SUMMARY FINANCIAL DATA

(\$ Amounts in Thousands)

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|----------------------------------|-------------------|------------------------|---------------------|
| State Funds | \$9,419 | \$8,684 ^(a) | \$10,018 |
| Federal Funds Total | \$1,900 | \$1,600 | \$1,400 |
| Federal Sources Itemized | | | |
| HUD-Cooperative Agreement 70403 | \$800 | \$600 | \$500 |
| EEOC-Cooperative Agreement 70404 | \$1,100 | \$1,000 | \$900 |
| Total | \$11,319 | \$10,284 | \$11,418 |

(a) Reflects recommended appropriation reduction of \$86,000

II. DETAIL BY MAJOR OBJECT

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Budgeted vs. Available | Percent Change |
|--------------------------------|-------------------|----------------------|---------------------|---------------------------|-------------------|
| PERSONNEL | | | | | |
| State Funds | \$6,389 | \$7,153 | \$8,188 | \$1,035 | 14.47% |
| Federal Funds | | | | | |
| HUD-70403 | \$419 | \$420 | \$225 | (\$195) | -46.43% |
| EEOC-70404 | \$722 | \$913 | \$660 | (\$253) | -27.71% |
| Subtotal | \$1,141 | \$1,333 | \$885 | (\$448) | -33.61% |
| Total Personnel | \$7,530 | \$8,486 | \$9,073 | \$587 | 6.92% |
| OPERATING | | | | | |
| State Funds | \$1,358 | \$1,531 | \$1,830 | \$299 | 19.53% |
| Federal Funds | | | | | |
| HUD-70403 | \$147 | \$126 | \$125 | (\$1) | -0.79% |
| EEOC-70404 | \$2 | \$3 | \$0 | (\$3) | -100.00% |
| Subtotal | \$149 | \$129 | \$125 | (\$4) | -3.10% |
| Total Operating | \$1,507 | \$1,660 | \$1,955 | \$295 | 17.77% |
| BUDGETARY RESERVE | | | | | |
| State Funds | \$1,672 | \$0 | \$0 | \$0 | 0.00% |
| Federal Funds | | | | | |
| HUD-70403 | \$234 | \$54 | \$150 | \$96 | 177.78% |
| EEOC-70404 | \$376 | \$84 | \$240 | \$156 | 185.71% |
| Subtotal | \$610 | \$138 | \$390 | \$252 | 182.61% |
| Total Budgetary Reserve | \$2,282 | \$138 | \$390 | \$252 | 182.61% |
| TOTAL FUNDS | | | | | |
| State Funds | \$9,419 | \$8,684 | \$10,018 | \$1,334 | 15.36% |
| Federal Funds | \$1,900 | \$1,600 | \$1,400 | (\$200) | -12.50% |
| Other Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Total Funds | \$11,319 | \$10,284 | \$11,418 | \$1,134 | 11.03% |

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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Pp. E2-1, E2-2, E2-3, E2-4, E2-5, E2-6, E2-10, E2-16, I-3

PA Human Relations Commission

10633, 70403, 70404

III. HISTORY OF LAPSES

(\$ Amounts in Thousands)

| | <u>2015-16</u> | <u>2016-17</u> | <u>Estimated 2017-18</u> |
|---------------|----------------|----------------|------------------------------|
| State Funds | \$0 | \$0 | \$0 |
| Federal Funds | \$1,387 | \$610 | \$0 |

IV. COMPLEMENT INFORMATION

Benefit Factor

| | <u>12/31/2016</u> | <u>12/31/2017</u> | <u>2018-19 Budgeted</u> |
|--|-------------------|-------------------|-----------------------------|
| | 72.88% | 75.44% | 75.30% |

State Funded - Authorized
- Filled

| | | |
|-----|----|-----|
| 101 | 84 | 84 |
| 70 | 77 | n/a |

V. DERIVATION OF REQUEST/ LEGISLATIVE CITATIONS

Derivation of Request

(A) Personnel

All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities.

Legislative Citations: Human Relations Act of 1955 amended by Act 34 of 1997; Pennsylvania Fair Educational Opportunities Act of 9161 amended by Act 187 of 1992

Additional Information

(1) 2016-17 Obligations rolled forward to 2017-18
(\$ Amounts in Thousands)

Total \$0

(2) 2017-18 Supplemental appropriation needs
(\$ Amounts in Thousands)

\$0

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation.
(\$ Amounts in Thousands)

State Funds

| | |
|---------------------|-------|
| 1063300000 (BP2015) | \$246 |
| 1063300000 (BP2016) | \$261 |
| Total | \$507 |

Waiver is currently held in budgetary reserve and will be released for personnel, CMS project related expenditures, and unanticipated opportunities.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

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PA Human Relations Commission

10633, 70403, 70404

VI. EXPLANATION OF CHANGES

| | State \$ | Federal \$ | Other \$ | Total \$ |
|---|----------------|----------------|------------|----------------|
| PERSONNEL | | | | |
| A. Contractual salary/benefit increases | \$1,035 | \$0 | \$0 | \$1,035 |
| B. Anticipated reduction in federal | \$0 | (\$448) | \$0 | (\$448) |
| Subtotal Personnel | <u>\$1,035</u> | <u>(\$448)</u> | <u>\$0</u> | <u>\$587</u> |
| OPERATING | | | | |
| A. Decrease in operating to cover contractual salary/benefit increases | (\$298) | \$0 | \$0 | (\$298) |
| B. Initiative to provide additional support and resources for victims of sexual misconduct. | \$597 | \$0 | \$0 | \$597 |
| C. Anticipated reduction in federal | \$0 | (\$4) | \$0 | (\$4) |
| Subtotal Operating | <u>\$299</u> | <u>(\$4)</u> | <u>\$0</u> | <u>\$295</u> |
| BUDGETARY RESERVE | | | | |
| A. Anticipated reduction in federal | \$0 | \$252 | \$0 | \$252 |
| Subtotal Budgetary Reserve | <u>\$0</u> | <u>\$252</u> | <u>\$0</u> | <u>\$252</u> |
| TOTAL | <u>\$1,334</u> | <u>(\$200)</u> | <u>\$0</u> | <u>\$1,134</u> |

VII. PROGRAM STATEMENT

The Pennsylvania Human Relations Commission, or PHRC, enforces the Commonwealth's primary anti-discrimination statutes. In general, the statutes prohibit discrimination based on race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, familial status (only in housing) and the use, handling or training of support or guide animals for people with disabilities.

The Commission's jurisdiction covers employment, housing, commercial property, public accommodations, education and community tension.

The three key principles used to implement the law are: (1) the receipt, investigation, resolution, conciliation, and litigation of formal discrimination complaints whether filed by harmed individuals, the Pennsylvania Attorney General, or the Commission itself; (2) providing community outreach and technical assistance to organizations and individuals to promote and encourage voluntary compliance with the laws; and (3) the publication of regulations and guidelines.

The Commission's statutory authority includes the authority to encourage settlements involving monetary compensation for unlawful discrimination and non-monetary measures intended to end unlawful discrimination and prevent it in the future. Non-monetary settlement terms include changes in policies or practices, employee and management training, and building modifications or other accommodations for people with disabilities.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

Page # of Governor's Executive Budget:

Pp. E2-1, E2-2, E2-3, E2-4, E2-5, E2-6, E2-10, E2-16, I-3

PA Human Relations Commission

10633, 70403, 70404

PROGRAM PERFORMANCE

The commission's settlement rate of 38% significantly exceeds the average rates of other state Fair Employment Practices Agencies and is about 22% higher than that of the federal Equal Employment Opportunity Commission's settlement rate of 16%. The 520 settlements executed in 2016-17 provided monetary benefits of \$3,073,948 for alleged victims of discrimination.

Unfortunately for two consecutive years, PHRC has continued to experience an increase in the average age of its pending cases (from 496 to 527 days old), which is the opposite effect the commission desires. This increased average case age is due to the persistent lack of staff and budget needed to sustain at least 101 employees to do the work of the commission.

Completing investigations timely affects our federal funding and gets relief to victims of discrimination and those unjustly accused more quickly. With a current filled complement of 75 PHRC cannot maximize federal revenues for Pennsylvania or reduce overall case processing time needed to bring timely justice to those adversely impacted.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

| Page # of Governor's Executive Budget: | | PA Council on the Arts | | | | |
|---|-----------------|----------------------------|-------------------|------------------|---------------------|----------------|
| Pp. E2-1, E2-2, E2-4, E2-5, E2-6, E2-11, E2-17, I-3 | | 10619, 10621, 70366, 70367 | | | | |
| I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands) | | 2016-17 | 2017-18 | 2018-19 | | |
| | | Actual | Available | Budgeted | | |
| State Funds | | \$10,554 | \$10,429 | \$10,429 | | |
| Grants to the Arts (10619) | | \$9,590 | \$9,590 | \$9,590 | | |
| PA Council on the Arts (10621) | | \$964 | \$839 | \$839 | | |
| Federal Funds | | \$918 | \$980 | \$980 | | |
| NEA-Grants to the Arts-Admin (70366) | | \$563 | \$980 | \$980 | | |
| NEA-Grants to the Arts (70367) | | \$355 | \$0 | \$0 | | |
| Total | | \$11,472 | \$11,409 | \$11,409 | | |
| II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands) | | 2016-17 | 2017-18 | 2018-19 | Change | Percent |
| | | Actual | Available | Budgeted | Budgeted vs. | Change |
| | | | | | Available | |
| PERSONNEL | | | | | | |
| State Funds | | | | | | |
| PA Council on the Arts (10621) | \$902 | \$765 | \$839 | \$74 | 9.67% | |
| Federal Funds | | | | | | |
| NEA-Grants to the Arts-Admin (70366) | \$367 | \$550 | \$465 | (\$85) | -15.45% | |
| Total Personnel | \$1,269 | \$1,315 | \$1,304 | (\$11) | -0.84% | |
| OPERATING | | | | | | |
| State Funds | | | | | | |
| PA Council on the Arts (10621) | \$1 | \$58 | \$0 | (\$58) | -100.00% | |
| Federal Funds | | | | | | |
| NEA-Grants to the Arts-Admin (70366) | \$196 | \$430 | \$515 | \$85 | 19.77% | |
| Total Operating | \$197 | \$488 | \$515 | \$27 | 5.53% | |
| BUDGETARY RESERVE | | | | | | |
| State Funds | | | | | | |
| Grants to the Arts (10619) | \$2 | \$0 | \$0 | \$0 | 0.00% | |
| PA Council on the Arts (10621) | \$61 | \$16 | \$0 | (\$16) | -100.00% | |
| Nat'l End Arts-Adm (70366) | \$0 | \$0 | \$0 | \$0 | 0.00% | |
| Subtotal State Funds | \$63 | \$16 | \$0 | (\$16) | -100.00% | |
| Federal Funds | | | | | | |
| NEA-Grants to the Arts-Admin (70367) | \$200 | \$0 | \$0 | \$0 | 0.00% | |
| Total Budgetary Reserve | \$263 | \$16 | \$0 | \$0 | 0.00% | |
| GRANT & SUBSIDY | | | | | | |
| State Funds | | | | | | |
| Grants to the Arts (10619) | \$9,588 | \$9,590 | \$9,590 | \$0 | 0.00% | |
| Federal Funds | | | | | | |
| NEA-Grants to the Arts (70367) | \$155 | \$0 | \$0 | \$0 | 0.00% | |
| Total Grant & Subsidy | \$9,743 | \$9,590 | \$9,590 | \$0 | 0.00% | |
| TOTAL FUNDS | | | | | | |
| State Funds | \$10,554 | \$10,429 | \$10,429 | \$0 | 0.00% | |
| Federal Funds | \$918 | \$980 | \$980 | \$0 | 0.00% | |
| Total Funds | \$11,472 | \$11,409 | \$11,409 | \$0 | 0.00% | |
| III. HISTORY OF LAPSES (\$ Amounts in Thousands) | | 2015-16 | 2016-17 | Estimated | | |
| | | | | 2017-18 | | |
| State Funds | | \$25 | \$0 | \$0 | | |
| Grants to the Arts (10619) | | \$25 | \$0 | \$0 | | |
| PA Council on the Arts (10621) | | \$0 | \$0 | \$0 | | |
| Federal Funds | | \$131 | \$200 | \$0 | | |
| NEA-Grants to the Arts Admin (70366) | | \$26 | \$0 | \$0 | | |
| Grants to the Arts (70367) Paymt to DCED-16/17 | | \$105 | \$200 | \$0 | | |
| IV. COMPLEMENT INFORMATION | | 12/31/2016 | 12/31/2017 | 2018-2019 | | |
| | | | | Budgeted | | |
| Benefit Factor | | 68.20% | 68.60% | 69.50% | | |
| State Funded | - Authorized | 12 | 10 | 10 | | |
| | - Filled | 10 | 10 | N/A | | |
| V. DERIVATION OF REQUEST/ LEGISLATIVE CITATIONS | | | | | | |
| Derivation of Request | | | | | | |
| (A) Personnel | | | | | | |
| All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget. | | | | | | |
| (B) Operating Expenses | | | | | | |
| Operating Funds will be used for continuing activities. | | | | | | |
| Legislative Citations: Act 538 (1/25/66) | | | | | | |

| Page # of Governor's Executive Budget: Pp. E2-1, E2-2, E2-4, E2-5, E2-6, E2-11, E2-17, I-3 | PA Council on the Arts 10619, 10621, 70366, 70367 | | | |
|---|--|-------------------|-----------------|-----------------|
| V. DERIVATION OF REQUEST/LEGISLATIVE CITATIONS (cont'd) | | | | |
| Additional Information | | | | |
| (1) 2016-17 Obligations rolled forward to 2017-18 (\$ Amounts in Thousands) | | | | |
| Total | | \$0 | | |
| (2) 2017-18 Supplemental appropriation (10621) needs | | | | |
| The Grants to the Arts (10619) is not requesting a supplemental appropriation for the FY18-19. The PA Council on the Arts (10621) is not requesting a supplemental appropriation for the current fiscal year. | | | | |
| Date current appropriation will be exhausted: N/A | | | | |
| (3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation. (\$ Amounts in Thousands) | | | | |
| Waiver is currently held in budgetary reserve and will be released for(personnel, unanticipated expenditures, etc.) | | | | |
| State Funds 1062100000 (BP2015) | | \$58 | | |
| State Funds 1062100000 (BP2016) | | \$61 | | |
| Total | | \$119 | | |
| VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands) | | | | |
| | <u>State \$</u> | <u>Federal \$</u> | <u>Other \$</u> | <u>Total \$</u> |
| PERSONNEL | | | | |
| A. Increase due to contractual and benefit increases. | \$74 | \$0 | \$0 | \$74 |
| B. Decrease in federal personnel funds due to increase in federal operating funds. | \$0 | (\$85) | \$0 | (\$85) |
| Subtotal Personnel | \$74 | (\$85) | \$0 | (\$11) |
| OPERATING | | | | |
| A. Decrease in state funds due to increase in personnel state funds. | (\$58) | \$0 | \$0 | (\$58) |
| B. Increase in federal funds due to decrease in state operating funds. | \$0 | \$85 | \$0 | \$85 |
| Subtotal Operating | (\$58) | \$85 | \$0 | \$27 |
| GRANT & SUBSIDY | | | | |
| A. No Change | \$0 | \$0 | \$0 | \$0 |
| B. No Change | \$0 | \$0 | \$0 | \$0 |
| Subtotal Grant & Subsidy | \$0 | \$0 | \$0 | \$0 |
| BUDGETARY RESERVE | | | | |
| A. Elimination of Budgetary Reserve (10621) | (\$16) | \$0 | \$0 | (\$16) |
| Subtotal Budgetary Reserve | (\$16) | \$0 | \$0 | (\$16) |
| TOTAL | \$0 | \$0 | \$0 | \$0 |
| VII. PROGRAM STATEMENT | | | | |
| I. PROGRAM STATEMENT | | | | |
| Established in 1966 by Act No. 538, the Pennsylvania Council on the Arts promotes access to the arts and cultural development for all of the commonwealth's citizens. | | | | |
| The mission of the Pennsylvania Council on the Arts (PCA) is to foster the excellence, diversity, and vitality of the arts in Pennsylvania and to broaden the availability and appreciation of those arts throughout the state. It achieves this mission by supporting arts and cultural programs and services—particularly for school-aged children—through responsive funding and the provision of information, resources and services for arts organizations, arts programs and projects, local governments, educational and community organizations, artists, and schools. | | | | |
| In addition, the PCA undertakes partnerships and initiatives to leverage opportunities, seek solutions to challenges affecting the arts in the commonwealth, and initiate programs that serve a broad range of citizens throughout Pennsylvania. | | | | |
| Funding for the Arts in Pennsylvania Data show public funding for the arts is significantly lower in Pennsylvania than in neighboring states, making it challenging for the arts community to compete with surrounding states for market share. For FY2017, Pennsylvania dropped two ranks to 23rd among states in per capita funding for the arts—well behind neighboring states of New Jersey (7th), New York (5th), Maryland (4th), Delaware (3rd), and Ohio (11th). Top legislative appropriations per capita included Minnesota (1st) \$7.04, Delaware (3rd) \$3.58, Maryland (4th) \$3.39, and New York (5th) \$2.28. Pennsylvania was \$0.75. | | | | |

II. COMMITMENT TO PENNSYLVANIA TAXPAYERS

The PCA works to ensure strategic and efficient disbursement of commonwealth funds that will benefit commonwealth residents. Ten staff administer programs and partnerships that deliver more than 1,300 grants and services statewide.

Outcomes of the PCA's long-term strategies include:

- More Pennsylvanians participate in the state's many quality arts activities;
- Pennsylvania's schools, children and youth benefit from arts experiences;
- More communities benefit from state investments, increasing quality of life and related economic development;
- More citizens included in the PCA's funding decision processes;
- A more efficient and user-friendly agency, including national recognition for its transformational approach; and
- PCA-developed efficiencies reduce workloads for fellow state agencies that process PCA grants.

Managing Resources to Reach Every County

The PCA supports and fosters access to the arts for all Pennsylvanians, regardless of their circumstances. Using guided regional partnerships, the PCA increases its ability to deliver high quality arts and cultural opportunities to the people of Pennsylvania.

The Council established a goal to annually guarantee a grant or service (such as a teaching artist residency in a school) in each of Pennsylvania's 67 counties. With its regional partners, the PCA expanded the opportunity for citizen involvement, empowered regional regrating organizations, and more than doubled its number of grantees while decreasing internal processing by 66%. Maintaining oversight and accountability, the PCA ensures a quality grants process, and funds more arts activities in more places.

Pennsylvania Partners in the Arts (PPA) and Regional Grants

Regional organizations, selected, trained and monitored by the PCA, re-grant state funds to a wide variety of arts projects and local and community arts activities. State art dollars have been made available to communities and citizens previously underserved, and funds are awarded through a system of local decision making. In the most recently completed cycle, PPA partners administered more than 750 arts grants statewide totaling more than \$1.2 million.

PPA Regional Partner Organizations:

- Berks Arts Council
- Bradford County Regional Arts Council
- Community Partnerships Resource Conservation & Development (Lewistown)
- Cultural Alliance of York County
- Elk County Council on the Arts
- Erie Arts & Culture
- Galaxy: The Arts in Education Program of Central Intermediate Unit 10 (West Decatur)
- Greater Philadelphia Cultural Alliance
- Greater Pittsburgh Arts Council
- Jump Street (Harrisburg)
- Lehigh Valley Arts Council
- Pennsylvania Rural Arts Alliance (Loretto)
- Pocono Arts Council (Stroudsburg)

Creating Opportunity and Embracing Transparency

A nationally-recognized retooling of the agency's grants program simultaneously addressed goals of making the agency more accessible and responsive, as well as user-friendly. To assure accuracy and authenticity, applications for funding focus on proven performance and actual financial statements over estimates, and require evaluation over speculation. A sophisticated funding formula is available to incorporate Council policy, applicant funding history, average fiscal size, and panel assessment scores to determine funding for each applicant.

Citizen Participation

A robust and informed application review is informed by citizen involvement in the agency and partners' decision-making processes. Between 150 and 250 panelists serve each year. Decentralization expanded the public's understanding of the PCA's funding process and increased participation in planning.

Leveraging Support for a Vibrant Arts Community

At established deadlines throughout the year, the PCA accepts applications. More than 300 eligible arts organizations and arts programs with a consistent PCA funding history are funded directly by the PCA each year. Another 750 applications are reviewed by the PPA partner organizations.

Responsive funding from the PCA and its partners provides grantee organizations with critical leverage for private and community financial support. The requirement that responsive funds be matched assists in developing sustainability with local support.

Creative Aging

The PCA supports lifelong learning in the arts. A successful pilot project with the Pennsylvania Department of Aging (Aging) brought together 15 teams of teaching artists, senior centers and arts organizations for training by the national organization Elders Share the Arts (ESTA). Based on the collaboration with the PCA, Aging went on to create online modules for senior centers wishing to provide the benefits of artist residencies.

Support for Veterans

At the request of the Pennsylvania Department of Military and Veterans Affairs (DMVA), the PCA and DMVA are collaborating on an initiative to place teaching artist residencies in state-run veterans' homes to integrate the arts into their resident support. As with the Senior Centers, arts programs and artist residencies with veterans have the potential to enhance quality of life, engage and sustain caregivers, and foster a new element in quality of care, including increased health and outlook among participants and the possibility for reduced need for medications as a result.

III. ECONOMIC IMPACT OF THE ARTS IN PENNSYLVANIA

Artists and arts organizations can be powerful catalysts for revitalization and increased economic activity within communities. The move of artists and arts organizations into neighborhoods, cities and towns has been shown to support local businesses, create vibrant places and reinvigorate communities over time. Studies of urban market change show cultural engagement indicators are important predictors of real estate market improvements. Many communities have mobilized to place the arts at the core of revitalizations strategies that aim to drive a positive brand for a community and increase foot traffic downtown.

Impacting Economic Growth and Community Vibrancy

The national organization Americans for the Arts (AFTA) recently released Arts & Economic Prosperity V: the Economic Impact of Nonprofit Arts Organizations and their Audiences (AEP V). This study illustrates that nonprofit arts and culture is a \$3.39 billion industry in Pennsylvania and generates \$402 million in local and state government revenue. Nonprofit arts and culture audiences leveraged a remarkable \$1.6 billion in event-related spending that pumps vital revenue into local restaurants, hotels, retail stores, parking garages and city meters, as well as other businesses."

Jobs and Workforce

AEP V reported the arts and cultural sector (directly and indirectly) supports a combined 100,000 FTE jobs in Pennsylvania. More than 55,000 of those jobs are directly supported by Pennsylvania nonprofit arts and culture organizations.

Strengthening Rural Economies with Arts

Many states report harnessing creative assets to help revitalize rural regions while improving their ability to compete in the new economy. Arts-based activities have been shown to stimulate economic growth and job creation and improve quality of life.

Economic Activity by Region

- Allegheny County reported total expenditures of \$1 billion and more than 32,000 FTE jobs supported.
- Berks County reported expenditures of \$18.9 million and 625 FTE jobs supported.
- Erie County reported expenditures of \$42.2 million and 1,456 FTE jobs supported.
- Greater Harrisburg (Cumberland, Dauphin, and York) reported expenditures of \$20 million and 763 FTE jobs supported.
- Greater Philadelphia (Bucks, Chester, Delaware, Montgomery and Philadelphia counties) reported expenditures of \$1.8 billion in total industry expenditures and 55,225 FTE jobs supported.
- Lehigh Valley (Carbon, Lehigh and Northampton counties) reported \$186.3 million in total industry expenditures and 6,908 jobs supported.
- Southwestern Pennsylvania (City of Johnstown and the Boroughs of Ebensburg, Jennerstown, and Windber (a multi-city region) \$40.7 million in expenditures and 1,160 FTE jobs supported.

Data was collected from 1,077 organizations in Pennsylvania. Each provided detailed budget information about more than 40 expenditure categories as well as attendance figures. Project economists customized input/output analysis models for each study region to provide specific and reliable economic impact data.

Arts and Cultural Sector Contribution to GDP

The U.S. Bureau of Economic Analysis (BEA) at the U.S. Department of Commerce now measures the contribution of the arts to the U.S. economy. The BEA "Arts and Cultural Production Satellite Account" (ACPSA) represents the first federal effort to identify and calculate the sector's contributions, representing the final dollar value of all goods and services produced in the U.S.

Recent headlines for the sector include: Arts and Culture are 4.2% or \$730 billion of current GDP (larger than the Tourism Industry) and grew 35.1 percent between 1998 and 2014. Pennsylvania ranked 7th among all states in Arts and Cultural Production employment and 9th in compensation, however, both employment and growth lagged significantly behind national averages for growth in both measurements.

IV. INVESTING IN PENNSYLVANIA'S CHILDREN THROUGH THE ARTS

The PCA's Arts in Education (AIE) Partnership fosters educational excellence through participation in the creative process in schools and community settings. Partners facilitate artist residencies with more than 300 available Teaching Artists who represent all art forms. Residencies take place in schools and other settings. By engaging regional partners in providing services and professional development to schools and educational settings, the PCA has increased both the quantity and quality of arts in education experiences in Pennsylvania.

PCA Arts in Education (AIE) Partners:

- Allentown Art Museum
- Arts Path: Indiana University of Pennsylvania
- Cultural Alliance of York County
- Elk County Council on the Arts
- Erie Arts & Culture
- Galaxy: The Arts in Education Program of Central Intermediate Unit 10
- Jump Street (Harrisburg)
- Northeastern Educational Intermediate Unit 19 (NEIU 19)
- The Northern Tier Partnership for Arts in Education/Bradford County Regional Arts Council
- Perry County Council of the Arts
- Philadelphia Arts in Education Partnership
- Pittsburgh Center for the Arts/Pittsburgh Filmmakers
- Southern Alleghenies Museum of Art
- The Ware Center: Millersville University

Workforce Development through Arts in Education

The PCA, its AIE partners and teaching artists, along with the commonwealth's arts organizations and programs, help hundreds of schools enrich their curriculum and provide greater opportunity for students to find and improve cognitive and creative abilities and build job skills. The arts and entertainment industries represent a growing segment for future employment, and study of the arts in the schools has demonstrated benefits in the preparation of a competitive workforce and addressing the "soft skills" gap observed by business leaders.

| | |
|---|---|
| Page # of Governor's Executive Budget: Pp. E2-1, E2-2, E2-4, E2-5, E2-6, E2-11, E2-17, I-3 | PA Council on the Arts 10619, 10621, 70366, 70367 |
| <p>V. COMMITMENT TO DIVERSITY AND ACCESSIBILITY The PCA diversifies its geographic and cultural reach through its regional funding partnerships and nationally-recognized Preserving Diverse Cultures (PDC) Division.</p> <p>The PDC Division fosters organizational stability and expands arts and cultural programming in culturally-specific communities. In FY2017-2018, the PCA Council doubled total support for the Division's progressive system of artistic and administrative development grants and technical assistance and launched a new program providing support for community-based engagement projects.</p> <p>VI. PROGRAM PERFORMANCE As a responsible steward of state arts funding, the PCA works to review, verify, update and, where necessary, redesign agency workflow associated with the its grants life cycle. The PCA strives to provide even greater efficiencies for constituents seeking funding and for its own processes and work with fellow commonwealth agencies.</p> <p>Responsive Funding System The PCA's nationally-recognized responsive funding system represents a groundbreaking approach to the allocation of state arts funds. It has subsequently been replicated in other states. Implementation of the system enables the Council to make gradual adjustments over time toward achieving long-term goals of parity in funding amounts among arts organizations and arts programs of like fiscal size and similar assessment scores.</p> <p>Information Technology The PCA recently announced the launch of a 100% digital egrant system. The Department of Community and Economic Development (DCED) is providing the system in conjunction with the Governor's Office of Transformation, Innovation, Management and Efficiency (GO-TIME). The new system also enables electronic sharing and access between Commonwealth departments, which is faster and more secure. Other benefits include electronic signature, enhanced reliability and support for submissions.</p> <p>DataArts and the Pennsylvania Cultural Data Project (PACDP) The PCA and Pennsylvania's private arts and cultural funders partnered to develop and implement the Cultural Data Project (CDP). Now a national nonprofit known as DataArts, based in Philadelphia, this initiative significantly improved efficiency in the collection and use of arts and culture data and increased the quality and reliability of information gathered nationally. Thanks to this initiative, Pennsylvania arts and cultural organizations now have access to custom reports and metrics at no cost. These reports allow users to access data for a variety of analytic and planning purposes specific to their organizations.</p> <p>PCA Strategic Planning The PCA's federally-mandated strategic planning process takes place every five years and utilizes public comment and data analysis. Past strategic plans anticipated many current governmental objectives: streamlined operations; use of technology; citizen-driven objectives; improved services to Pennsylvanians and the encouragement of local control while maintaining accountability. In 2018 the PCA will sponsor town meetings across the commonwealth to gather input from hundreds of participants for its next strategic plan.</p> <p>Agency Staff Serves Statewide Arts Infrastructure The PCA agency staff provides critical oversight and support to its 30 regional partners. Staff travels throughout the state and beyond to provide assistance to constituents (especially potential applicants), gather information, develop and maintain partnerships, assure citizen-focused, customer friendly programs and processes, gain field expertise and best practices, and share knowledge.</p> <p>The agency further serves as an information resource for the public, the arts field, and national, state and local governments, as well as assisting partners and other state agencies, including Aging, Education and Military and Veterans Affairs. The PCA also is asked to provide production and ceremonial support for a variety of commonwealth functions, including the Governor's Awards for the Arts.</p> <p>National Recognition and Honors The PCA has received multiple national honors and awards, including the National Accessibility Leadership Award from the National Endowment for the Arts and the National Assembly of State Arts Agencies, in recognition of the agency's efforts to make the arts accessible to individuals with disabilities and/or older Pennsylvanians. PCA partners have also received prestigious national honors, including, the first Americans for the Arts (AFTA) Arts Education Award, and four U.S. Department of Education grants (totaling nearly \$4 million).</p> | |

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

| Pp. E2-1, E2-2, E2-4, E2-6, E2-14, E2-18, I-3 | | Juvenile Court Judges' Commission 10596, 11005 | | | |
|---|-----------------|---|-------------------|-----------------|-------------------------------|
| I. SUMMARY FINANCIAL DATA | | | | | |
| (\$ Amounts in Thousands) | | 2016-17 | 2017-18 | 2018-19 | |
| | | Actual | Available | Budgeted | |
| State Funds | | \$21,807 | \$21,780 | \$21,922 | |
| Juvenile Court Judges' Commission (10596) | | \$2,862 | \$2,835 | \$2,977 | |
| Juvenile Probation Services (11005) | | \$18,945 | \$18,945 | \$18,945 | |
| Federal Funds | | | | | |
| JCMS Assessment Evaluation (80550) | | \$156 | \$156 | \$0 | |
| Total | | <u>\$21,963</u> | <u>\$21,936</u> | <u>\$21,922</u> | |
| II. DETAIL BY MAJOR OBJECT | | | | | |
| (\$ Amounts in Thousands) | | | | Change | |
| | | 2016-17 | 2017-18 | 2018-19 | |
| | | Actual | Available | Budgeted | Budgeted vs. Available |
| | | | | | Percent Change |
| PERSONNEL | | | | | |
| State Funds | | | | | |
| Juvenile Court Judges' Comm (10596) | \$2,489 | \$2,489 | \$2,685 | \$196 | 7.87% |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | |
| JCMS Support and Deploy (80483) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | 0.00% |
| Total Personnel | \$2,489 | \$2,489 | \$2,685 | \$196 | 7.87% |
| OPERATING | | | | | |
| State Funds | | | | | |
| Juvenile Court Judges' Comm (10596) | \$162 | \$346 | \$292 | (\$54) | -15.61% |
| Total Operating | \$162 | \$346 | \$292 | (\$54) | -15.61% |
| GRANT & SUBSIDY | | | | | |
| State Funds | | | | | |
| Juvenile Probation Services (11005) | \$18,945 | \$18,945 | \$18,945 | \$0 | 0.00% |
| Federal Funds | | | | | |
| JCMS Assessment Evaluation (80550) | \$156 | \$156 | \$0 | (\$156) | -100.00% |
| Total Grants and Subsidy | \$19,101 | \$19,101 | \$18,945 | (\$156) | -0.82% |
| BUDGETARY RESERVE | | | | | |
| State Funds | | | | | |
| Juvenile Court Judges' Comm(10596) | \$211 | \$0 | \$0 | \$0 | 0.00% |
| Total Budgetary Reserve | \$211 | \$0 | \$0 | \$0 | 0.00% |
| TOTAL FUNDS | | | | | |
| State Funds | \$21,807 | \$21,780 | \$21,922 | \$142 | 0.65% |
| Federal Funds | \$156 | \$156 | \$0 | (\$156) | -100.00% |
| Total Funds | <u>\$21,963</u> | <u>\$21,936</u> | <u>\$21,922</u> | <u>(\$14)</u> | <u>-0.06%</u> |
| III. HISTORY OF LAPSES | | | | | Estimated |
| (\$ Amounts in Thousands) | | 2015-16 | 2016-17 | 2017-18 | |
| State Funds | | \$0 | \$0 | \$0 | |
| Juvenile Court Judges' Commission (10596) | | \$0 | \$0 | \$0 | |
| IV. COMPLEMENT INFORMATION | | | | | |
| | | 12/31/2016 | 12/31/2017 | 2018-19 | |
| | | | | Budgeted | |
| Benefit Factor | | 71.13% | 71.62% | 72.10% | |
| State Funded | - Authorized | 24 | 22 | 22 | |
| | - Filled | 22 | 21 | N/A | |

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

Pp. E2-1, E2-2, E2-4, E2-6, E2-14, E2-18, I-3

Juvenile Court Judges' Commission

10596, 11005

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

All personnel costs were prepared on the complement planning layouts in the BPC system using instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities.

(C) Grants

Grants will be used to continue to provide funding to offset juvenile probation salary costs and the implementation of evidence-based probation practices pursuant to the purpose clause of the Juvenile Act 42 PA. C.S.&6301 (b).

Legislative Citations: Re-established by Act 33 of Special Session No. 1 of 1995.

Additional Information

| | |
|--|-----|
| (1) 2016-17 Obligations rolled forward to 2017-18 (\$ Amounts in Thousands) | \$0 |
| Date current appropriation will be exhausted: | N/A |

Total

| | |
|---|-----|
| (2) 2017-18 Supplemental appropriation needs (\$ Amounts in Thousands) | \$0 |
|---|-----|

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation.

(\$ Amounts in Thousands)

Waiver is currently held in budgetary reserve and will be released for (personnel, unanticipated expenditures, etc.)

| | |
|----------------------------------|--------------|
| State Funds 1059600000 (BP2015) | \$104 |
| State Funds 1059600000 (BP2016) | \$211 |
| Total | \$315 |

VI. EXPLANATION OF CHANGES

(\$ Amounts in Thousands)

| | State \$ | Federal \$ | Other \$ | Total \$ |
|---|----------|------------|----------|----------|
| PERSONNEL | | | | |
| A. Complement increase of 2 and contractual pay raises/benefit increases. | \$196 | \$0 | \$0 | \$196 |
| Subtotal Personnel | \$196 | \$0 | \$0 | \$196 |
| OPERATING | | | | |
| A. Decrease in Operating | (\$54) | \$0 | \$0 | (\$54) |
| Subtotal Operating | (\$54) | \$0 | \$0 | (\$54) |
| GRANT & SUBSIDY | | | | |
| A. JCMS Assessment Evaluation (80550) Grant Expired | \$0 | (\$156) | \$0 | (\$156) |
| Subtotal Grant & Subsidy | \$0 | (\$156) | \$0 | (\$156) |

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

| | |
|---|--|
| Pp. E2-1, E2-2, E2-4, E2-6, E2-14, E2-18, I-3 | Juvenile Court Judges' Commission 10596, 11005 |
| BUDGETARY RESERVE | |
| A. Budgetary Reserve | \$0 \$0 \$0 \$0 |
| Subtotal Budgetary Reserve | \$0 \$0 \$0 \$0 |
| TOTAL | \$142 (\$156) \$0 (\$14) |

VII. PROGRAM STATEMENT

The mission of the Juvenile Court Judges' Commission (JCJC) is to provide the leadership, advice, training and support to enable Pennsylvania's juvenile justice system to achieve its goals related to community protection, offender accountability, restoration of crime victims, and youth competency development; and to advise juvenile court judges on matters pertaining to delinquent and dependent children. The Commission is legislatively empowered to advise the juvenile court judges of the Commonwealth in all matters pertaining to the proper care and maintenance of delinquent and dependent children; to examine the administrative methods and judicial procedure used in juvenile courts throughout the state, and establish standards and make recommendations on the same to courts; to examine the personnel practices and employment standards used in probation offices in the Commonwealth, establish standards and make recommendations on the same to the courts; collect and analyze data to identify trends and to determine the effectiveness of programs and practices to ensure the reasonable and efficient administration of the juvenile court system; make recommendations concerning evidence-based programs and practices to judges, the Administrative Office of Pennsylvania Courts and other appropriate entities; and post related information on the Commission's publicly accessible internet website (42 Pa.C.S. §6371 et seq.). The Commission is also provided with information pertaining to the cases of children who have been alleged to be delinquent as the commission determines necessary to fulfill its responsibilities (42 Pa.C.S. §6309).

In achieving its mission, the Juvenile Court Judges' Commission furthers the Governor's goals of protecting the safety of the Commonwealth's citizens and delivering greater value and efficiency in government. The JCJC is providing the leadership for the Pennsylvania Juvenile Justice System Enhancement Strategy (JJSES) and coordinating the effort to enhance the capacity of Pennsylvania's juvenile justice system to achieve its balanced and restorative justice mission by:

- employing evidence-based practices, with fidelity, at every stage of the juvenile justice process;
- collecting and analyzing the data necessary to measure the results of these efforts; and, with this knowledge,
- striving to continuously improve the quality of our decisions, services and programs.

The goal of the JJSES is to enhance public safety by improving juvenile justice system outcomes for, and recidivism by, delinquent children. Thereby reducing costs in both the juvenile and criminal justice systems.

In FY 2012-13, The JCJC completed a comprehensive recidivism report based on calendar year 2007 juvenile delinquency case closures as the first step in establishing a benchmark against which the success of the JJSES can be measured. In subsequent years, this research project was expanded to include juvenile delinquency case closures in calendar years 2008 through 2012. In FY2017-18, this research project will include juvenile delinquency case closures in calendar years 2013 and 2014, and will provide further analysis of all 2007-2014 recidivism data. Recidivism is defined as a subsequent adjudication of delinquency or criminal court conviction for a misdemeanor or felony offense within two years of case closure.

The purpose of juvenile justice system intervention, as set forth in The Juvenile Act, is premised on the belief that victims of crime, communities, and juvenile offenders must all be regarded as clients of the juvenile justice system and that each should receive balanced attention and gain tangible benefits from their interactions with the system. The Juvenile Court Judges' Commission has devoted significant staff resources to providing the leadership, training materials, and technical assistance required to achieve balanced and restorative justice within the juvenile justice system, and will continue to provide these services during FY 2017-18.

The Commission will work closely with all of the major criminal justice agencies in an effort to provide the Commonwealth with an integrated criminal justice system. Participation in the process leading to the development of an integrated justice network, capable of providing all criminal justice agencies with real time information that updates the state repository consistent with the Criminal History Record Information Act, will be a major priority for the Commission.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

Juvenile Court Judges' Commission

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10596, 11005

The Commission will also work in close partnership with the Supreme Court's Office of Children and Families in the Courts and the Department of Public Welfare to achieve their respective goals relating to improving outcomes for children and families involved in Pennsylvania's child welfare system.

APPROPRIATION 10596 - GENERAL OPERATING

The staff of the Juvenile Court Judges' Commission provides leadership, advice, training, and support to county juvenile probation departments, and monitors county activities related to the Grant-in-Aid Program. This assistance and technical support enables counties to achieve the goals set forth in the Juvenile Act.

JCJC's enabling legislation provides for the JCJC to advise juvenile court judges in all matters relating to the proper care of delinquent children. To assist with this mandate, JCJC staff perform Court Service Visits with all Administrative Juvenile Court Judges and Chief Juvenile Probation Officers in the commonwealth. The Court Service Visit provides JCJC staff the opportunity to review policies and practices utilized by juvenile probation departments as well as the opportunity to observe juvenile court proceedings, the application of the Pennsylvania Rules of Juvenile Court Procedure and best practices related to these proceedings.

JCJC employees are also responsible for the critically important task of validating and verifying individual juvenile delinquency records and sharing this information with the Administrative Offices of Pennsylvania Courts (AOPC). The JCJC also utilizes the Pennsylvania Justice Network (JNET) to match Pennsylvania State Police arrest information with confidential juvenile court disposition information submitted by county juvenile probation departments. In addition, JCJC staff is responsible for the oversight and maintenance of the software applications relating to the Juvenile Information Inquiry (JII) including daily checks on system functionality, and deploying, maintaining, and improving the Pennsylvania Juvenile Case Management System software that interfaces with the JII for the reporting of delinquency dispositions. These responsibilities are at the core of the "community protection" component of Pennsylvania's juvenile justice system.

APPROPRIATION 11005 - JUVENILE PROBATION SERVICES

The most critical services within the Commonwealth's juvenile justice system are those provided by juvenile probation departments. The only consistent funding stream available to support these services has been the Commission's Juvenile Probation Services grant program (71 P.S. Sec. 295.1) that provides direct financial support to counties to offset juvenile probation salary costs, as well as impact grants designed to improve juvenile probation services on a statewide basis. Through this program, the Commission shapes the philosophy, policies, and practices of the Commonwealth's juvenile justice system, along with county efforts to implement the Juvenile Justice System Enhancement Strategy (JJSES). The Commission will continue to provide funding to offset juvenile probation salary costs and to support statewide impact programs during FY 2018-19.

The statewide impact grants support juvenile probation officer training, graduate education, drug and alcohol testing, statewide accident insurance for juvenile restitution and community service programs, research, electronic data processing and associated technological improvements, and other projects.

The Commission has been recognized as a national leader in providing quality training programs to juvenile probation officers and will continue this effort during FY 2018-19. The Commission annually sponsors 30+ training programs attended by approximately 3,000 juvenile justice practitioners and, in conjunction with Shippensburg University, enables juvenile probation officers to earn graduate degrees in Administration of Justice. By the end of FY 2017-18, it is anticipated that over 675 students will have earned graduate degrees through this program, since its inception in 1982. The Commission will continue to coordinate the training of juvenile court judges and juvenile court hearing officers through the Juvenile Court Section of the Pennsylvania Conference of State Trial Judges in FY 2018-19.

The appropriation provides fiscal and technical support for counties to implement evidence-based practices consistent with Pennsylvania's Juvenile Justice System Enhancement Strategy (JJSES). This strategy, developed in 2010, provides the framework for juvenile probation departments to identify and target evidence-based interventions for high risk juvenile offenders, assess juveniles' risk to reoffend and to facilitate analysis and collection of offender-specific case plan data. The Juvenile Act now requires that the juvenile justice system pursue and achieve its balanced and restorative justice mission by employing evidence-based practices whenever possible, and this appropriation provides the fiscal support necessary to meet this statutory requirement.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

Pp. E2-1, E2-2, E2-4, E2-6, E2-14, E2-18, I-3

Juvenile Court Judges' Commission

10596, 11005

Program Performance

The following programs are directly administered by the JCJC. Additional information related to these programs can be found at www.jcjc.pa.gov

- Provision of grant funding to partially offset juvenile probation salaries to the Commonwealth's 67 counties with the goal of improving juvenile probation services through implementation of the JJSES.
- The support for juvenile probation officers currently enrolled in the Commission's Graduate Education Program at Shippensburg University and support for additional juvenile probation officers to begin the program in 2018-2019.
- Annual audits of juvenile detention centers to monitor compliance with established federal and state requirements governing secure detention practices.
- The JCJC's Center for Juvenile Justice Training and Research is an approved Training Institute with the Pennsylvania Certification Board and coordinates and presents various training seminars and professional development programs annually to juvenile justice practitioners.
- The provision of technical assistance and support regarding the principles of balanced and restorative justice to the Pennsylvania Council of Chief Juvenile Probation Officers and the ongoing development and distribution of balanced and restorative justice materials.
- The provision of accident insurance for Community Service Programs in 67 counties.
- The development and maintenance of the Pennsylvania Juvenile Case Management System, that allows for various automated case management services and juvenile delinquency disposition reporting in all 67 counties.
- Court Service Visits are conducted to review juvenile probation department policies, practices, and statistics, as well as to observe courtroom procedures. On-site consultations and evaluations are conducted at the request of the counties.

FY 2018-19

COMMISSION ON CRIME AND DELINQUENCY

APPROPRIATION COMMITTEES
OF THE
PENNSYLVANIA HOUSE AND SENATE

| | |
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EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

PENNSYLVANIA COMMISSION ON CRIME AND DELINQUENCY SUMMARY OF FINANCIAL DATA

| | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|--|-------------------|----------------------|---------------------|
| Commission on Crime and Delinquency | \$4,635 | \$11,766 | \$6,378 |
| Federal Funds | \$129,887 | \$133,716 | \$154,925 |
| Other Funds | \$2,471 | \$2,310 | \$698 |
| Total | <u>\$136,993</u> | <u>\$147,792</u> | <u>\$162,001</u> |
| Victims of Juvenile Offenders | \$1,300 | \$1,300 | \$1,300 |
| Child Advocacy Centers | \$0 | \$0 | \$0 |
| Delinquency Prevention Programs | \$4,569 | \$3,989 | \$3,989 |
| Other Funds | \$4,446 | \$4,857 | \$3,150 |
| Total | <u>\$9,015</u> | <u>\$8,846</u> | <u>\$7,139</u> |
| Intermediate Punishment Treatment Programs | \$18,167 | \$18,167 | \$18,167 |
| Other Funds: | | | |
| General Fund: | | | |
| Victim/Witness Services | \$5,748 | \$6,000 | \$6,000 |
| Crime Victims Reimbursements | \$12,905 | \$10,657 | \$11,190 |
| Constables Education and Training | \$2,375 | \$2,495 | \$2,458 |
| Luzerne County Youth Settlement | \$45 | \$0 | \$0 |
| Sheriff & Deputy Sheriff Education & Training | \$6,279 | \$6,000 | \$4,540 |
| Children's Advocacy Centers | \$1,710 | \$2,000 | \$2,000 |
| First Chance Trust Fund | \$0 | \$0 | \$445 |
| Total | <u>\$29,062</u> | <u>\$27,152</u> | <u>\$26,633</u> |
| Justice Reinvestment Fund: | | | |
| Victim Services | \$1,000 | \$500 | \$250 |
| Innovative Policing Grant | \$3,537 | \$0 | \$0 |
| County Probation Grants | \$2,138 | \$0 | \$0 |
| Total | <u>\$6,675</u> | <u>\$500</u> | <u>\$250</u> |
| Medical Marijuana Program Fund | | | |
| Enforcement Costs (EA) | \$0 | \$0 | \$0 |
| Monetary Penalty Endowments Trust Fund | | | |
| NCAA-Penn State Settlement | \$4,800 | \$4,800 | \$4,800 |
| Substance Abuse Education and Demand Reduction Fund: | | | |
| Programs | \$10,000 | \$8,000 | \$8,000 |
| Administration | \$300 | \$300 | \$300 |
| Total | <u>\$10,300</u> | <u>\$8,300</u> | <u>\$8,300</u> |
| Total State | <u>\$28,671</u> | <u>\$35,222</u> | <u>\$29,834</u> |
| Total Federal | <u>\$129,887</u> | <u>\$133,716</u> | <u>\$154,925</u> |
| Total Other | <u>\$57,754</u> | <u>\$47,919</u> | <u>\$43,831</u> |
| Total Funds | <u>\$216,312</u> | <u>\$216,857</u> | <u>\$228,590</u> |

Pennsylvania Commission on Crime and Delinquency Goals and Key Objectives

The mission of the Pennsylvania Commission on Crime and Delinquency (PCCD) is to enhance the quality, coordination and planning within the criminal and juvenile justice systems, to facilitate the delivery of services to victims of crime, and to increase the safety of communities. The work in support of this mission continues to be informed by Advisory groups and planning committees encompassing Commission and non-Commission members who provide insight in dealing with specific areas such as services to victims of crime, juvenile justice and delinquency prevention, public safety, the use of multi-disciplinary teams and child advocacy centers, evaluation, providing services to justice-involved individuals with mental health and/or substance abuse issues, providing to training to Sheriffs and Deputy Sheriffs and providing training to Constables.

Consistent with PCCD's strategic planning efforts several areas will receive priority consideration during fiscal year 2018-19. These include but are not limited to the following:

- Assisting communities in responding to the growing opioid abuse epidemic – PCCD will continue to work with other state agencies to provide resources to local communities who are combating the opioid epidemic. Specifically, PCCD will continue to coordinate the provision of Naloxone to first responders across the state. Currently, 66 of 67 counties are participating in the effort. Additionally, PCCD will coordinate with the Administrative Office of Pennsylvania Courts to expand or enhance the operations of drug courts and will continue to make technical assistance available to counties that are organizing to prevent overdose.
- Reduce the impact of crime on victims - PCCD will continue to assess the needs of crime victims and coordinate the allocation of federal Victims of Crime Act (VOCA) funding to meet those needs and expand the utilization of evidence-based practices. Developing methods to assist victims of human trafficking will be investigated during the year.
- Make communities safe through collaboration and targeted investments – PCCD will continue to engage with the Adult Probation system to apply evidence based practices and programs in an effort to reduce overall recidivism. Investing in the use of validated risk/need instruments will continue during the year as will the provision of training and technical assistance to county probation departments who are moving to implement these strategies. Additionally, PCCD will work with law enforcement and other stakeholders to support the application of technology and other strategies that address crime and build community partnerships.
- Develop solutions for justice-involved individuals with mental illness – PCCD will continue to explore alternatives to incarceration for individuals suffering with mental illness and will specifically engage in with stakeholders to support efforts to reduce the number of individuals being held in county jail predominately as a result to their mental health issues. The Intermediate Punishment Treatment Program will continue to expand services in this area as it has shown positive results as an alternative to incarceration for individuals with drug and alcohol issues
- Promote the implementation of reentry programs and practices – PCCD will provide assistance and resources to counties who are developing re-entry strategic plans.
- Coordinate and implement a comprehensive delinquency and violence prevention strategy – PCCD will develop and implement a program and scholarship program in support of the "First Chance Trust Fund" that was established in 2017-18. PCCD will also continue to work with communities to identify those contributors to delinquency and to apply solutions.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

APPROPRIATION NAME

Commission on Crime and Delinquency (10624)

Page # of Governor's Executive Budget:
Pp. E2-4 to E2-6, E2-12, E2-13, E2-17

| I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands) | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|--|-------------------|----------------------|---------------------|
| State Funds | \$4,635 | \$11,766 | \$6,378 |
| Federal Funds Total | \$129,887 | \$133,716 | \$154,925 |
| Plan for Juvenile Justice | \$150 | \$150 | \$150 |
| Justice Assistance Grants | \$15,000 | \$12,000 | \$12,000 |
| Justice Assistance Grants - Admin | \$1,300 | \$1,300 | \$1,100 |
| Statistical Analysis Center | \$150 | \$200 | \$200 |
| Criminal Identification Technology | \$1,000 | \$1,500 | \$1,500 |
| Crime Victims Compensation Services | \$8,500 | \$8,500 | \$8,500 |
| Crime Victims Assistance | \$80,000 | \$85,000 | \$110,000 |
| Violence Against Women | \$6,000 | \$7,000 | \$7,000 |
| Violence Against Women - Admin | \$600 | \$600 | \$600 |
| Residential Substance Abuse Treat Prg | \$1,300 | \$1,300 | \$1,300 |
| Crime Victims Assist (VOCA) - Admin | \$4,000 | \$4,000 | \$4,000 |
| Assault Services Program | \$500 | \$600 | \$600 |
| Second Chance Act-Juv Off Reentry | \$1,000 | \$1,000 | \$1,000 |
| Juvenile Accountability Incentive Prog | \$500 | \$200 | \$0 |
| Juvenile Justice&Delinquency Prevention | \$3,000 | \$3,000 | \$3,000 |
| Project Safe Neighborhoods | \$1,000 | \$0 | \$0 |
| Forensic Science Programs | \$1,000 | \$1,000 | \$1,000 |
| Adam Walsh Implementation Support | \$500 | \$750 | \$750 |
| Byrne Competitive Program | \$1,500 | \$2,000 | \$0 |
| Justice and Mental Health Collaboration | \$240 | \$250 | \$0 |
| Vision 21 State Technology | \$0 | \$0 | \$0 |
| Prosecutor and Defender Incentives | \$200 | \$0 | \$0 |
| Children's Justice Act | \$243 | \$250 | \$0 |
| Justice Reinvestment Initiative | \$1,000 | \$1,000 | \$1,000 |
| VOCA Training | \$1,000 | \$900 | \$900 |
| PA Youth Survey-DDAP | \$50 | \$50 | \$75 |
| Substance Abuse Prevention-DDAP | \$154 | \$166 | \$250 |
| Drug Court Operations | \$0 | \$1,000 | \$0 |
| Other Funds | \$2,471 | \$2,310 | \$698 |
| Interagency MOUs | \$2,471 | \$2,310 | \$698 |
| External Grants Nongovernmental | \$0 | \$0 | \$0 |
| Total | \$136,993 | \$147,792 | \$162,001 |

APPROPRIATION NAME

Commission on Crime and Delinquency (10624)

| II. DETAIL BY MAJOR OBJECT | | | | | |
|--|------------------|------------------|-------------------|---------------------|------------------|
| (\$ Amounts in Thousands) | | | | | |
| | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>Change</u> | <u>Percent</u> |
| | <u>Actual</u> | <u>Available</u> | <u>Budgeted</u> | <u>Budgeted vs.</u> | <u>Change</u> |
| | | | | <u>Available</u> | |
| PERSONNEL | | | | | |
| State Funds | \$3,343 | \$3,182 | \$3,290 | \$108 | 3.39% |
| Federal Funds | \$2,687 | \$3,447 | \$3,495 | \$48 | 1.39% |
| Other Funds | \$256 | \$290 | \$290 | \$0 | 0.00% |
| Total Personnel | \$6,286 | \$6,919 | \$7,075 | \$156 | 2.25% |
| OPERATING | | | | | |
| State Funds | \$983 | \$1,052 | \$1,088 | \$36 | 3.42% |
| Federal Funds | \$4,881 | \$3,837 | \$3,562 | (\$275) | -7.17% |
| Other Funds | \$142 | \$73 | \$73 | \$0 | 0.00% |
| Total Operating | \$6,006 | \$4,962 | \$4,723 | (\$239) | -4.82% |
| GRANT & SUBSIDY | | | | | |
| State Funds | \$519 | \$6,747 | \$2,000 | (\$4,747) | -70.36% |
| Federal Funds | \$118,428 | \$124,413 | \$146,198 | \$21,785 | 17.51% |
| Other Funds | \$2,073 | \$1,947 | \$335 | (\$1,612) | -82.79% |
| Total Grant & Subsidy | \$121,020 | \$133,107 | \$148,533 | \$15,426 | 11.59% |
| OTHER | | | | | |
| Federal Funds | \$1,436 | \$1,470 | \$1,670 | \$200 | 13.61% |
| Other Funds | \$0 | \$0 | \$0 | \$0 | 0.00% |
| Total Other | \$1,436 | \$1,470 | \$1,670 | \$200 | 13.61% |
| BUDGETARY RESERVE | | | | | |
| State Funds | (\$210) | \$785 | \$0 | (\$785) | -100.00% |
| Federal Funds | \$2,455 | \$549 | \$0 | (\$549) | -100.00% |
| Total Budgetary Reserve | \$2,245 | \$1,334 | \$0 | (\$1,334) | -100.00% |
| TOTAL FUNDS | | | | | |
| State Funds | \$4,635 | \$11,766 | \$6,378 | (\$5,388) | -45.79% |
| Federal Funds | \$129,887 | \$133,716 | \$154,925 | \$21,209 | 15.86% |
| Other Funds | \$2,471 | \$2,310 | \$698 | (\$1,612) | -69.78% |
| Total Funds | \$136,993 | \$147,792 | \$162,001 | \$14,209 | 9.61% |
| III. HISTORY OF LAPSES | | | | | |
| (\$ Amounts in Thousands) | | | | | |
| | | | <u>2015-16</u> | <u>2016-17</u> | <u>Estimated</u> |
| | | | | | <u>2017-18</u> |
| State Funds | | | \$279 | \$110 | \$700 |
| IV. COMPLEMENT INFORMATION | | | | | |
| | | | <u>12/31/2016</u> | <u>12/31/2017</u> | <u>2018-19</u> |
| | | | | | <u>Budgeted</u> |
| Benefit Factor - This information to be provided centrally by GBO. | | | | | |
| State Funded | - Authorized | | 75 | 70 | 70 |
| | - Filled | | 64 | 63 | 64 |
| Federally Funded | - Authorized | | 14 | 18 | 18 |
| | - Filled | | 12 | 14 | 14 |
| Total | - Authorized | | 89 | 88 | 88 |
| | - Filled | | 76 | 77 | 78 |

APPROPRIATION NAME

Commission on Crime and Delinquency (10624)

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

All personnel costs were prepared in the budget preparation system using SAP Business Planning and Consolidation (BPC) software and following instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities necessary to meet the program's mission.

Legislative Citations: 71 P.S. 1190.21 et seq., 18 P.S. 11.101 et seq., Title 35, Chapter 47

Additional Information

(1) 2016-17 Obligations rolled forward to 2017-18

| | |
|---------------|---------------|
| State Funds | \$0.00 |
| Federal Funds | \$0.00 |
| Other Funds | <u>\$0.00</u> |
| Total | \$0.00 |

(2) 2017-18 Supplemental appropriation needs

Supplemental appropriations are not requested for the current fiscal year.

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support relevant projects and services.
(\$ Amounts in Thousands)

| | |
|--------------|----------------|
| State Funds | \$1,500 |
| Other Funds | <u>\$0</u> |
| Total | \$1,500 |

VI. EXPLANATION OF CHANGES
(\$ Amounts in Thousands)

| | <u>State \$</u> | <u>Federal \$</u> | <u>Other \$</u> | <u>Total \$</u> |
|--|------------------|-------------------|------------------|------------------|
| PERSONNEL | | | | |
| A. Increase in personnel costs. | \$108 | \$48 | \$0 | \$156 |
| OPERATING | | | | |
| A. Increase in operating funds | \$36 | \$0 | \$0 | \$36 |
| B. Decrease in operating funds. | \$0 | (\$275) | \$0 | (\$275) |
| Subtotal Operating | <u>\$36</u> | <u>(\$275)</u> | <u>\$0</u> | <u>(\$239)</u> |
| GRANT & SUBSIDY | | | | |
| A. Increase in grants and subsidies. | \$0 | \$21,785 | \$0 | \$21,785 |
| B. Decrease in grants and subsidies. | (\$4,747) | \$0 | (\$1,612) | (\$6,359) |
| Subtotal Grant & Subsidy | <u>(\$4,747)</u> | <u>\$21,785</u> | <u>(\$1,612)</u> | <u>\$15,426</u> |
| OTHER | | | | |
| A. Increase in nonexpense/interagency | \$0 | \$200 | \$0 | \$200 |
| BUDGETARY RESERVE | | | | |
| A. Effect of SFY 2016-17 budget reserve. | <u>(\$785)</u> | <u>(\$549)</u> | <u>\$0</u> | <u>(\$1,334)</u> |
| TOTAL | <u>(\$5,388)</u> | <u>\$21,209</u> | <u>(\$1,612)</u> | <u>\$14,209</u> |

APPROPRIATION: Commission on Crime and Delinquency – 10624 (SAP)

VII: PROGRAM STATEMENT

The Pennsylvania Commission on Crime and Delinquency (PCCD) which is authorized under state Act 274 of 1978, as amended, serves as a catalyst for the prevention and reduction of crime and delinquency within the Commonwealth and assists victims of crime through support for direct services and by alleviating the financial burdens resulting from the commission of a crime. PCCD works to effect improvements in the criminal and juvenile justice systems by examining problems, proposing solutions and monitoring and evaluating the impact of those solutions. PCCD assists the criminal and juvenile justice systems to function more productively by fostering interagency coordination and cooperation; by developing and coordinating policy issues; by providing statewide criminal statistical and analytical services; and by granting federal and state funds to provide monies for new efforts or to supplement existing efforts in the areas of victim services, county intermediate punishment, and violence prevention.

PCCD fosters community-based initiatives in the areas juvenile delinquency prevention and criminal justice strategic planning, promotes fair treatment of victims and witnesses of crime, supports local efforts to improve the apprehension and prosecution of those that commit crimes, promotes the use of automated data technology and virtual training to enhance operational effectiveness in the justice system and encourages sound practices in monitoring, treatment and the reentry of offenders back into their communities.

Advisory groups and planning committees encompassing Commission and non-Commission members provide insight in dealing with specific areas such as services to victims of crime, juvenile justice and delinquency prevention, public safety, the use of multidisciplinary investigative teams and child advocacy, evaluation and offenders with mental health issues.

PCCD will collaborate with system stakeholders to develop a strategy that will result in emergency first responders having better access to the life-saving drug Naloxone. As Pennsylvania and other states work to address the heroin epidemic through the provision of treatment and prevention strategies it is critically important that this drug be available to those that have first contact with individuals who have overdosed.

PCCD has long supported the operation of specialty courts and looks to further collaborate with county and state stakeholders to expand and support the use of this highly successful intervention. PCCD will work to apply resources to all facets of the drug court operation so that more individuals may benefit.

Services to victims of crime are an important responsibility of PCCD under the provisions of Act 1995-27S which transferred administration of the state's Crime Victims' Compensation Fund to the agency. In addition to compensating victims of crime for their losses, PCCD also administers funding support for direct and procedural victims' services. Collectively this funding supports services to over 350,000 victims and nearly 8,000 individuals who receive financial assistance for losses experienced as a result of a crime being committed.

Training and technical assistance are provided by PCCD regarding the implementation of delinquency prevention programs, the implementation of the County Intermediate Punishment Act, 42 PA C.S. 9801 et seq.; implementation of the victim/witness services provisions and victims of juvenile offenders provisions of the Crime Victims Act; implementation of the Sheriff and Deputy Sheriff Education and Training Program under state Act 1984-2 as amended; and implementation of the Constables' Education and Training Program under state Act 2009-49.

Administration of federal and state funding programs continues to be a significant responsibility of the agency. Identified below are the state appropriations, federal awards and other funds managed by PCCD.

Federal Funds

Edward Byrne Memorial Justice Assistance Grant (JAG) Program - The JAG program provides seed money to assist state and local government entities in implementing a wide range of drug enforcement, correctional treatment/supervision, victim services, juvenile justice and criminal justice system improvement projects throughout the Commonwealth. Funds are also used to provide technical assistance to state, county and local units of government; as well as coordinate regional and statewide training events. PCCD utilizes an advisory committee structure to identify problems and needs within the criminal justice system and, to the extent possible, uses JAG funds to address those issues as defined in the PCCD Strategic Framework.

Juvenile Accountability Block Grant (JABG) – The JABG Program Funds are available for use only by units of local government and the state to implement programs/projects that make improvements in one or more of the following 17 program purposes areas: graduated sanctions; corrections/detention facilities; court staffing and pretrial services; prosecution (staffing/funding); training for law enforcement and court personnel; juvenile gun courts; juvenile drug courts; juvenile records systems; information sharing strategies; aftercare; accountability-based programs for offenders; programs to conduct risk and needs assessments of juvenile offenders; accountability-based programs to enhance school safety; restorative justice programs; programs that enable juvenile courts/juvenile probation to be more effective/efficient in holding offenders accountable and reducing recidivism; and detention/corrections facilities staffing.

Justice and Delinquency Prevention (JJDP) Formula Grant – These funds are made available to private non-profit community-based agencies/organizations and units of local/state government to support juvenile justice and delinquency prevention projects/programs. Eligibility for federal JJDP Formula Grant Funds requires states to comply fully with federal requirements prohibiting the placement of status offenders and dependent, neglected or abused juveniles in secure detention facilities or correctional facilities; removing juvenile offenders from adult jails/lock-ups; and addressing the disproportionate number of minorities who come into contact with the juvenile justice system. A portion of these funds also support activities that contribute to Pennsylvania's compliance with the Prison Rape Elimination Act.

Justice Reinvestment Initiative – This is a competitive grant program that will pilot a project that is based on the success experienced with the Intermediate Punishment Program. This project will look to divert eligible offenders into treatment programming immediately after arrest, while in pretrial status, as compared to involving them in treatment following sentencing.

Byrne Competitive Program - Mid Atlantic Regional Information Sharing Project (MARIS) -- This competitive grant program seeks to support implementation of justice information sharing solutions that address critical challenges currently faced by state, local, and tribal criminal justice agencies. The justice information sharing solutions implemented under this solicitation should leverage one or more of the components of the Global Standards Package (GSP) and support criminal justice policies, practices, and programs that are evidence-based and data-driven. Funds from this award are used to support the Mid Atlantic Regional Information Sharing consortium efforts sharing arrest, warrant, and criminal justice data within the four primary partners (Pennsylvania, Maryland, Delaware, District of Columbia).

Sex Offender Registration and Notification Act (SORNA) Implementation -- These federal funds are to be used for programs associated with the changes to Pennsylvania's Megan's Law enacted in Act 111 of 2011 (as amended by Act 91 of 2012). Funds are used to provide training, support absconder task forces, victim notification and outreach.

Paul Coverdell National Forensic Science Improvement Act (NFSIA) Grant Program -- This program provides funding for projects designed to improve the quality, timeliness and credibility of forensic science services for criminal justice purposes. The program permits funding for expenses related to facilities, personnel, computerization, equipment, supplies, accreditation, certification, education and training.

John R Justice (JRJ) -- PCCD was selected by the Governor to apply for funding and to administer this program, which provides law school loan repayment assistance to eligible full time assistant public defenders and district attorneys as a means of retaining their services in the public sector. Funds are split evenly between the assistant district attorneys and public defenders as per the federal funding guidelines. Selected individuals that receive loan repayment assistance are obligated to provide at least three more years of continued employment or repay their repayment award to the program.

National Criminal History Improvement Program (NCHIP) -- The primary objective of NCHIP is to enhance the quality, completeness and accessibility of the Commonwealth's criminal justice record information. A significant use of these funds is to collect the information and develop the procedures necessary to ensure the accurate and timely identification of individuals who are ineligible to purchase a firearm and to provide for the safety of the citizens of the Commonwealth.

Residential Substance Abuse Treatment -- The overall program purpose of these federal funds is to assist states and county government in developing and implementing residential substance abuse treatment programs in which prisoners are incarcerated for a period of time sufficient to permit substance abuse treatment. Upon successful completion of the residential program, participants are released on parole with appropriate follow-up and intensive aftercare services. For county programs, the funding provides intensive aftercare treatment for inmates and provides funds to support reentry efforts. Linkages are encouraged to be made with the local workforce investment board to provide intensive job referral, training and education in order to assist with the transition processes of these individuals.

Statistical Analysis Center (SAC) -- PCCD is designated as Pennsylvania's SAC, which is responsible for maintaining and enhancing each state's capacity to address criminal justice issues through the collection and analysis of data. The SAC works in partnership with the Pennsylvania State Data Center to coordinate statistical activities within the state, conduct research to estimate the impacts of legislative and policy changes, and serve as a liaison to assist the Bureau of Justice Statistics with gathering data from respondent agencies in their states.

Victims of Crime Act Victim Compensation Program (VOCA Comp) -- This program provides payments to victims for expenses that include medical expenses, counseling, crime-scene clean-up, and relocation. In the case of a homicide, funeral expenses, and loss of support may be compensated to those who qualify. The maximum award is \$35,000 including \$20,000 for loss of support and \$15,000 for loss of earnings. Payments for counseling, crime-scene clean-up, and the forensic rape exam inclusive of related medications can exceed the \$35,000 maximum award.

Victims of Crime Act Grant Program -- This program provides funding for the provision of direct services to victims of crime as well as financial support, via the Victims Compensation Assistance, to victims of crime. Victims of Crime Act funding is distributed primarily to community-based victim services agencies, although several system-based programs also receive this funding. Victims of Crime Act funding is distributed to all 67 counties in the Commonwealth.

Sexual Assault Services Program -- This funding may be used to establish and maintain rape crisis centers for direct services to victims of sexual assault and allow for the establishment, maintenance and expansion of culturally specific programs to assist and advocate for victims of sexual assault in racial and ethnic communities.

The STOP Violence Against Women Formula Grant Program -- This program provides support to improve the criminal justice system's response to violence against women and enhance the services available to women who have been victims of violent crime. STOP funding is distributed on a competitive basis to counties and the money is used to implement program plans that incorporate a law enforcement, prosecutorial and victim services component to address violence against women at the local level. By federal requirement, 25% of funds must be used for prosecution; 25% for law enforcement; 30% for victim services; 5% for judiciary and 15% discretionary. Of the 30% allocated to victim services, 10% must be used for the underserved populations. A portion of these funds also support activities that contribute to Pennsylvania's compliance with the Prison Rape Elimination Act.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

APPROPRIATION NAME

Victims of Juvenile Offenders (11-045)

Page # of Governor's Executive Budget:
Pp. E2-4, E2-12, E2-13, E2-17

| I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands) | | <u>2015-16</u> <u>Actual</u> | <u>2016-17</u> <u>Available</u> | <u>2017-18</u> <u>Budgeted</u> | | | |
|--|--|---------------------------------|------------------------------------|-----------------------------------|--|---------------------------------|------------------------------------|
| State Funds | | \$1,300 | \$1,300 | \$1,300 | | | |
| II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands) | | | | | | | |
| | | <u>2015-16</u> <u>Actual</u> | <u>2016-17</u> <u>Available</u> | <u>2017-18</u> <u>Budgeted</u> | <u>Change</u> <u>Budgeted vs.</u> <u>Available</u> | <u>Percent</u> <u>Change</u> | |
| GRANT & SUBSIDY | | | | | | | |
| State Funds | | \$1,300 | \$1,300 | \$1,300 | \$0 | 0.00% | |
| TOTAL FUNDS | | | | | | | |
| State Funds | | \$1,300 | \$1,300 | \$1,300 | \$0 | 0.00% | |
| III. HISTORY OF LAPSES (\$ Amounts in Thousands) | | | | | <u>2015-16</u> | <u>2016-17</u> | <u>Estimated</u> <u>2017-18</u> |
| State Funds | | | | | \$14 | \$0 | \$0 |
| IV. COMPLEMENT INFORMATION | | | | | <u>12/31/2016</u> | <u>12/31/2017</u> | <u>2018-19</u> <u>Budgeted</u> |
| Benefit Factor | | | | | 0.00% | 0.00% | 0.00% |
| State Funded | | | | | 0 | 0 | 0 |
| - Authorized | | | | | 0 | 0 | 0 |
| - Filled | | | | | 0 | 0 | 0 |
| V. DERIVATION OF REQUEST/ LEGISLATIVE CITATIONS | | | | | | | |
| Legislative Citations: 18 P.S. 11.101 et seq. | | | | | | | |
| <u>Additional Information</u> | | | | | | | |
| (1) 2016-17 Obligations rolled forward to 2017-18. | | | | | | | |
| N/A | | | | | | | |
| (2) 2017-18 Supplemental appropriation needs | | | | | | | |
| Supplemental appropriations are not requested for the current fiscal year. | | | | | | | |
| Date current appropriation will be exhausted: N/A | | | | | | | |
| (3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation. | | | | | | | |
| State Funds | | \$0.00 | | | | | |
| Other Funds | | \$0.00 | | | | | |
| Total | | \$0.00 | | | | | |
| VI. EXPLANATION OF CHANGES (\$ Amounts in Thousands) | | | | | | | |
| | | <u>State \$</u> | <u>Federal \$</u> | <u>Other \$</u> | <u>Total \$</u> | | |
| TOTAL | | \$0 | \$0 | \$0 | \$0 | | |

APPROPRIATION: Victims of Juvenile Offenders – 11045 (SAP)

VII: PROGRAM STATEMENT

This program provides financial support, training and technical assistance using state funds as statutorily created by the Commonwealth's Crime Victims Act specifically for victims whose offenders are under the age of 18. PCCD provides grants and technical assistance to District Attorney's Offices, Juvenile Probation offices and community-based victim service programs to carry out mandated victims' rights to victims of juvenile offenders. Currently, 66 of the 67 counties in the Commonwealth participate in this program. In 2016, these funds supported the provision of services to approximately 34,000 victims, witnesses and significant others of crime victims. Legislative Citation: 18 P.S. 11.101 et seq.

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

APPROPRIATION NAME

Violence and Delinquency Prevention Programs (11-003)

| | | | | | |
|--|-------------------|-------------------|------------------|---------------------|----------------|
| Page # of Governor's Executive Budget: Pp. E2-4, E2-13, E2-14, E2-17 | | | | | |
| I. SUMMARY FINANCIAL DATA | | | | | |
| (\$ Amounts in Thousands) | | | | | |
| | 2016-17 | 2017-18 | 2018-19 | | |
| | Actual | Available | Budgeted | | |
| State Funds | \$4,569 | \$3,989 | \$3,989 | | |
| Other Funds | \$4,446 | \$4,857 | \$3,150 | | |
| Total | \$9,015 | \$8,846 | \$7,139 | | |
| II. DETAIL BY MAJOR OBJECT | | | | | |
| (\$ Amounts in Thousands) | | | | | |
| | 2016-17 | 2017-18 | 2018-19 | Change | Percent |
| | Actual | Available | Budgeted | Budgeted vs. | Change |
| | | | | Available | Change |
| PERSONNEL | | | | | |
| State Funds | \$378 | \$377 | \$402 | \$25 | 6.63% |
| OPERATING | | | | | |
| State Funds | \$100 | \$100 | \$100 | \$0 | 0.00% |
| GRANT & SUBSIDY | | | | | |
| State Funds | \$4,091 | \$2,812 | \$3,487 | \$675 | 24.00% |
| Other Funds | \$4,446 | \$4,857 | \$3,150 | (\$1,707) | -35.15% |
| Total Grant & Subsidy | \$8,537 | \$7,669 | \$6,637 | (\$1,032) | -13.46% |
| BUDGETARY RESERVE | | | | | |
| State Funds | \$0 | \$700 | \$0 | (\$700) | -100.00% |
| TOTAL FUNDS | | | | | |
| State Funds | \$4,569 | \$3,989 | \$3,989 | \$0 | 0.00% |
| Other Funds | \$4,446 | \$4,857 | \$3,150 | (\$1,707) | -35.15% |
| Total Funds | \$9,015 | \$8,846 | \$7,139 | (\$1,707) | -19.30% |
| III. HISTORY OF LAPSES | | | | | |
| (\$ Amounts in Thousands) | | | | | |
| | 2015-16 | 2016-17 | Estimated | | |
| | | | 2017-18 | | |
| State Funds | \$24 | \$12 | \$700 | | |
| IV. COMPLEMENT INFORMATION | | | | | |
| Benefit Factor - This information to be provided centrally by GBO. | | | | | |
| | 12/31/2016 | 12/31/2017 | Budgeted | | |
| | | | 2018-19 | | |
| State Funded | | | | | |
| - Authorized | 2 | 2 | 2 | | |
| - Filled | 2 | 2 | 2 | | |

APPROPRIATION NAME

Violence and Delinquency Prevention Programs (11-003)

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

All personnel costs were prepared in the budget preparation system using SAP Business Planning and Consolidation (BPC) software and following instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating Funds will be used for continuing activities necessary to meet the program's mission.

Legislative Citations: 71 P.S. 1190.21 et seq.

Additional Information

(1) 2015-16 Obligations rolled forward to 2016-17

| | |
|---------------|---------------|
| State Funds | \$0.00 |
| Federal Funds | \$0.00 |
| Other Funds | <u>\$0.00</u> |
| Total | \$0.00 |

(2) 2017-18 Supplemental appropriation needs

Supplemental appropriations are not requested for the current fiscal year.

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation.
(\$ Amounts in Thousands)

| | |
|--------------|--------------|
| State Funds | \$521 |
| Other Funds | <u>\$0</u> |
| Total | \$521 |

VI. EXPLANATION OF CHANGES
(\$ Amounts in Thousands)

| | <u>State \$</u> | <u>Federal \$</u> | <u>Other \$</u> | <u>Total \$</u> |
|--|-----------------|-------------------|------------------|------------------|
| PERSONNEL | | | | |
| A. Increase in personnel costs. | \$25 | \$0 | \$0 | \$25 |
| OPERATING | | | | |
| A. Decrease in operating costs. | \$0 | \$0 | \$0 | \$0 |
| GRANT & SUBSIDY | | | | |
| A. Decrease in grant and subsidy. | \$675 | \$0 | (\$1,707) | (\$1,032) |
| BUDGETARY RESERVE | | | | |
| A. Effect of SFY 2016-17 budget reserve. | <u>(\$700)</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$700)</u> |
| TOTAL | \$0 | \$0 | (\$1,707) | (\$1,707) |

APPROPRIATION: Violence and Delinquency Prevention Programs – 11003 (SAP)

VII: PROGRAM STATEMENT

The overall purpose of this state appropriation is to support evidence-based delinquency and violence prevention and intervention programs. This is accomplished through the funding of high-quality and effective programs that are cost-effective and produce positive outcomes for youth, families and communities. Funded programs are targeted at the specific risks and needs of youth in local communities. Community mobilization efforts are supported through the Communities That Care (CTC) risk-focused prevention planning process which includes the Pennsylvania Youth Survey (PAYS). There were approximately 229,000 youth surveyed during the 2015 PAYS administration including 356 school districts and 37 additional schools. The data gathered in PAYS provides critical information to stakeholders regarding harmful substances and risk and protective factors. The information helps leaders direct prevention resources to areas that will have the greatest impact. Funding is provided to private non-profit community-based agencies/organizations and units of local government. Examples of the types of outcomes achieved through the utilization of this approach include improved academic performance, improved school attendance, decreased anti-social behaviors, improved social skills and improved family relations. These initiatives yield an average of \$4.50 dollar return for every dollar invested through reductions of delinquency, violence and substance use with over 6,500 individuals receiving services in 2016-17. Legislative Citations: Act of June 22, 2001 (P.L. 396, No. 30)

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

APPROPRIATION NAME

Intermediate Punishment Treatment Programs (11-004)

Page # of Governor's Executive Budget:
Pp. E2-5, E2-12, E2-13, E2-17

| I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands) | | <u>2016-17</u> <u>Actual</u> | <u>2017-18</u> <u>Available</u> | <u>2018-19</u> <u>Budgeted</u> | | | |
|--|--------------|---------------------------------|------------------------------------|-----------------------------------|--|---------------------------------|------------------------------------|
| State Funds | | \$18,167 | \$18,167 | \$18,167 | | | |
| II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands) | | | | | | | |
| | | <u>2016-17</u> <u>Actual</u> | <u>2017-18</u> <u>Available</u> | <u>2018-19</u> <u>Budgeted</u> | <u>Change</u> <u>Budgeted vs.</u> <u>Available</u> | <u>Percent</u> <u>Change</u> | |
| PERSONNEL | | | | | | | |
| State Funds | \$98 | \$118 | \$98 | (\$20) | -16.95% | | |
| OPERATING | | | | | | | |
| State Funds | \$174 | \$154 | \$174 | \$20 | 12.99% | | |
| GRANT & SUBSIDY | | | | | | | |
| State Funds | \$17,895 | \$17,895 | \$17,895 | \$0 | 0.00% | | |
| OTHER | | | | | | | |
| State Funds | \$0 | \$0 | \$0 | \$0 | 0.00% | | |
| BUDGETARY RESERVE | | | | | | | |
| State Funds | \$0 | \$0 | \$0 | \$0 | 0.00% | | |
| TOTAL FUNDS | | | | | | | |
| State Funds | \$18,167 | \$18,167 | \$18,167 | \$0 | 0.00% | | |
| III. HISTORY OF LAPSES (\$ Amounts in Thousands) | | | | | <u>2015-16</u> | <u>2016-17</u> | <u>Estimated</u> <u>2017-18</u> |
| State Funds | | | | | \$102 | \$83 | \$0 |
| IV. COMPLEMENT INFORMATION | | | | | <u>12/31/2016</u> | <u>12/31/2017</u> | <u>2018-19</u> <u>Budgeted</u> |
| Benefit Factor | | | | | | | |
| State Funded | - Authorized | 0 | 0 | 0 | 0 | 0 | |
| | - Filled | 0 | 0 | 0 | 0 | 0 | |

APPROPRIATION NAME

Intermediate Punishment Treatment Programs (11-004)

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

All personnel costs were prepared in the budget preparation system using SAP Business Planning and Consolidation (BPC) software and following instructions and factors provided by the Office of the Budget.

(B) Operating Expenses

Operating funds will be used for continuing activities necessary to meet the program's mission.

Legislative Citations: Title 42, Chapter 98

Additional Information

(1) 2016-17 Obligations rolled forward to 2017-18

| | |
|---------------|---------------|
| State Funds | \$0.00 |
| Federal Funds | \$0.00 |
| Other Funds | <u>\$0.00</u> |
| Total | \$0.00 |

(2) 2017-18 Supplemental appropriation needs

Supplemental appropriations are not requested for the current fiscal year.

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation.
(\$ Amounts in Thousands)

| | |
|--------------|----------------|
| State Funds | \$2,920 |
| Other Funds | <u>\$0</u> |
| Total | \$2,920 |

VI. EXPLANATION OF CHANGES
(\$ Amounts in Thousands)

| | <u>State \$</u> | <u>Federal \$</u> | <u>Other \$</u> | <u>Total \$</u> |
|-----------------------------------|-----------------|-------------------|-----------------|-----------------|
| PERSONNEL | | | | |
| A. Increase in personnel costs. | (\$20) | \$0 | \$0 | (\$20) |
| Subtotal Personnel | <u>(\$20)</u> | <u>\$0</u> | <u>\$0</u> | <u>(\$20)</u> |
| OPERATING | | | | |
| A. Increase in Operating | \$20 | \$0 | \$0 | \$20 |
| Subtotal Operating | <u>\$20</u> | <u>\$0</u> | <u>\$0</u> | <u>\$20</u> |
| GRANT & SUBSIDY | | | | |
| A. Decrease in grant and subsidy. | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| TOTAL | \$0 | \$0 | \$0 | \$0 |

APPROPRIATION: Intermediate Punishment Treatment Programs – 11004 (SAP)

VII: PROGRAM STATEMENT

The County Intermediate Punishment Act, 42 Pa. C.S. 9801 et. seq., provides for various intermediate punishment program options for non-violent offenders. Eligible offenders are placed in intermediate punishment programs in lieu of incarceration. Counties must submit intermediate punishment plans to PCCD in order to receive funding and they must agree to comply with minimum program standards. The number of jail days averted through the utilization of intermediate punishment programs projects is a significant cost saving measure for both the participating counties and the Commonwealth. The goal of these programs are to reduce confinement costs by providing alternatives to incarceration and secure placement for low risk offenders and by enhancing opportunities for offenders to successfully reintegrate into society. There are currently 57 counties participating in the program with projected jail days averted totaling nearly 130,000. Ongoing research on the participants receiving Drug and/or Alcohol treatment as part of their IP sentence has demonstrated a significant reduction in recidivism and that only 23.6% of participant's recidivate within three years of receiving an IP sentence. Close to 13,000 individuals participate in County Intermediate programs annually. Legislative Citation: 71 P.S. 1190.21 et.seq., Title 42, Chapter 98

EXECUTIVE OFFICES 2018-19 BUDGET PRESENTATION

APPROPRIATION NAME

Other Funds

Page # of Governor's Executive Budget:
Pp. E2-5

| I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands) | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted |
|---|---------------------------------|------------------------------------|-----------------------------------|
| Other Funds | | | |
| General Fund: | | | |
| Victim/Witness Services | \$5,748 | \$6,000 | \$6,000 |
| Crime Victims Reimbursements | \$12,905 | \$10,657 | \$11,190 |
| Constables Education and Training Account | \$2,375 | \$2,495 | \$2,458 |
| Sheriff & Deputy Sheriff Education and Training Account | \$6,279 | \$6,000 | \$4,540 |
| Luzerne County Youth Settlement | \$45 | \$0 | \$0 |
| Children's Advocacy Centers | \$1,710 | \$2,000 | \$2,000 |
| First Chance Trust Fund | \$0 | \$0 | \$445 |
| Total | \$29,062 | \$27,152 | \$26,633 |
| Juvenile Reinvestment Fund: | | | |
| Victim Services | \$1,000 | \$500 | \$250 |
| Innovative Policing Grant | \$3,537 | \$0 | \$0 |
| County Probation Grants | \$2,138 | \$0 | \$0 |
| Total | \$6,675 | \$500 | \$250 |
| Medical Marijuana Program Fund: | | | |
| Enforcement Costs (EA) | \$0 | \$0 | \$0 |
| Monetary Penalty Endowments Trust Fund: | | | |
| NCAA-Penn State Settlement | \$4,800 | \$4,800 | \$4,800 |
| Substance Abuse Education and Demand Reduction Fund: | | | |
| Programs | \$10,000 | \$8,000 | \$8,000 |
| Administration | \$300 | \$300 | \$300 |
| Total | \$10,300 | \$8,300 | \$8,300 |
| Total | \$50,837 | \$40,752 | \$39,983 |

| II. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands) | 2016-17 Actual | 2017-18 Available | 2018-19 Budgeted | Change Budgeted vs. Available | Percent Change |
|--|---------------------------------|------------------------------------|-----------------------------------|--|---------------------------------|
| PERSONNEL | | | | | |
| Other Funds | \$2,472 | \$3,938 | \$3,865 | (\$73) | -1.85% |
| OPERATING | | | | | |
| Other Funds | \$9,249 | \$8,685 | \$7,292 | (\$1,393) | -16.04% |
| FIXED ASSETS | | | | | |
| Other Funds | \$22 | \$0 | \$0 | \$0 | 0.00% |
| GRANT & SUBSIDY | | | | | |
| Other Funds | \$30,394 | \$27,629 | \$28,326 | \$697 | 2.52% |
| OTHER | | | | | |
| Other Funds | \$347 | \$500 | \$500 | \$0 | 0.00% |
| TOTAL FUNDS | | | | | |
| Other Funds | \$42,484 | \$40,752 | \$39,983 | (\$769) | -1.89% |

APPROPRIATION NAME

Other Funds

| III. HISTORY OF LAPSES (\$ Amounts in Thousands) | 2015-16 | 2016-17 | Estimated 2017-18 |
|--|------------|------------|----------------------|
| State Funds | N/A | N/A | N/A |
| IV. COMPLEMENT INFORMATION | | | |
| | 12/31/2016 | 12/31/2017 | 2018-19 Budgeted |
| Benefit Factor - This information to be provided centrally by GBO. | | | |
| Other Funded - Authorized | 8 | 15 | 15 |
| - Filled | 6 | 13 | 15 |
| V. DERIVATION OF REQUEST/ LEGISLATIVE CITATIONS | | | |
| Derivation of Request | | | |
| (A) Personnel | | | |
| All personnel costs were prepared in the budget preparation system using SAP Business Planning and Consolidation (BPC) software and following instructions and factors provided by the Office of the Budget. | | | |
| (B) Operating Expenses | | | |
| Operating Funds will be used for continuing activities necessary to meet the program's mission. | | | |
| Legislative Citations: | | | |
| Victim/Witness Services - 60-135 --- 18 P.S. 11.101 <u>et. seq.</u> | | | |
| Crime Victim Payments - 60-136 --- 18 P.S. 11.101 <u>et. seq.</u> | | | |
| Constables' Education and Training Account - 60-137 --- 42 P.S. 2941 <u>et. seq.</u> | | | |
| Sheriff & Deputy Sheriff Education and Training Account - 60-291 -- Title 71, Chapter 22 | | | |
| Substance Abuse Ed&Dem Red Fund - 20-308, 20-309 --- 18 P.S. 7508.1 <u>et. seq.</u> | | | |
| Justice Reinvestment Fund: Victim Services - 23-394 --- 71 P.S. § 1190.28a(f) | | | |
| Justice Reinvestment Fund: Innovative Policing - 23-NEW--- 71 P.S. § 1190.28a(f) | | | |
| Justice Reinvestment Fund: County Probation Grants - 23-NEW --- 71 P.S. § 1190.28a(f) | | | |
| <u>Additional Information</u> | | | |
| (1) 2016-17 Obligations rolled forward to 2017-18 | | | |
| N/A | | | |
| (2) 2017-18 Supplemental appropriation needs | | | |
| N/A | | | |
| (3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2017-18 appropriation. | | | |
| State Funds | | \$0.00 | |
| Other Funds | | \$0.00 | |
| Total | | \$0.00 | |

APPROPRIATION NAME
Other Funds

| VI. EXPLANATION OF CHANGES | | | | |
|--------------------------------------|-----------------|-------------------|-----------------|-----------------|
| (\$ Amounts in Thousands) | | | | |
| | <u>State \$</u> | <u>Federal \$</u> | <u>Other \$</u> | <u>Total \$</u> |
| PERSONNEL | | | | |
| A. Increase in personnel costs. | \$0 | \$0 | (\$73) | (\$73) |
| OPERATING | | | | |
| A. Increase in operating costs. | \$0 | \$0 | (\$1,393) | (\$1,393) |
| GRANT & SUBSIDY | | | | |
| A. Decrease in grants and subsidies. | \$0 | \$0 | \$697 | \$697 |
| TOTAL | \$0 | \$0 | (\$769) | (\$769) |

APPROPRIATION: Other Funds

VII: PROGRAM STATEMENT

Victim/Witness Services Program – This program provides funding to support the full range of rights, services and responsibilities within the criminal justice system as outlined in the Crime Victims Act. Under the provisions of the Crime Victims Act, PCCD provides grants and technical assistance to District Attorney's Offices and community-based victim service programs to carry out mandated victims' rights as established by the Crime Victims Act. Currently, all 67 of the counties in the Commonwealth participate in this program. In 2016, funds from the Victim/Witness Services Program supported the provision of services to nearly 150,000 victims, witnesses and significant others of crime victims.

Victims Compensation Assistance Program - The Victims Compensation Assistance Program (VCAP), created by Act 139 of 1976, responds to financial losses incurred by victims of crime. Payments to victims are made for medical expenses, counseling, crime-scene clean-up, relocation expenses, loss of earnings and monies that are stolen or defrauded from individuals on fixed incomes. In the case of a homicide, funeral expenses and loss of support may be compensated to those who qualify. The maximum award is \$35,000 including \$20,000 for loss of support and \$15,000 for loss of earnings. Payments for counseling, crime-scene clean-up and the forensic rape exam (with related medications) are over and above the \$35,000 maximum award. The Victims Compensation Assistance Program is the payer of last resort for crime victims' losses and is required to verify all aspects of each claim prior to payment. During the period of July 1, 2016 to June 30, 2017, the program received 12,930 requests for financial assistance and made payments on nearly 12,000 claims equaling over \$13 million.

Constables' Training Program – Under Act 2009-49 (formerly 1994-44), PCCD provides basic training, continuing education and firearms training for constables and deputy constables through the Constables' Education and Training Board. The Board and its training programs are supported solely by a surcharge on fees for constable services. During the year 1,344 Constables and Deputy Constables were trained

Sheriff and Deputy Sheriffs' Training Program – Under Act 1984-2, PCCD is required to provide basic and continuing education training to sheriff and deputy sheriffs through the Sheriff and Deputy Sheriffs' Education and Training Board. The Board, its staff, and training programs are supported through a surcharge of \$10.00 on each fee levied by sheriffs for every legal service executed. Deputy Sheriff basic training consists of a 760-hour curriculum with the possibility of waivers being awarded based on a deputy's prior education, training, experience, and a waiver examination. Mandatory continuing education training consists of a curriculum of modules, each 20 hours in duration. During the year 1,152 Sheriffs and Deputy Sheriffs were trained.

Substance Abuse Education and Demand Reduction Fund (SAEDRF) – Established by Act 2002-198 and amended by Act 2006-36, the Substance Abuse Education and Demand Reduction Fund (SAEDRF) provides funding: to develop projects that provide research-based approaches to prevention, intervention, training, treatment and education services to reduce substance abuse; to create statewide programs to educate about the dangers of substance abuse and increase public awareness of the benefits of a drug-free Pennsylvania; to support development, enhancement, or maintenance of victim impact panels; and to devise statewide programs to educate employers, unions, and employees about the dangers of substance abuse in the workplace. The fund is generated from costs imposed on individuals who violate the Controlled Substance, Drug, Device and Cosmetic Act or laws relating to driving under the influence of alcohol or a controlled substance. SAEDRF is administered by PCCD and 50% of the costs collected under the Act are placed in this fund; the other 50% collected is retained by the counties for use in developing local programs and services.

Child Advocacy Centers (CACs) – Act 28 of 2014 - The overall purpose of this restricted revenue fund is to support the on-going operation and development of CACs and multidisciplinary investigative teams (MDITs) throughout the Commonwealth. CACs are child-focused, facility-based programs for child victims of sexual abuse and physical abuse. The number of National Children's Alliance member CACs and MDIT's operating in Pennsylvania increased from 31 to 37 during the year. These centers provided services to over 14,500 children in 2016.

NCAA-Penn State Settlement – Act 1 of 2013 – According to the Institution of Higher Education Monetary Penalty Endowment Act, an endowment shall be established as a separate trust fund in the State Treasury and the monies of the trust fund are appropriated to the Commission to carry out the provisions of the Act. The funds may only be used within the Commonwealth for the benefit of the residents of the Commonwealth. The funds may be used to support programs or projects preventing child sexual abuse and/or assisting the victims of child sexual abuse; multidisciplinary investigative teams; child advocacy centers; victim service organizations that provide services to children subjected to sexual abuse; and training of persons who are mandated by law to report child sexual abuse or to treat victims of child sexual abuse. Recipients of these resources have provided services to over 13,000 victims of sexual abuse.

Medical Marijuana Program Fund Enforcement Costs – Within the provisions of Act 16 (SB3) of 2016, a fund is created based on fees and taxes payable under the Act. Five percent of the revenue in the fund is made available to PCCD to support police department costs associated with enforcing the Act.

Suggested Questions for Budget Secretary

March 8, 2018

Risks to the 2017-18 Revenue Estimates and the 2018-19 Budget

1. General Fund revenue collections through the month of February are above estimate by \$496 million. Tax Revenues exceed estimate by \$96 million and Non-Tax Revenues exceed estimated by \$400 million. As of today, do you anticipate actual General Fund revenues to exceed or fall short of estimate come June 30? And by how much?
2. Can you explain the reason why Non-Tax Revenue collections are above estimate by so much? Is this the early receipt of revenues that were estimated to be received in the remaining four months of the fiscal year?
3. The IFO identified four revenue sources which they quantified as having a downside risk to their revenue estimates? What would you consider as the risks to your estimate and would you say that these risks are on the downside or upside?
4. I understand the uncertainty of the Non-Tax Revenue collections for 2017-18 and 2018-19 regarding the Category 4 license auctions and iGaming licenses as well as issues identified by the IFO. I want to focus on Tax Revenue collections which more accurately reflect the economic activity within the Commonwealth. Combining the anticipated tax revenue collections over the 2 fiscal years, the IFO estimates collections of \$65.102 billion. The Governor's estimated tax revenue collections over the same 2-year period are \$65.519 billion. Your estimate for Tax Revenue collections is \$417 million more over the two fiscal years.
 - a. What factors do you see at this time that lead you to believe that revenues will be \$417 million higher than the IFO estimate?

I am very concerned that these estimates may be too optimistic based on the experience of last year when your budget estimate assumed revenues would exceed estimate over the remaining 5 months and in fact revenues continued to decline significantly over that time and fell short of estimate by \$1.1 billion.

- b. IHS Markit produces forecasts referred to as the standard scenario, low-growth scenario and high-growth scenario. Which forecast are you using to generate your revenue estimates?

5. I am concerned about the revenue estimates based on last years' experience. By January 2017 it was clear that the actual revenues were going to end the fiscal year short of the Official Estimate. In fact, collections through January 2017 were short of estimate by \$416.8 million.

The IFO Mid-Year Update published on January 25, 2017, assumed revenues would continue to fall short of estimate over the next 5 months and end the fiscal year short of estimate by \$716.4 million. Yet, the Governor presented his Executive Budget two weeks later on February 7, 2017, with anticipation that revenues would end the fiscal year short of estimate by \$374.7 million (this assumed that revenues over the next 5 months would exceed estimate).

On June 30, 2017, when the fiscal year ended, actual collections were short of estimate by \$1.1 billion. Do you have the Department of Revenue provide the Governor or your office with updates to its revenue forecast which more accurately reflect the current revenue situation? It puzzles me as to why Governor Wolf never took corrective action last fiscal year by freezing spending to get the budget in balance.

If revenue collections, through the last four months of fiscal 2017-18 fall short of estimate, will your office, with the direction of Governor Wolf, put funds in budgetary reserve?

History of Tax Increases

6. I want to take a minute and go back to Governor Wolf's first proposed budget in 2015-16. In that budget Governor Wolf proposed a revenue package that would have taxed our families and businesses an additional \$4.56 billion in 2015-16 alone. The 2015-16 budget anticipated that if the Governor's proposed tax package were to be enacted, 2017-18 General Fund tax revenues would have totaled \$34.56 billion.

In February of 2015 Governor Wolf stated that this large tax increase was necessary to resolve our "structural deficit." In contrast, the estimated General Fund tax revenues for 2017-18 are \$32.16 billion, which is \$2.4 billion less taken out of the pockets of Pennsylvania families and businesses. We were able to take care of this deficit through controlling spending; not by raising taxes. You even stated during the Mid-Year Briefing that the structural deficit is virtually gone. Will the administration admit now that the tax increases that have been sought by the Wolf Administration were truly about increasing state spending, not solving the fiscal challenges of the Commonwealth?

Gaming (Act 42 of 2017)

7. Act 42 of 2017 provided for enhanced gaming and authorized expanded gaming in the Commonwealth. License fees, tax revenues and loan repayments from this act were anticipated to generate \$200 million in 2017-18 and \$105.1 million in 2018-19 for the General Fund. To date the license fees and loan repayments paid to the Commonwealth and deposited into the General Fund total \$125.657 million.

Do you anticipate that additional license fees will be paid and other revenues collected in order to meet these estimates in both 2017-18 and 2018-19?

LCB Profit Transfer

8. The budget hearing materials provided to the committee by the Pennsylvania Liquor Control Board stated, "The PLCB transfer of \$185.1M to the General Fund for FY 2017-18 will come from both operating profits and available cash. The \$185.1M profit transfer for FY 2018-19 will come largely from cash flow generated during the year."

How will the PLCB be able to maintain operations with the proposed transfers of \$185.1M in each planning year as shown in the Governor's budget? How confident are you, Mr. Secretary, that the PLCB will be able to achieve the \$185.1M transfer each year?

You might be interested to know that at the PLCB budget hearing on February 28th board member, Mike Negra, told the committee that it was not likely that the PLCB could maintain an annual transfer to the General Fund of \$185.1M.

Farm Show Financing Agreement – PLEASE SEE SEPARATE PACKET

Minimum Wage

9. Over the years, there have been multiple studies showing a correlation between minimum wage increases and net job losses. Governor Wolf has proposed raising the minimum wage to \$12/hour. Just last June, the IFO predicted that 54,000 jobs, or 4% of the jobs impacted, would be lost in Pennsylvania. Do you believe that the Governor took the study seriously or does he believe that increasing the minimum wage has no adverse impact on employment?
10. I was reading an article last year on Seattle, Washington's minimum wage, where city council passed an ordinance to increase the minimum wage, incrementally, to \$15/hour by 2021. The article cited a report by the University of Washington which found that when the city increased the required minimum wage from \$10.50 to \$13 during the second incremental increase, this resulted in a 9% reduction in hours worked, a 6% drop in what employers collectively pay, and 5,000 fewer lower-wage jobs. This 6% drop resulted in about \$125 less per month for an average lower-wage worker. Should the Commonwealth of Pennsylvania flirt with the idea of a \$12 minimum wage when our employment rate stands at 4.7%, 60 basis points higher than the national average?
11. Mr. Secretary, Pennsylvania lost 4,500 manufacturing jobs in 2017 whereas the U.S. economy added 196,000. The Pennsylvania economy is roughly 4% of the U.S. economy, therefore Pennsylvania should have made up 7,840 of those added jobs if I do the math. What is going on here that our unemployment rate is tied for 42nd place amongst the states and our economy is actually losing manufacturing jobs whereas other states are adding them?
12. The Pennsylvania unemployment rate currently stands at 4.7%, which is tied for 42nd place amongst the states and is 15% higher than the national average of 4.1%. Why are we still struggling with our unemployment rate and what can the General Assembly do to assist the Governor to make Pennsylvania more attractive to businesses?

Mergers of Health and Human Services Questions

13. Agency Consolidation – The Governor’s Budget proposes to combine the Department of Health and the Department of Human Services into the Department of Health and Human Services (DHHS). The requested complement for the combined agency is 17,261 positions, a reduction of 289 positions, or 1.6% less than the current 17,550 positions in the two agencies.
- a. How will the consolidation of Health and Human Services improve services for Pennsylvania citizens?
 - b. What are the savings related to consolidating Health and Human Services?
 - c. Will you consolidate IT systems in the combined DHHS? Which IT systems might be eliminated and how long do you think that will take? Do you have any estimated savings?
 - d. Will the Administration be able to generate additional federal funds in a consolidated agency? How much? For what type of activities – personnel, operating, etc.?
 - e. Are there increased savings from the consolidation in FY 2019-20 and beyond? What are the estimated future-year savings?
 - f. Will there be an additional reduction in complement in future years as the consolidation is completed?
 - g. Licensing has been cited in these hearings as a potential efficiency and customer service improvement under a consolidated DHHS. Are there savings included in your 2018-19 budget specifically for the licensing efficiencies? How much and in what line items?
 - h. How much of the savings actually depends on the consolidation or can the same level of savings be achieved without consolidation?
14. Modernize County Assistance Offices (CAO’s) – The FY 2017-18 budget included savings (\$8.5 million state funds, \$17.9 million in total funds) from modernizing the application and eligibility process in CAOs through increased use of web-based applications and processing centers to improve case distribution across CAOs. Last year’s DHS budget noted that the CAO modernization process was a multi-step effort. The FY 2018-19 budget contains no mention of additional savings or continued steps to modernize CAO’s. Is the Administration no longer pursuing CAO modernization?

Why or why not? (*NOTE: DHS Secretary Miller said the modernization initiative was halted because staff did not wish to modernize.*)

The McKinsey report cited savings of \$88 million over a number of years from the modernization of CAOs, including \$13 million in fiscal year 2018-19 and \$32 million in 2019-20. Since the modernization effort has been halted, where will DHS find \$88 million in savings?

15. State Health Care Centers – last year the Administration proposed to streamline the field operations of State Health Care Centers by reducing the number of brick-and-mortar health centers and relocating community-health nurses into other community-based settings such as County Assistance Offices. This initiative does not appear to be part of the proposed agency merger of DHS and Health. The Governor's 2018-19 budget includes a 20% increase (\$2.981 million) for State Health Care Centers over the revised current year funding. There is a FY 2017-18 requested supplemental of \$4.638 million, or 44.7% more than the enacted FY 2017-18 appropriation. The FY 2018-19 request includes \$1.581 million for reinstatement of leases.

It would appear the Wolf Administration is no longer pursuing streamlining the field operations of State Health Care Centers by reducing the number of brick-and-mortar health centers and relocating community-health nurses into other community-based settings such as County Assistance Offices.

Were vendors paid in 2017-18 to break leases? If yes, at what cost?

Why are you reinstating leases for \$1.581 million in the FY 2018-19 proposed budget?

Lottery Fund

16. The 2018-19 budget assumes revenue growth from the implementation of Act 42 of 2017 which authorized the Department of Revenue to operate Keno as well as iLottery and Internet instant games.

With the passage of Act 42 providing the department additional tools to generate revenues for the Lottery Fund, please comment on the long-term stability of the Lottery Fund to continue to fund its current programs benefitting older Pennsylvanians.

Department of Human Services Reforms (HB 59)

17. HB 59, PN 2255, the Human Services Code was vetoed by Governor Wolf on October 19, 2017. HB 59 would have implemented a number of cost containment initiatives that could have reduced DHS costs in future fiscal years.

Supporting Self-Sufficiency for Medical Assistance (MA) Recipients – HB 59 directed DHS to request a waiver from the Centers for Medicare and Medicaid Services (CMS) to implement reasonable employment or work search requirements for adult MA recipients, excluding recipients who are elderly, disabled or pregnant as well as appropriate limits on nonessential benefits.

- a. What is so wrong with able-bodied adults being required to pursue reasonable employment or work search requirements to maintain health benefits?
- b. The majority of private insurance has limits on services. I understand why medically challenged individuals need access to extensive services through Medical Assistance but why should able-bodied/healthy MA recipients have an unlimited package of services paid for by tax payers who do not have access to unlimited services?

18. Additional Funding Requests for MA Appropriations in FY 2017-2018 – HB 59 required DHS to request a waiver or submit a State Plan Amendment to generate additional federal funds, reduce expenditures or provide program efficiencies prior to submitting a supplemental request for the Capitation or Fee-for-Service appropriations.

Should DHS be mandated to pursue options to reduce costs or generate additional federal funds instead of asking taxpayers to continually provide more funds?

19. Electronic Asset Verification for Medical Assistance Eligibility Based on Age, Blindness or Disability – HB 59 required the establishment of an electronic asset verification system to comply with the requirements of Section 1940 of the Social Security Act. DHS would create a Model Agreement in coordination with financial institutions that would be used to request electronically the financial information needed by DHS to verify eligibility for MA. According to DHS last year, failure to implement a system by December 31, 2017 could result in the withholding of federal MA matching funds until a corrective actions are in place.

- a. Has DHS implemented an electronic asset verification system for MA eligibility based on age, blindness or disability?
- b. Are federal MA matching funds at risk because a system has not been implemented? Have any federal funds been disallowed yet?
- c. Do you need changes to the Human Service Code to implement an electronic asset verification system?

Maximus Contract

20. The Department of Human Services contracted with Maximus to provide independent enrollment services for individuals enrolling in Medicaid Waiver Programs. AAAs previously provided these services. The contract started in April 2016 and there was a significant slowdown in enrollment in the Aging Waiver.

- a. At last year's budget hearing with DHS there was a lot of about the poor performance of Maximus in completing the financial eligibility requirements for individuals trying to enroll in home and community-based waivers. Has the performance of Maximus improved?
- b. To your knowledge did the Wolf Administration impose any financial sanctions on Maximus for their poor performance? How many times were sanctions applied and how much?

- c. Are there performance requirements in the Maximus contract? Are the performance metrics based on the time it takes to answer phone calls or the time it takes to determine clinical and financial eligibility for waiver programs and complete the individual service plan? Are these the same performance metrics that were applied to Area Agencies on Aging when they were conducting these services?
- d. What is being done to assist families with completion of the financial information needed to enroll in home and community-based services and streamline the process? Who is paying for these services – Maximus or DHS?
- e. How many seniors ended up in a nursing home due to the delay in processing applications for home and community-based services?
- f. Does Maximus have contracts with any other state agencies? Are other agencies satisfied with the performance of Maximus?

Educational Access Programs

21. The 2017-18 budget contained \$23 million for Educational Access Programs, and of this total, \$14 million went to the Erie School District. For 2018-19, that \$14 million payment for Erie has been rolled into its basic education funding base, so it will not have to come from this line. However, the Governor has still proposed over \$23 million in funding for this line in 2018-19. What will this money be used for?
- a. What districts will be receiving this money? If you don't know exactly which districts, could you provide us with a list of possibilities?
 - b. Is this money only for school districts, or can other entities receive it as well? (*NOTE: It has been given to other entities in the past.*)

There seem to be an increasing number of school districts that are in or facing financial distress and each budget cycle the General Assembly is asked to appropriate special pots of taxpayer dollars to bail these districts out and save them from collapse, such as the \$14 million provided to the Erie school district in the current fiscal year, and each year going forward. Ultimately, we continue to assist because the students in these districts are the ultimate victims in these situations and we have an obligation to ensure the failures of the adults are not felt by the students. That being said, what is the root cause for these troubles, especially since we have been increasing education spending by hundreds of millions of dollars every year, and what can be done to ensure other districts don't make the same mistakes? What recommendations do you have for the General Assembly and the Governor to ensure that any bailouts provided in upcoming budgets are used efficiently and effectively and won't have to be repeated (as we've seen with Philadelphia and now Erie)?

State System Funding

22. The budget proposal largely calls for no increase across the higher education appropriations, with the notable exception of the State System of Higher Education's operating appropriation, which increases by \$15 million, or 3.3%, to \$468.1 million. The Education Secretary informed us earlier this week that the new faculty contract for the System will cost an additional \$19.7 million for 2018-19. Is this why the State System was singled out over the other sectors of public higher education, to help cover this increase?

Follow-up: The Secretary of Education did mention what we all understand, that budgeting sometimes involves tough decisions. Is this one of those decisions? This money is better spent covering the APSCUF salary increase than on Community Colleges?

IT Consolidation & Allocation of Costs

23. Looking at the Governor's Budget for the Executive Offices Commonwealth Technology Services appropriation I see that in addition to the requested \$55.832 million State appropriation there are also two augmentations that together total \$205.625 million.

- Integrated Enterprise System augmentation of \$38.424 million
- Shared Service Delivery augmentation of \$167.201 million

a. Please explain the reason for these augmentations and the source of the augmenting funds.

Will the General Assembly have any control over the Shared Services augmentation?

b. Agency IT positions were moved to the Office of Administration's Office of Information Technology but the dollars were not moved from agency budgets. OA plans to bill agencies to cover the cost of the IT positions that were moved. Why were dollars not moved rather than a billing being implemented?

c. Please provide a list by agency and appropriation of each billing the Office of Administration charges along with the purpose of the billing and how each agency's billing amount is determined.

Commonwealth Purchase of Private Lands

24. In the last year, the Commonwealth investing funds to purchase private forest land that did not go out to bid or offers for other private entities to purchase it OR to loan the requested funding. Not only does the purchase of these conservation easements invest Commonwealth funds, but gives a tax write-off and less revenue to the Commonwealth, In short, the Commonwealth should not be doing this. It is about land conservation ...not land acquisition.

Please provide us with the statutory authority for the Commonwealth to purchase private lands and to make loans to private entities.

DCNR provided a response when Rep. James asked for more information at the budget hearing. The response follows:

Rep. James asked if private funding was available for Lyme Timber to secure funding, in light of the recent PennVest loans.

Yes, but not at the same, favorable interest rate. In addition, they would not have been able to provide the multiple public benefits without this lower-interest loan from PennVest. The benefits include addressing acid mine drainage pollution in a large watershed; protecting many pristine streams and wetlands through certified sustainable timber management practices; maximizing jobs for local residents as foresters and loggers; allowing public recreation as tailored to individual parcels, and ensuring a continued stream of forest products to support PA's forest products industry. The acquisition by Lyme Timber also ensures that these lands stay in private ownership. Also, the loans from PennVest for the Lyme Timber project did not interfere with PennVest having adequate funding available to be used for other qualified projects.

A loan to a private company is not unique. Here is detail on the number and funding amounts of low-interest loans PennVest has made to private companies over the period of 1990 through 2018.

Office of the Budget - Interrogation on "Financing Agreement"

Topic 1: The Agreement

I would like to discuss the Financing Agreement.

What's the legal authority of Governor to enter into this agreement?

(Expected answer: Unknown)

➔ Then where does that authority end? On October 4, 2017, the Governor had a press conference where he declared that he was taking unilateral control over the state's finances and was taking extraordinary steps to manage the budget. Did that press conference have legal meaning beyond mere rhetoric?

What kind of legal interest in the Farm Show Complex is being given to MRE under this contract? Both the Governor's budget proposal and the RFP issued on October 13, 2017 described a lease-leaseback.

(Expected answer: It's not a lease-leaseback. Something about the Farm Show not being impacted)

So, the Expenditure Symbol Notification from January 26, 2018 that created the "Leased Assets restricted account" that stated that the account "will be used to record the proceeds from the financing agreement related to the PA Farm Show Complex and Expo Center" is not correct?

(Expected answer: That is irrelevant)

And the name of the restricted account is "Leased Assets restricted account." So, what assets are leased?

(Expected answer: That is irrelevant)

In order for the Financing Agreement to be a legal contract between the Commonwealth and Municipal Real Estate LLC, there must be legal consideration given by both parties. The consideration given by MRE to the Commonwealth is obvious: it's the \$200 Million. What is the consideration given by the Commonwealth to MRE?

(Expected answer: The repayments)

In Section 5 of the Financing Agreement, it states that the payments are payable solely from “funds appropriated by the General Assembly...to DGS for Semi-Annual Payments.” And, it goes on to note this Financing Agreement does not bind the General Assembly to make these appropriations. What kind of assurance can be offered that these appropriations would be made? Is there anything in statute that requires amounts to be appropriated?

(Expected answer: Covenants to use best efforts to secure the funds)

In Section 4 (c) and (d) of the Financing Agreement, it states that DGS and the Secretary of the Budget reasonably believe that sufficient funds are available to make the appropriations and that they covenant and acknowledge that they will “do all things lawfully within their power” to obtain these appropriations. If the General Assembly does not feel inclined to make these appropriations, what steps will you take to have these payments made?

- Does that including used waived money for DGS that was appropriated for a different purpose in prior years?
- Does that include convincing the Governor to veto any General Appropriation Act that does not make these appropriations?

Final point: As the Secretary of DGS said, this is the first time there’s been a “Financing Agreement” like this, and I think there are still a lot of questions that have yet to be answered. And, even though this was subject to review by the Office of Attorney General, that review is not the be-all-end all of oversight of state contract.

Office of the Budget - Interrogation on “Financing Agreement”

Topic 2: The “Leased Assets Restricted Account”

I’d like to talk about special funds and restricted accounts. I know there has been a lot of discussion over the last few years about whether there are available balances and what the appropriate uses of the money in a fund is.

But, and correct me if I’m wrong, but special funds can only exist if the legislature creates it, is that right? We hear a lot about these funds and accounts being used by the Governor as slush funds or whatever, but they are created by, and subject to some kind of statute, right?

(Expected response: Yes)

So at some point, a past legislature made a policy decision to create a special fund, set out money to be put in it and set out the appropriate uses for it. And, restricted accounts are within funds and they can be created for similar reasons, right?

(Expected response: Yes)

So, am I right that a restricted account can only be created when there’s some kind of legal justification for setting aside an amount of money for a specific purpose, right? It’s not like these agencies are able to just create restricted accounts and use that as they please, right?

(Expected response: Yes)

Then, can you please explain for me the justification for the creation of the Leased Assets Restricted Account? It was created by your office through ESN—an Expenditure Symbol Notification—and \$200 Million was deposited into that restricted account from the “Financing Agreement.”

(Expected response: Something about the Governor’ ability to create restricted accounts to implement the budget)

But, the Governor's ability to create restricted accounts under his duty to execute the budget requires some legal justification for the creation of the restricted account, correct? There has to be some impetus for the creation of that restricted account, whether it's by statute, or the money is legally limited for a certain purpose. For example, there must be some legal requirement that that "X dollars must be used for Y purpose," so that's why the restricted account is created. In other words, this is more ministerial action necessary to execute the budget as provided in statute and appropriation acts, not the ability to make independent decisions.

Otherwise, it's seems like it's the Governor would be getting away from executing the budget and getting into the legislative realm of appropriating (in the sense of appropriating is the authorization of the expenditure of money) without legislative action.

(Possible response #1: The Leased Assets restricted account was created for accounting purposes, in line with accounting principles)

➔ But, what is the accounting purpose for this? It's not like this is money that is being held in escrow for a future payment, like a payroll deduction account that holds taxes withheld for employees. Here, this is money that should be deposited into the General Fund as "Miscellaneous Revenue"

And, the Financing Agreement, actually states that. It says that "as required under" Section 302 (8) of the Fiscal Code "revenue received by DGS pursuant to this Agreement will be deposited in the General Fund."¹ It doesn't say, "A restricted account in the General Fund" and it doesn't say "Pass through a restricted account in the General Fund." So why did you not follow this agreement—that you signed by the way—and ensure that the money was deposited in the General Fund?

(Possible response #2: The language in the Fiscal Code permits this)

➔ No, the language in the Fiscal Code authorizes the Budget Secretary to make transfers from special funds and restricted accounts, it doesn't

¹ Section 302 (8) of the Fiscal Code "All moneys received by the Treasury Department ...which are not by this act required to be credited to any other fund, shall be credited to the General Fund."

give the budget secretary *carte blanche* to create restricted accounts at whim.²

Final point: This restricted account seems to be created without legal backing as a means to subvert the \$300 Million in special fund transfers the Governor agreed to make.

² Section 1726-G of the Fiscal Code "During the 2017-2018 fiscal year, \$300,000,000 shall be transferred from amounts available in special funds and restricted accounts to the General Fund. The transfers under this section shall be in accordance with the following:

- (1) The Secretary of the Budget shall transmit to the State Treasurer a list of amounts to be transferred from special funds and restricted accounts to the General Fund.
- (2) Upon receipt of the list under paragraph (1), the State Treasurer shall cause the transfers under paragraph (1) to occur."

Office of the Budget - Interrogation on "Financing Agreement"

Topic 3: The Financial aspect of the Financing Agreement

What is the total interest cost for this agreement?

(Expected response: Some inexact figure)

Why did the Governor decided to charge Pennsylvania taxpayers interest costs for this transaction instead of following the legislative intent of Act 44 which was to transfer \$300 million from current special funds to the General Fund?

(Expected response: Something about how this is a good thing/the legislature left him no choice)

Why is this agreement for \$200 Million? Back when this was supposed to be a lease/lease-back for the Farm Show Agreement, that figure was the value of the Farm Show. But, if the Farm Show is not involved any more, how was the \$200 Million figure at?

(Expected response: Something about how this is a good thing/the legislature left him no choice)

Where in the Financing Agreement can we find the information on the interest rate that you have committed the Commonwealth to pay?

(Possible response: It's 4.33%)

➔ But, where in the Financing Agreement can we find that? All I see is a reference on page A-3 in very fine print that the interest rate comes from an

(Possible response: It's in the Escrow Agreement)

➔ We've been asking for a copy of the escrow agreement since February 8th. And we haven't received it. And, under Chapter 17 of the Right-to-Know Law, contracts with state agencies above \$5,000 are supposed to be submitted to the State Treasurer within 10 days of execution and posted online. Is the Escrow Agreement available on the Treasurer's contract disclosure website? Is the Financing Agreement available on the Treasurer's website?

Have you had conversations with the Bond Rating Agencies about this deal? What did they say? Do they think this is debt and do they count it toward our debt for their bond rating?

(Expected answer: Unknown)

What happens if the state does not make the payments?

(Expected answer: The full repayment amount becomes due)

→ But, we heard from the Secretary of DGS that the credit of the commonwealth is not pledged? How can that be true

Aside from the \$200 Million in principal and the interest that has to be paid, what other costs of this agreement are there?

- Did the Commonwealth incur any professional fees? Like, outside accountants, underwriters, or lawyers to review this? (If yes, was there an RFP on those services, as required by the Governor's Executive Order 2015-02?)
- What are the "expenses incident to the issuance of the certificates of participation"?
- Is there an arrangement fee to Municipal Real Estate LLC?
- If \$200 Million is the net proceeds from this Financing Agreement, what is the gross figure

What are the certificates of participation? It's my understanding that certificates of participation typically are for lease/lease-back deals, where the lease revenue is passed to the owners of the certificates. So, if there's not lease revenue, then what are the certificates of participation?

Final point: So, we're incurring interest, fees, and \$200 Million in principal for this Financing Agreement, and this was done so that the Governor could avoid taking a look at the Special Funds—which is money that we already have and don't have to pay fees to access—and finding the money to balance the budget there.

Office of the Budget - Interrogation on "Financing Agreement"

Topic 4: Debt

Under the Financing Agreement, Municipal Real Estate LLC gives the Commonwealth \$200 Million, and in exchange, they get repaid according to this agreement. That would be debt. How does this comply with the Constitutional limits on indebtedness?

(Expected answer: It's not subject to the Constitutional limitation on debt)

→ How can that be true?

- Did DGS enter into this agreement on behalf of the Commonwealth? DGS Isn't an independent authority like the Commonwealth Financing Authority, is it?
- Does DGS have the authority to enter into agreements on behalf of the Commonwealth?
- Does the Agreement require the Commonwealth to make payments out of future revenues to repay a debt incurred today?

Does this pledge the full faith and credit of the Commonwealth?

(Expected answer: No)

So, if this does not pledge the full faith and credit of the Commonwealth, what is the security offered to MRE that would give them the comfort that they need in order to give the Commonwealth \$200 Million in up-front cash?

(Expected answer: Pledges to repay)

Final point: So, someone gave the Commonwealth a \$200 M loan that is not backed by the full faith and credit of the Commonwealth, and the legislature is supposed to make annual appropriations to repay it for 29 years, and they have no security interest in any asset. Why on earth would someone do that?