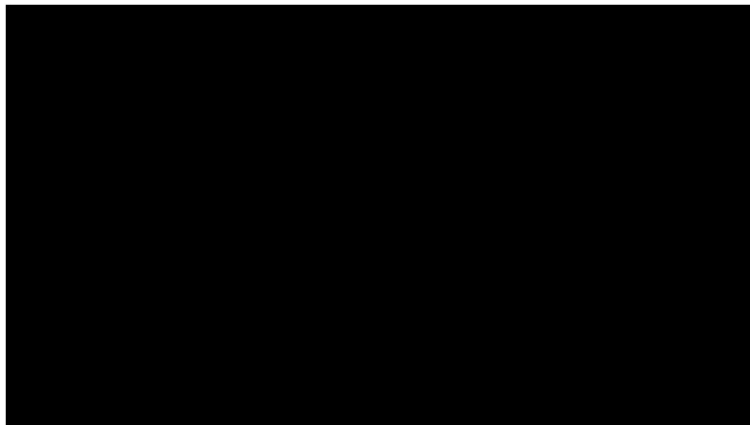


House Republican Appropriations Media Briefing

May 11, 2023

Democrats Acknowledge our Structural Deficit



Capitol Recap	
March 7, 2023	Around the Rotunda
Contents	PLS coverage of Capitol events including press conferences, bill signings and media availabilities
Around the Rotunda1	GOV. SHAPIRO PRESENTS FIRST BUDGET ADDRESS
Committee News11	By Derek Danneker, Pennsylvania Legislative Services March 7, 2023
PLS Advisory14	

Could you talk about the philosophy in the Shapiro administration's budgeting?
Sec. Monson explained the administration's 5-year projection is only a projection and there are many things that are unknown. "We recognize that we are creating a structural deficit, but things will change," he said. "I'll point out that we will be ending the two-year period with an untouched Rainy Day Fund and a fund balance of over \$3 billion. So that's a pretty good place to be 10 years from now."



Special Economic Update



Message from Chairman Grove:

The US Department of Commerce's Bureau of Economic Analysis announced on Thursday, April 27, 2023, the real US Gross Domestic Product, commonly known as real GDP increased at a rate of 1.1% for the first quarter of 2023. This is a significant slow down from the 2.6% real GDP growth in the fourth quarter of 2022.

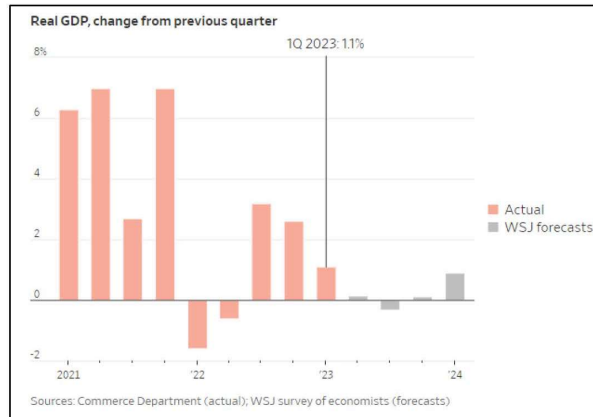
This news comes in advance of the May meeting of the Federal Reserve which seems poised to raise interest rates once again. The Federal Reserve aims to keep the inflation rate no higher than 2%; the March inflation rate of 5% was well above that threshold.

I also recently attended a meeting of the American Legislative Exchange Council (ALEC) which covered a variety of fiscal topics. Consumer spending has been flat for the last two months, which was a contributor to this slow GDP growth. Companies have begun to slash their advertising budgets and investments in equipment. Additionally, small businesses and individuals are having a more difficult time finding credit.

The main question facing us today is when, not if, we face a serious economic downturn. Many economists have been [sounding the alarm of a possible recession](#) for months and the real GDP report today makes their prediction appear more likely. A major impact of the economic deceleration was a downturn in private inventory investment and a slowdown in nonresidential fixed investment, both of which happen when businesses prepare for economic

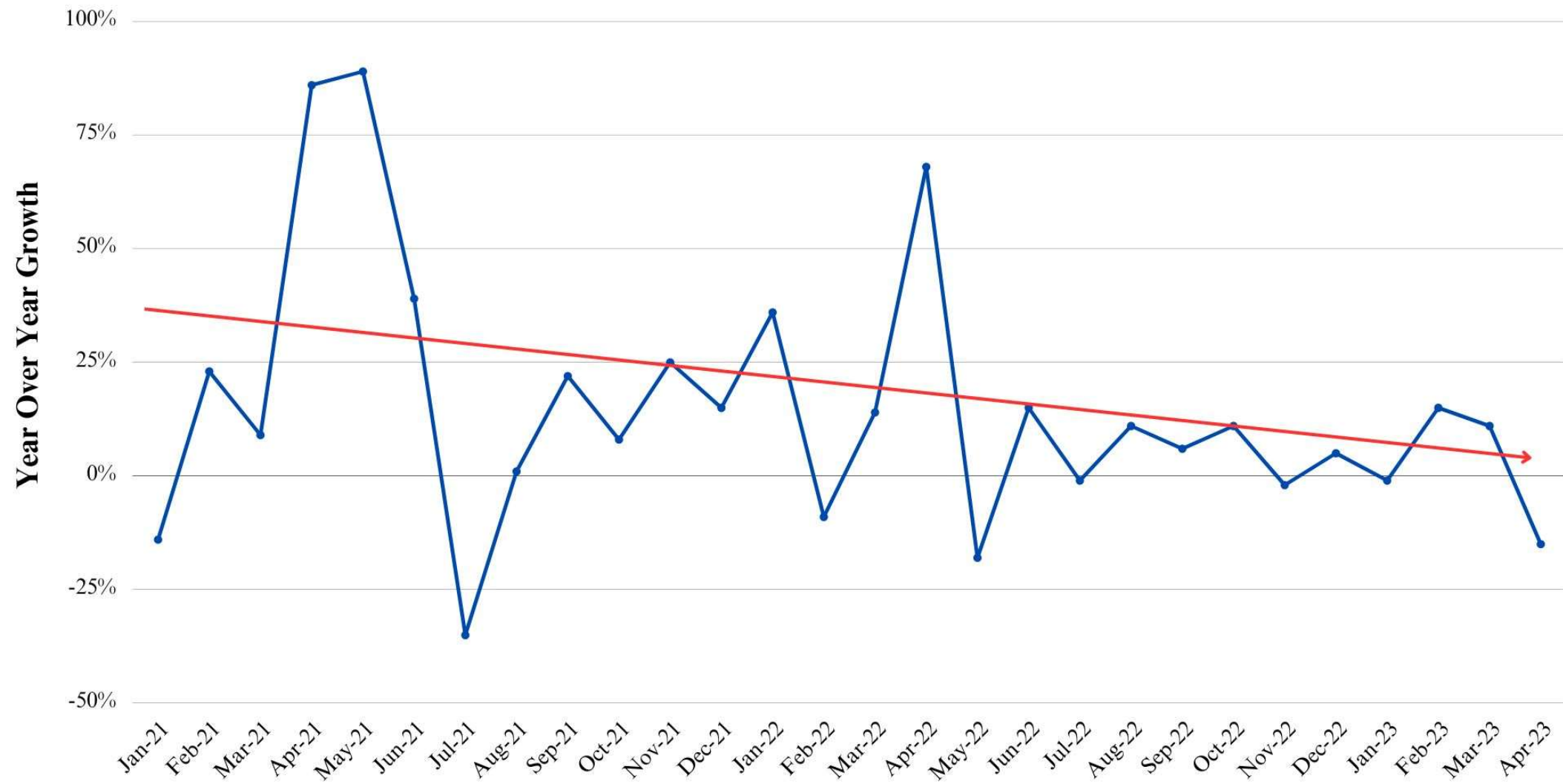
downturns. **The Wall Street Journal's forecast shows negative real GDP hitting this summer, right as our State Budget is due.**

It is more important now than ever to control spending.

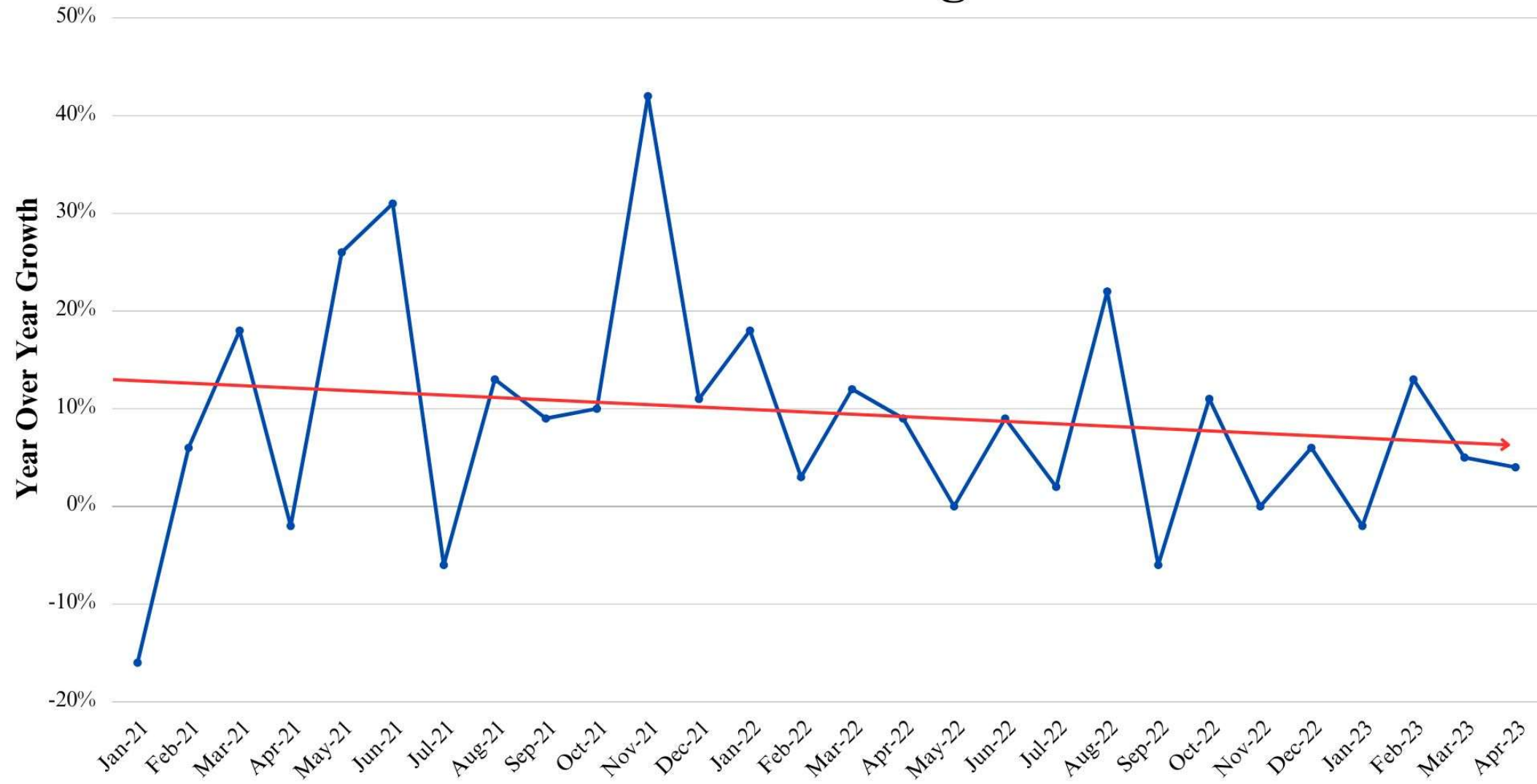


Source:
https://www.wsj.com/articles/us-gdp-economic-growth-first-quarter-2023-202448c7med-tp_lead_pos?

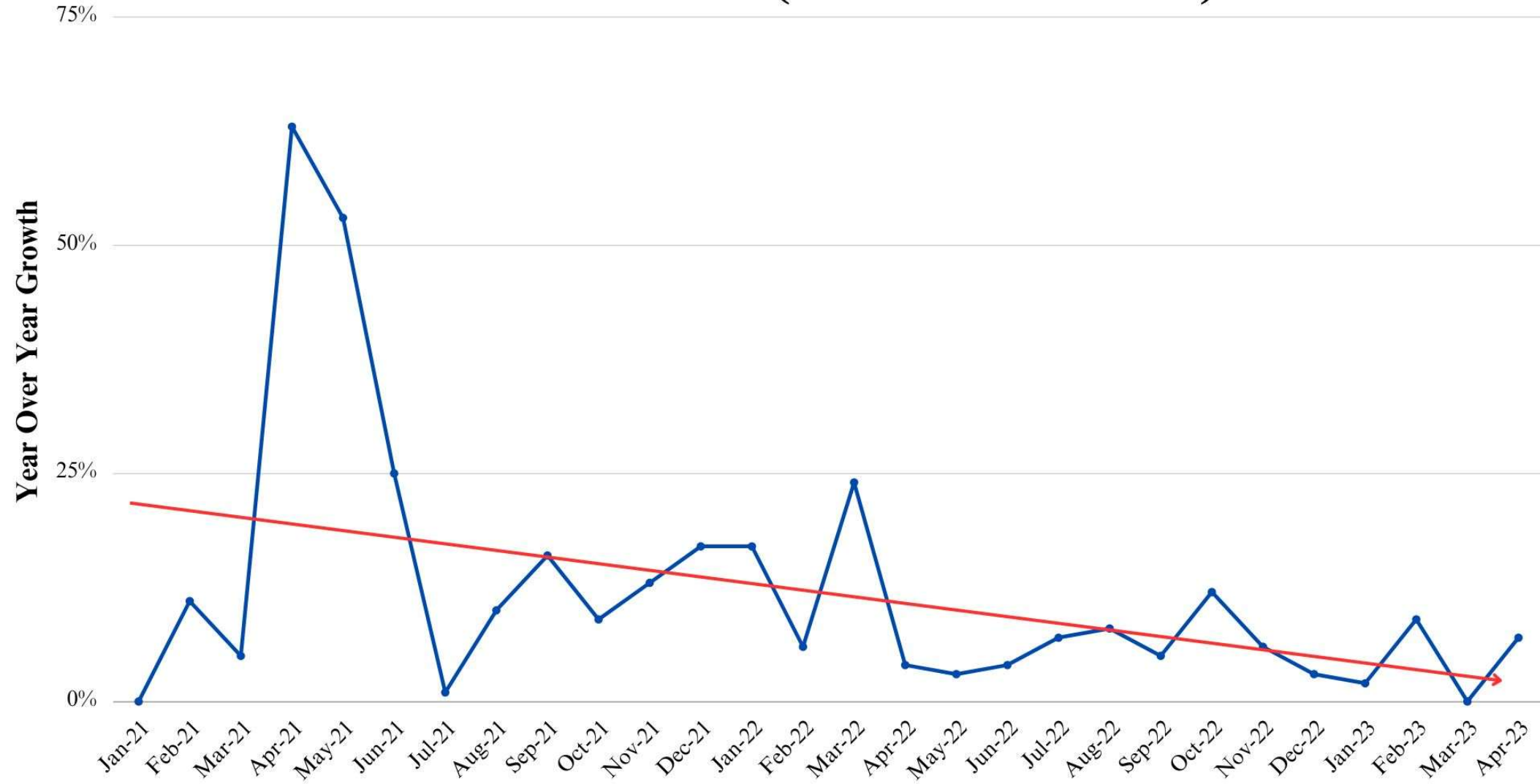
General Fund Taxes



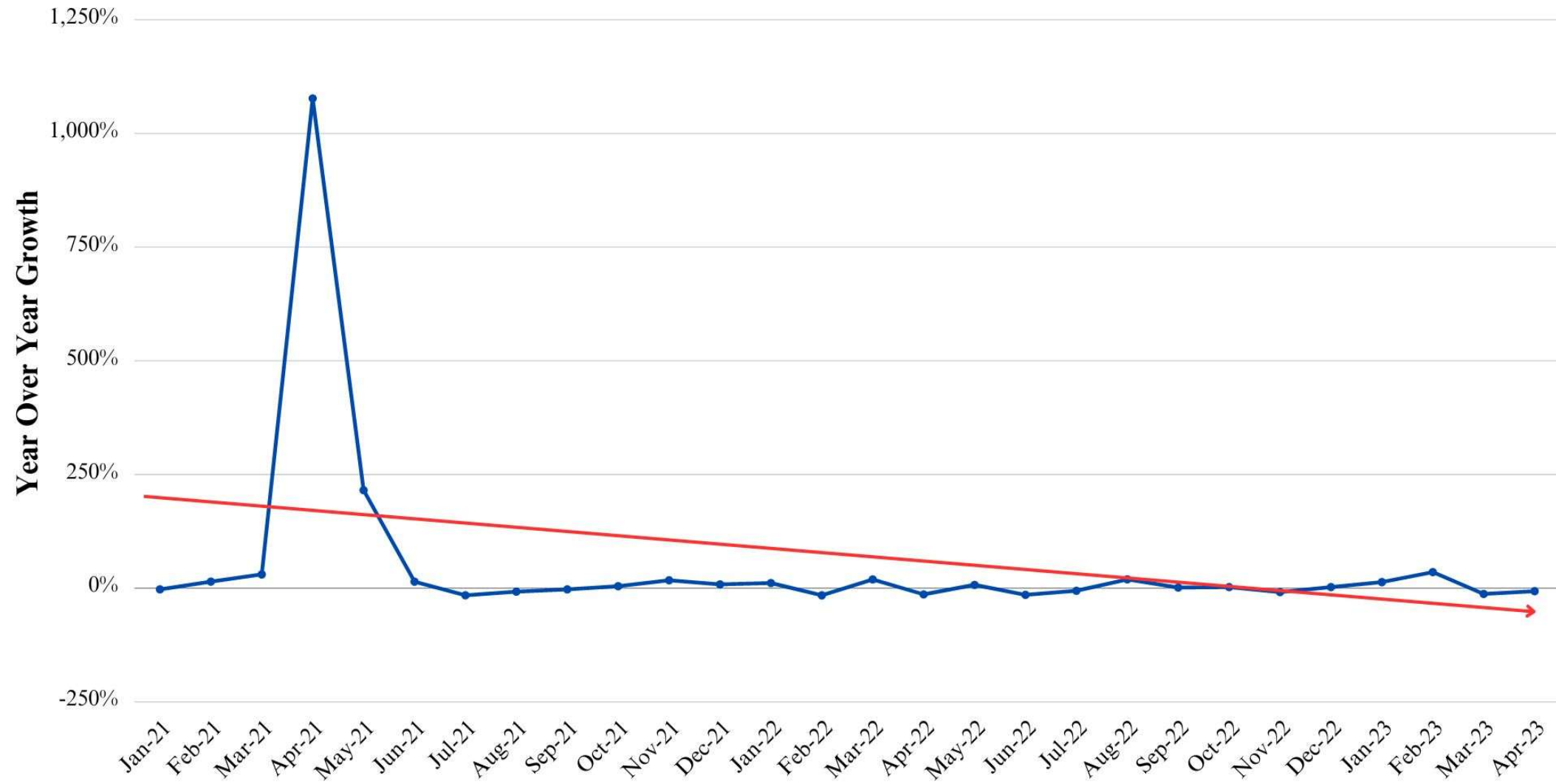
PIT Withholding



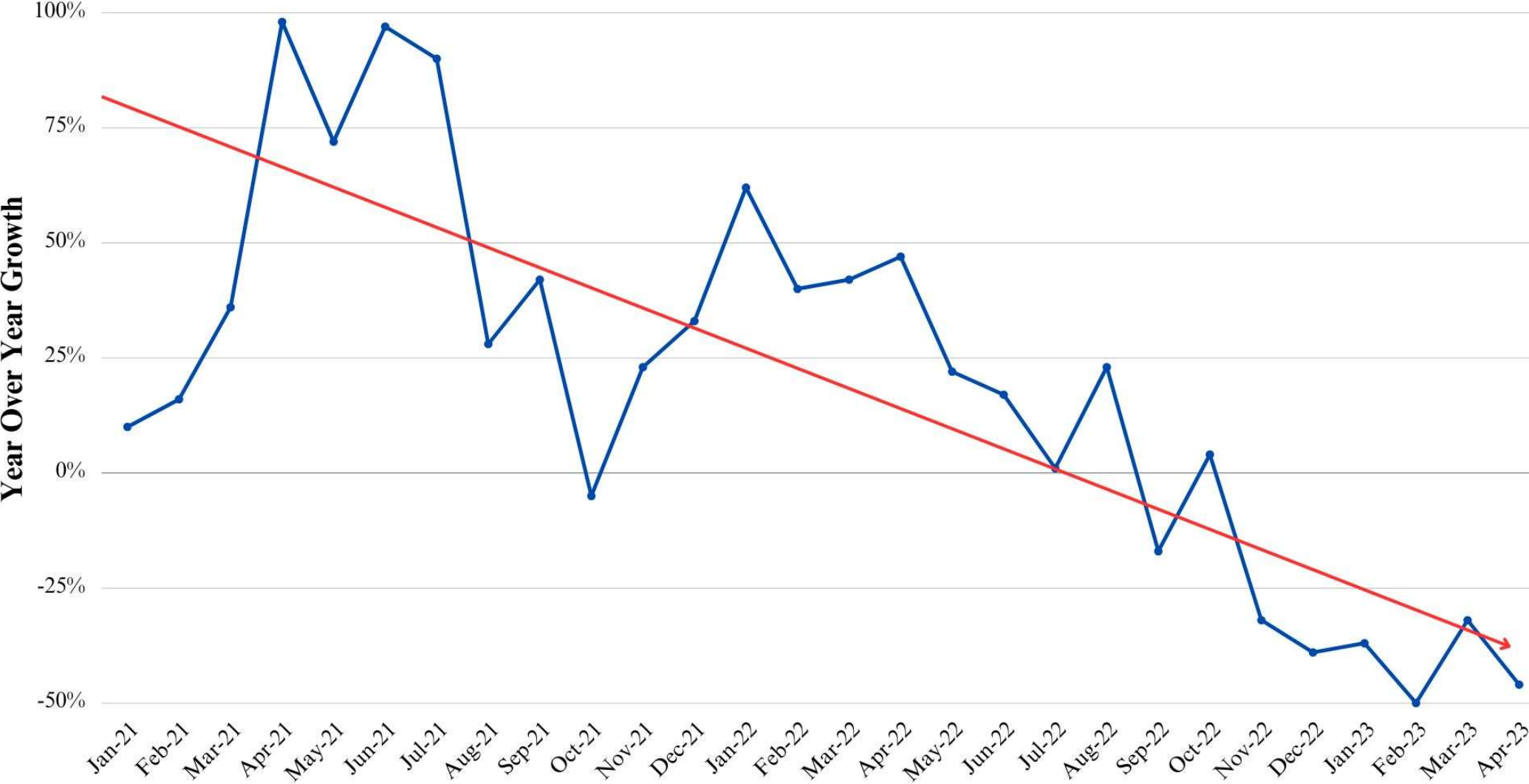
Sales and Use Tax (non-motor vehicle)



Sales and Use Tax (motor vehicle)



Realty Transfer Tax



IFO: PA Taxpayers Continue to Migrate South

Table 1
Net Domestic Migration Using IRS Tax Data: 2020 to 2021

	Net Migration	Share of Population	Rank
Idaho	31,821	1.67%	1
Montana	14,741	1.33%	2
South Carolina	64,724	1.25%	3
Florida	255,834	1.17%	4
Delaware	10,638	1.06%	5
West Virginia	2,084	0.12%	24
Ohio	-7,991	-0.07%	29
Pennsylvania	-14,376	-0.11%	34
New Jersey	-25,894	-0.28%	40
Maryland	-24,041	-0.39%	42
Hawaii	-11,159	-0.77%	46
North Dakota	-6,276	-0.81%	47
Illinois	-105,109	-0.83%	48
California	-331,760	-0.85%	49
New York	-261,785	-1.32%	50

Note: Flows reflect number of individuals, not tax returns.

Source: IRS Statistics of Income Division, SOI Tax Stats, Migration Data 2020-2021.

Table 2
Flows To and From Pennsylvania: Top Net Migration States 2020 to 2021

	Inflow	Outflow	Net Flow
Net Inflows			
New York	37,343	17,288	20,055
New Jersey	30,092	26,208	3,884
Maryland	14,892	11,308	3,584
California	10,072	8,465	1,607
Massachusetts	4,552	3,939	613
Illinois	3,495	2,906	589
Net Outflows			
Texas	7,876	10,623	-2,747
Georgia	4,060	6,962	-2,902
South Carolina	3,331	7,927	-4,596
Delaware	5,994	11,083	-5,089
North Carolina	6,927	12,257	-5,330
Florida	15,535	32,420	-16,885

Note: Flows reflect number of individuals, not tax returns.

Source: IRS Statistics of Income Division, SOI Tax Stats, Migration Data 2020-2021.



**THE
KEYSTONE
COMMITMENT**

People-Driven



Future-Focused

Budget Reforms

- [HB 1142](#) (Grove) - Closes the loophole that allows an out of balance General Appropriations Act to become Law.
- [HB 1143](#) (Struzzi) - Ensuring a balanced budget amid revenue shortfalls.
- [HB 1144](#) (E. Nelson) - Increased disclosure of information relating to special funds.
- [HB 1145](#) (Delozier) - Improving the flow of budgetary information.
- [HB 1146](#) (Lawrence) - Limiting the Budget Secretary's blanket authority to waive lapsing provisions.

Act 146 Waiver



MEMO

TO: Uri Monson
Secretary of Budget
Office of the Budget

FROM: Gloria Gilligan *Gloria Gilligan*
Fiscal Management Director
Department of Human Services

RE: Extension of Management Directive 310.3 Waiver

DATE: February 6, 2023

MESSAGE:

In accordance with Act 146, the Department of Human Services is requesting an exception to Management Directive 310.3 in order to use available prior year funding for the following program. Waiver requests are requested through June 30, 2023.

Child Care Assistance - Fund 1001200XXX Budget Periods 2019, 2020, and 2021; Funds 7071900XXX, 7072000XXX Budget Period 2021

We are requesting the retention of the remaining balances until June 30, 2023, for payment of outstanding obligations. We are also requesting to allow the Department to encumber the available balance after the established June 15, 2022, encumbrance deadline and to retain these encumbrances until the payments are completed regardless of period of service.

cc: Valerie Arkoosh, MD, MPH
Andrew Barnes
Steve Whitebread
Tatjana Over
Robert Molnar
Jerry Gillingham/George Best

Department of Human Services - Office of Budget
625 Forster Street, Room 525 | Harrisburg, PA 17120 | www.dhs.pa.gov



URI Z. MONSON
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

April 25, 2023

Act 146 Waiver Number 22-53

The Honorable Scott Martin
Chairman
Senate Appropriations Committee
281 Main Capitol Building
Harrisburg, PA 17120

The Honorable Vincent J. Hughes
Minority Chairman
Senate Appropriations Committee
545 Main Capitol Building
Harrisburg, PA 17120

The Honorable Jordan A. Harris
Chairman
House Appropriations Committee
512-E Main Capitol Building
Harrisburg, PA 17120

The Honorable Seth M. Grove
Minority Chairman
House Appropriations Committee
245 Main Capitol Building
Harrisburg, PA 17120

Gentlemen:

The Department of Human Services has requested a waiver to the lapsing and encumbrance provisions of Act 146 of 1980 and Management Directive 310.3. The attached listing documents the appropriations that are included in this request.

This waiver is necessary in order to provide the department with flexibility to meet its obligations for the Child Care Works program, which provides essential child care subsidies to Pennsylvania families.

I believe this waiver may be in the best interest of the Commonwealth and am considering granting approval. To provide you with an opportunity to raise any concerns you may have, I will delay my decision until ten days from the date of this letter.

Sincerely,

Uri Z. Monson

Attachments

cc: The Honorable Stacy Garrity
The Honorable Mike Vereb
Valerie Arkoosh
Gloria Gilligan

Act 146 Waiver Number 22-53 DHS 3

The Department of Human Services has requested a waiver to the lapsing and encumbrance provisions of Act 146 of 1980 for the following appropriations:

Appropriation Name	COPA Fund	Business Area	SAP Fund	Budget Period	Amount
Child Care Assistance	001	21	10912	2019	Available Balance and Commitments
Child Care Assistance	001	21	10912	2020	Available Balance and Commitments
Child Care Assistance	001	21	10912	2021	Available Balance and Commitments
TANFEC-Child Care Assistance	001	21	70719	2021	Available Balance and Commitments
CCDFBG-Child Care Assistance	001	21	70720	2021	Available Balance and Commitments



Workforce Development Council

- After hearing from the Departments of Agriculture, Education, Labor and Industry, Human Services, Community and Economic Development, even the Department of Corrections about their workforce development programs it was apparent something needs to change.
- House Republicans are working to create needed collaboration between agencies.
- We will be drafting a bill to create a Workforce Development Council, with performance goals, to do just that.

Zero-Based Budgeting

- The Philadelphia Citizen reported in January 2016...
 - “When he was elected in 2011, Montgomery County Commission Chairman Josh Shapiro inherited a mess. He faced a \$10 million budget hole and a structural deficit of \$49 million—percentage-wise, more of a shortfall than Governor-elect Tom Wolf faces right now.”
 - “Shapiro hired numbers whiz Uri Monson, the former head of the state board that oversees Philly’s fiscal matters, to be his chief financial officer. Soon after taking office, they unveiled their new approach to all county department heads: Instead of submitting their usual request for a percentage raise in their budgets, each had to write a paragraph detailing their core mission. Then Shapiro and Monson worked backwards with them from there, essentially starting at zero and figuring out how much it would take to meet the mission.”
 - “People either became converts or no longer worked here” – Commissioner Josh Shapiro

[Ideas We Should Steal: Zero-Based Budgeting - The Philadelphia Citizen](#)

Zero-Based Budgeting

- The Result of Zero-Based Budgeting...
 - Within a year, the shortfall was transformed into a balanced budget with no new taxes, one that increased pension funding, grew the county's reserves for the first time in four years, and eliminated all earmarks. Last year, the county finished with a \$1.6 million surplus; overall spending was down 10 percent compared to 2011, but investment in human services, education and public safety were all up without any corresponding uptick in debt.
 - "I believe zero-based budgeting is the most important thing governments can do," Shapiro says. "From Harrisburg to D.C., the debate is always about taxes and spending, when what we should be doing is starting our budgets at zero, defining our core mission, and then funding it."

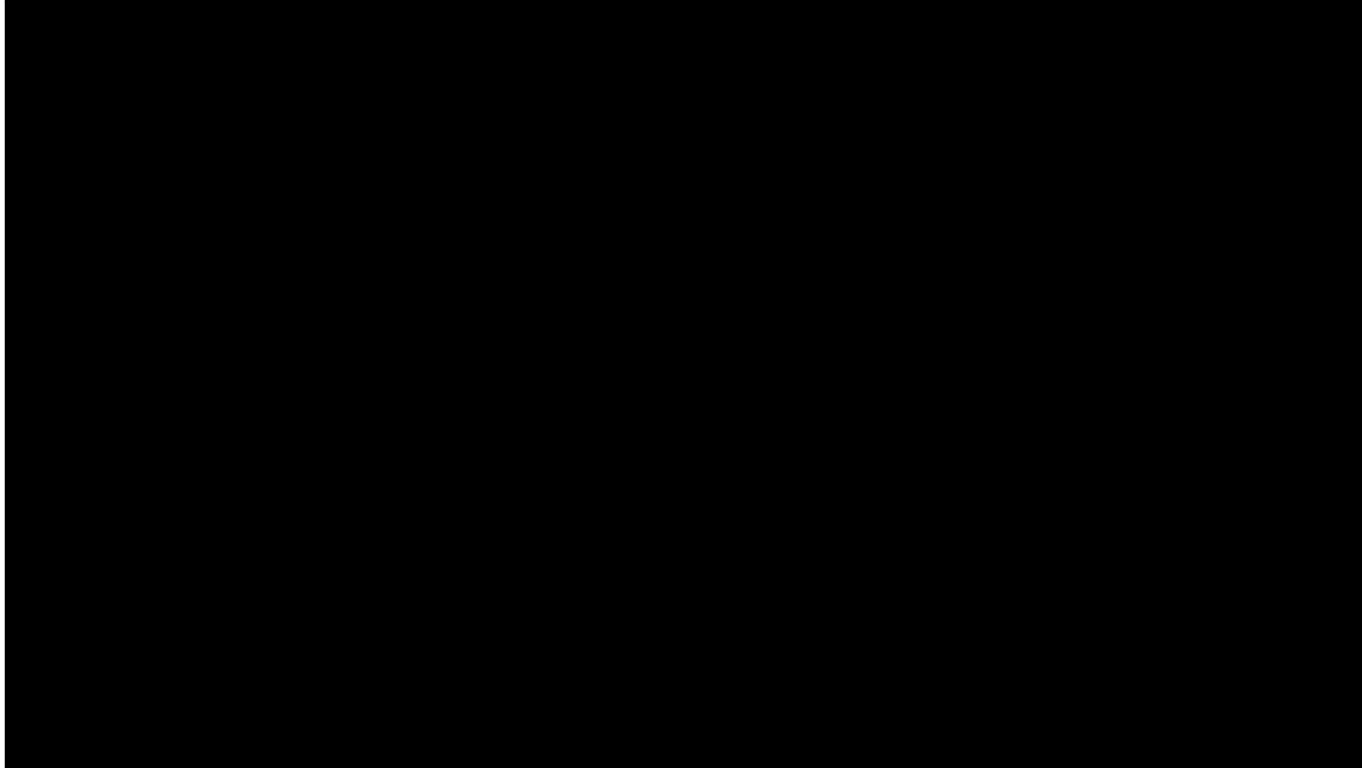
[Ideas We Should Steal: Zero-Based Budgeting - The Philadelphia Citizen](#)

Zero-Based Budgeting

- [HB 1133](#) (Keefer) starts this process
 - Requires state agencies that account for at least 20 percent of the General Fund budget to prepare and submit a zero-based budget plan containing the following information:
 - A description of agency activities and a justification for the existence of each activity by reference to statute or other legal authority.
 - A quantitative estimate of any adverse impacts that could reasonably be expected should activities be discontinued, together with a full description of the methods by which the adverse impact is estimated.
 - An itemized account of expenditures that would be required to maintain agency activity at the minimum level of service required by the statutory authority, together with a concise statement of the quantity and quality of services required at that minimum level.
 - An itemized account of expenditures required to maintain agency activities at current levels of service, together with a concise statement of the quantity and quality of services being provided.
 - A ranking of all activities that shows the relative contribution of each activity to the overall goals and purposes of the agency at current service levels.

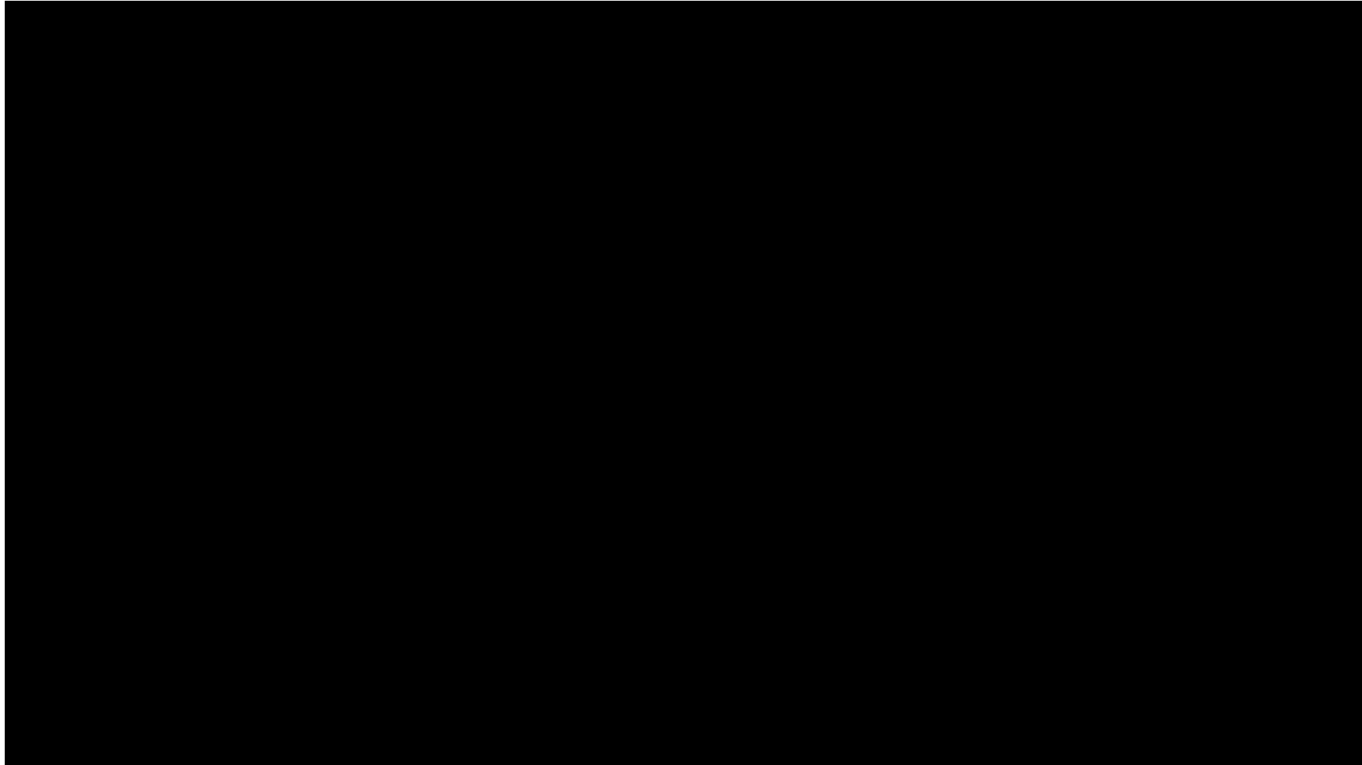
Budget Hearing Follow-up

- A few of our favorite moments:



Budget Hearing Follow-up

- A few of our favorite moments:



Budget Hearing Follow-up

- Unanswered Questions:
 - How many prisoners enter a state correctional institution without a substance abuse issue but leave with an addiction?
 - How many female prisoners have become pregnant while incarcerated?
 - The DOH “Health Promotion and Disease Prevention” line item was noted as necessary to “leverage an additional \$1.25 million in federal funding.”
 - During the hearing DOH was asked about this federal funding but was unable provide any detail on this federal source.
 - The follow-up letter states “the Department has not targeted specific federal funding yet..”
 - Was the \$1.25 million in federal funds made up?

Property Tax and Rent Rebate Program

- The **Property Tax and Rent Rebate (PTRR)** program changes the governor referenced in his budget address won't take full effect until FY 24-25.
 - Seniors will see less money in the upcoming budget year after a temporary 70% increase in the current fiscal year. This could lead to confusion for claimants who have already begun filing for rebates to be issued in July 2023, as the proposed increase would only be realized with rebates issued after July 1, 2024.
 - The proposal requires the transfer of funds from the Property Tax Relief Fund to the Lottery Fund in order to provide the funding needed to pay the increased rebates, thereby **reducing property tax relief already received by homeowners.**

Property Tax and Rent Rebate Program

Property Tax Relief Fund

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2021-22 Actual	2022-23 Available	2023-24 Estimated	2024-25 PY1	2025-26 PY2	2026-27 PY3	2027-28 PY4
1 Cash Balance, Beginning	\$494,427	\$803,410	\$1,028,536	\$1,032,454	\$1,047,600	\$1,069,827	\$1,107,980
2 Receipts:							
3 Transfer from State Gaming Fund	\$1,045,883	\$1,083,787	\$1,107,213	\$1,108,194	\$1,107,318	\$1,115,501	\$1,115,419
4 Property Tax Relief Reserve Fund Repayment	\$2,832	\$0	\$0	\$0	\$0	\$0	\$0
5 Transfer of Personal Income Tax							
6 Interest	\$768	\$13,439	\$17,205	\$21,452	\$23,609	\$25,652	\$27,737
7 Total Receipts	\$1,049,483	\$1,097,226	\$1,124,418	\$1,129,646	\$1,130,927	\$1,141,153	\$1,143,156
8 Total Funds Available	\$1,543,910	\$1,900,636	\$2,152,954	\$2,162,100	\$2,178,527	\$2,210,980	\$2,251,136
9 Disbursements:							
10 Property Tax Relief Payments:							
11 Education:							
12 General Property Tax Relief	\$595,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
13 Additional Homeowner Relief w/o Governor PTRR Proposal			\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
14 Sterling Act	\$26,300	\$28,300	\$28,300	\$28,300	\$28,300	\$28,300	\$28,300
15 Subtotal: Education Property Tax Relief Payments	\$621,300	\$778,300	\$1,028,300	\$1,028,300	\$1,028,300	\$1,028,300	\$1,028,300
16 Revenue:							
17 Expanded Prop Tax/Rent Rebate/Senior Tax Reductions	\$89,800	\$65,900	\$64,900	\$195,700	\$204,400	\$212,700	\$222,400
18 Backout cost of Governor PTRR Proposal				(\$136,200)	(\$150,100)	(\$163,500)	(\$178,100)
19 Cities and High-Burden	\$24,400	\$22,900	\$22,300	\$21,700	\$21,100	\$20,500	\$19,900
20 Subtotal: Revenue Property Tax Relief Payments	\$114,200	\$88,800	\$87,200	\$81,200	\$75,400	\$69,700	\$64,200
21 Total Property Tax Relief Disbursements	\$735,500	\$867,100	\$1,115,500	\$1,109,500	\$1,103,700	\$1,098,000	\$1,092,500
22 Emergency Management:							
23 Fire and Emergency Medical Service Grants	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
24 Total Disbursements	\$740,500	\$872,100	\$1,120,500	\$1,114,500	\$1,108,700	\$1,103,000	\$1,097,500
25 Ending Balance	\$803,410	\$1,028,536	\$1,032,454	\$1,047,600	\$1,069,827	\$1,107,980	\$1,153,636

Property Tax and Rent Rebate Program

Notes:

Act 1 of 2006, Special Session 1 (Act 1)

Section 503. Certification; calculation of minimum and maximum modifiers.

(a) Secretary of the Budget certification.--

(1) No later than April 15, 2006, and April 15 of each year thereafter, the Secretary of the Budget shall certify all of the following:

(i) The total amount of revenue in the fund. In calculating the total amount of revenue in the fund, the secretary shall take into account all of the following:

(A) For the certification to be completed no later than April 15, 2006, revenue which:

(I) has been deposited into the fund prior to the date of the certification;

(II) **is reasonably projected to be deposited into the fund during the six months following the date on which the certification is made; and**

(III) has been appropriated under section 5002.

(B) **For certifications in subsequent fiscal years:**

(I) **revenue which has been deposited into the fund during the six months prior to the date on which the certification is made; and**

(II) **revenue enumerated in clause (A)(II).**

(ii) The total amount of revenue in the Property Tax Relief Reserve Fund.

(iii) In certifying the amount available for distribution under subsection (e), the secretary shall only certify an amount that is sustainable in subsequent years.

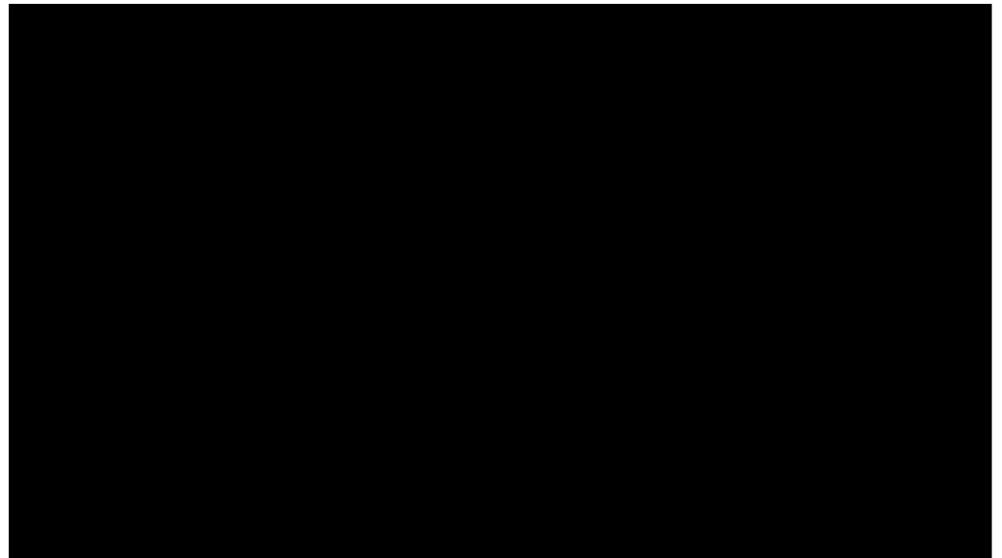
Property Tax Relief Fund Balance - Treasury Transparency Portal:	Total Balance	Required Reserve	Excess Balance
As of October 31, 2022	\$279,519,380	\$150,000,000	\$129,519,380
As of April 30, 2023	\$884,626,312	\$150,000,000	\$734,626,312

Budget Secretary certified \$864.4 million on April 14, 2023, not accounting for the amount of revenue which is reasonably projected to be deposited into the fund during the six months following the date on which the certification is made as required by Section 503(a) of Act 1.

Governor Shapiro's Administration could have certified over \$1 billion in Property Tax relief...but they only certified \$864.4 million – why?

911 Fee/Cell Phone Taxes

- The Department of Revenue testified that the elimination of the **Sales and Use Tax and Gross Receipts Tax on Mobile Telecommunication Services** will save taxpayers an estimated **\$62 million** in FY 2023-24, with the largest savings in any one fiscal year being \$89.6 million.
- **Governor Shapiro has stated publicly**, and House Democrats continue to cite, that this will save taxpayers **\$124 million a year**.



911 Fee/Cell Phone Taxes

Governor Shapiro's Mobile Telecommunication Services Proposal

1. Provide Exclusions from Gross Receipts Tax & Sales and Use Tax
2. Increase the 911 Surcharge and Add Inflationary Adjustments for Future Years

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
1 EXEMPT MOBILE TELECOM FROM TAX ¹	\$0.0	(\$62.0)	(\$89.6)	(\$80.6)	(\$72.6)	(\$65.3)
Gross Receipts	\$0.0	(\$41.1)	(\$41.6)	(\$37.4)	(\$33.7)	(\$30.3)
Non-Motor Sales & Use	\$0.0	(\$20.9)	(\$48.0)	(\$43.2)	(\$38.9)	(\$35.0)
2 911 SURCHARGE INCREASE *	\$0.0	\$19.1	\$78.9	\$88.9	\$98.9	\$108.9
Prior Year Inflation Rate ²			2.71%	2.22%	2.11%	2.28%
911 Surcharge Proposed Amount ³	\$1.65	\$2.03	\$2.08	\$2.13	\$2.18	\$2.23
Proposed Surcharge Increase above \$1.65		\$0.38	\$0.43	\$0.48	\$0.53	\$0.58
\$ Increase in Collections		\$76.3	\$86.3	\$96.4	\$106.4	\$116.5
Calculated Net Impact of Proposal		(\$42.9)	(\$10.7)	\$8.3	\$26.3	\$43.6

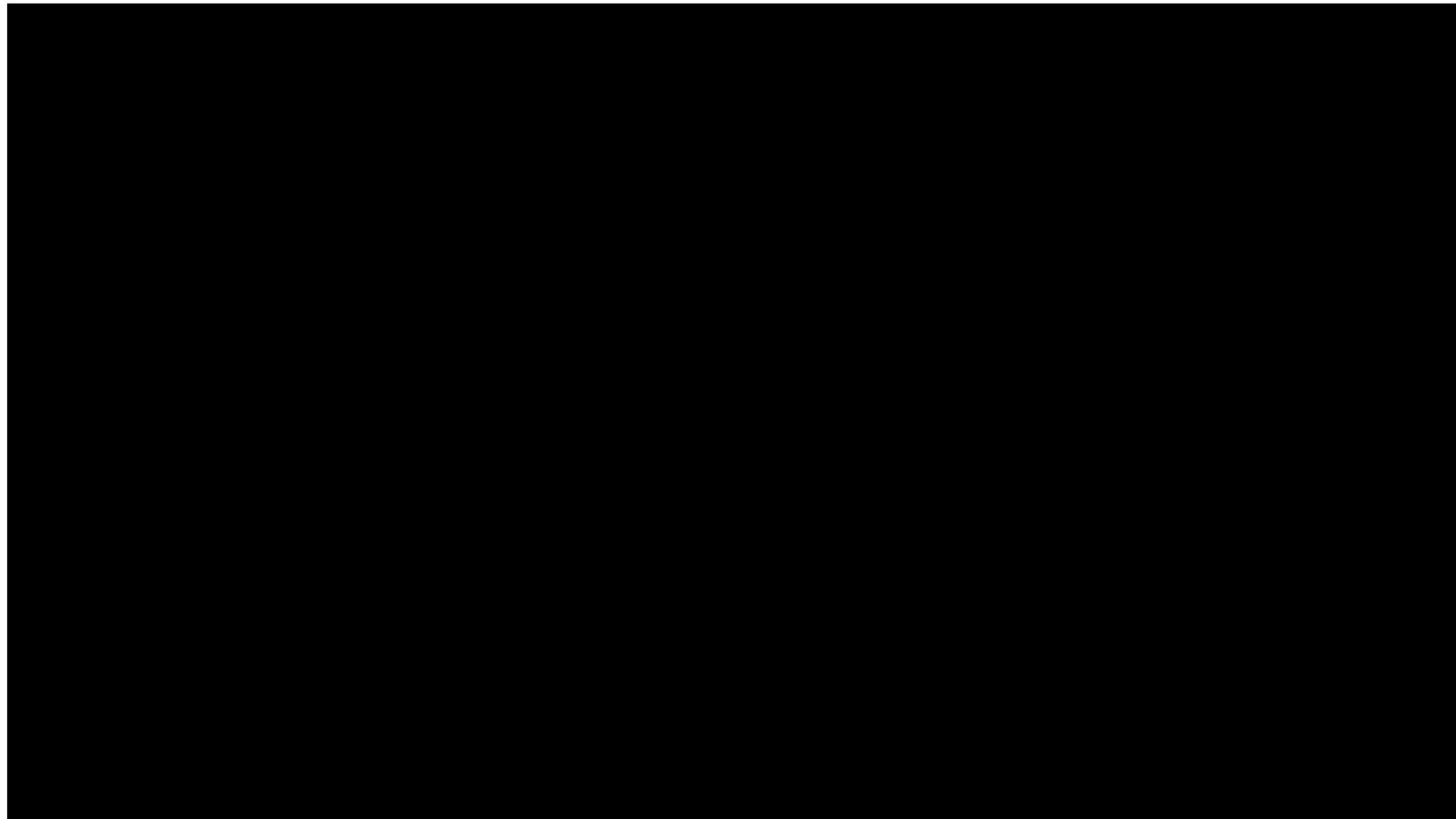
¹ Estimates provided from the Pennsylvania Department of Revenue

² Estimates provided by S&P Global Marketplace, CPI-U April 2023 forecast

³ Governor Shapiro's Budget Proposes a \$0.38 Increase of the 911 Surcharge Beginning January 1, 2024, and Indexes Future Increases to Inflation

*Estimates represent total surcharge collections using current due dates and cash flow adjustments for quarterly payments. Estimates do not account for the retention of administrative fees permitted by statute which reduce the amount available to fund the Statewide Integrated 911 Plan and the 988 Suicide and Crisis Lifeline.

Program Integrity



Program Integrity



From the OSIG....

Toward the conclusion of the hearing and as a follow-up to a previous question, Chairman Grove asked if there is a fraud rate of 40%, which I affirmed. To provide some clarity, OSIG conducts field investigations on approximately 2% of the total number of benefits applications received by the Department of Human Services (DHS). In FY 21-22, DHS received approximately 900,000 applications for assistance. Of these, OSIG completed approximately 20,000 investigations in its Field Investigation Program, of which 40% resulted in DHS either reducing or closing program benefits. OSIG's Field Investigation Program aims to prevent public benefits fraud by investigating applicants, reapplicants, and ongoing recipients of DHS benefit programs. Investigations in this program are initiated when DHS refers cases where it received inaccurate, inconsistent, and/or incomplete information to make an eligibility determination; where OSIG received complaints regarding potential fraud; or where OSIG developed its own basis for investigation. While the investigation could lead to a benefits reduction or closure resulting in an overpayment of benefits that is subsequently criminally prosecuted by OSIG, the term "fraud rate" is used more broadly in this context. This statistic assists OSIG in its ongoing fraud control efforts as it continues to prevent public benefits fraud from occurring.

Program Integrity



GOVERNMENT & POLITICS EDUCATION ENERGY & ENVIRONMENT CIVIL RIGHTS & SOCIAL JUSTICE WORKING & THE ECONOMY ESTRELLA-CAPITAL

GOVERNMENT & POLITICS

HEALTH CARE

Pa. lawmakers roll out bipartisan proposal aimed at curbing Medicaid fraud

BY: JOHN L. MICEK - JANUARY 13, 2020 2:26 PM



“Shapiro said his Medicaid Fraud unit made 292 arrests resulting in 173 convictions and recovered \$34 million for the state in **2017 and 2018***. But his office does not currently have the authority to go after companies that file fraudulent claims in civil court.

As a result, he said, “it’s possible, no, likely, that Pennsylvania is losing \$3 billion a year to fraud,” he said.”

Program Integrity

House Republican Program Integrity legislation...

- **False Claims** (Grove)
 - When an individual knowingly submits a fraudulent claim with the intent to defraud the government, that individual is liable for payment.
 - Definition of “knowing” or “knowingly” means the individual had actual knowledge that the statement or claim was false.
- **National Provider Identification Number (NPI)** – [HB 876](#) (Cabell)
 - In 2019, then PA Attorney General Josh Shapiro supported the grand jury recommendation that DHS should require any anyone providing services under Medicaid in PA shall be identified with either a NPI or State Provider Identification (SPI).
 - Provider identification will ensure proper documentation and accountability for processing payment and claims.
- **DO NOT PAY Initiative** – [HB 44](#) (Owlett)
 - establish a state database of organizations, individuals and entities which are not eligible to receive funds from a commonwealth agency.
- **Improper Payments** – [HB 971](#) (Gaydos)
 - defined as an overpayment/underpayment or a payment for an ineligible service or a payment to someone who was ineligible to receive it.
 - legislation requires agencies to review programs and expenditures and assess whether they are susceptible to an improper payment.
- **Provider Preventable Conditions (PPC)** – [HB 1105](#) (Scialabba)
 - *PPCs*-Health care acquired conditions in in-patient settings- which results in higher costs (e.g., Pressure sores/ hip fractures) OR an invasive or surgical procedure performed on the wrong person or body part.
 - Any Medicaid service provider who fails to keep proper documentation to ensure PPCs do not occur will face substantial fines.
 - The fines will serve as a deterrent to providers to ensure that providers do not file claims for egregious mistakes on part of the provider.



Program Integrity

House Republican Program Integrity legislation...

- **Stopping Medicaid and False Claims** (Kauffman)
 - Triple damages and enhance civil penalties to those who knowingly pursue false or fraudulent Medicaid claims.
- **Cross Checks for Medical Assistance** – [HB 421](#) (Hamm)
 - Verify eligibility by cross checking applicants for – lottery winnings, death records, employment and income, residency, and incarceration.
- **Work and Volunteer Requirements for Medicaid Eligibility** – (Scialabba)
 - Requires able-bodied adults between the ages of 18-65 to work or volunteer a set amount of hours for Medicaid eligibility.
- **Out of State EBT Card Management Program**– (Warner)
 - Requires DHS to create an Electronic Benefits Transfer Card Management Program to develop electronic controls, oversight mechanisms, and follow-up procedures to detect and track fraudulent uses.
- **Securing EBT Card Transactions with Authorized Users** – (Warner)
 - Requires authorized users for EBT cards to sign the same rights and responsibilities agreements as those who are eligible for benefits, holding all recipients and authorized users to the same standards of use
- **Grand Jury Recommendations for MA Fraud** – (Kutz)
 - Increases the penalties for making a false claim against the commonwealth's Medical Assistance to:
 - A felony of the second degree if the fraudulent claim is \$100,000 or more.
 - A felony of the third degree if the fraudulent claim is between \$2,000 and \$100,000.
 - A misdemeanor of the third degree if the fraudulent claim is less than \$2,000.



Program Integrity

House Republican Program Integrity legislation...

- **Medical Integrity Waivers** – [HB 331](#) (Stambaugh)
 - Requires DHS to annually apply for the following waivers:
 - Fraud lockout – prohibit re-enrollment and deny eligibility for up to six months for non-disabled, non-pregnant adults between the ages of 19-64 years who fail to report changes in circumstances impacting their eligibility.
 - Redetermination waiver – enable DHS to redetermine eligibility every six months instead of annually.
 - Suspension of automatic renewal and prepopulated forms to ensure redeterminations occur using correct information.
- **Commonwealth Grant Accountability and Transparency Act** – (Marcell)
 - Requires the establishment of uniform administrative requirements, cost principles, and audit requirements for state and federal pass-through awards to non-federal entities.
- **Federal Funds Oversight** – (Grove)
 - Require the Office of the Budget and state agencies to complete a report prior to accepting federal funding.
 - Requires state agencies to create a transparency portal for federal dollars.
 - Requires the IFO to review current federal funding to ascertain the costs of federal strings attached to accepting the funds.



Program Integrity

- The OSIG also released the report mandated through Act 141 of 2022.
- This report details what the OSIG would need to investigate Unemployment Compensation fraud.
- According to the OSIG...
 - “based on the various other reports produced for and by L&I during the pandemic, it appears that most fraud-rate multiplier-based estimates place the amount of fraudulent payments made in UC programs in Pennsylvania from March 1, 2020 through September 30, 2022 to be approximately \$6 billion.”
- The report is available [here](#).

Delaware County Prison Update

- Rep. Lawrence asked the Department of Corrections about their inspection of the Delaware County prison given the deaths and mismanagement over the past year.
- Several concerns in the DOC's reply...
 - “The Department only collects statistical detail reports regarding incidents...”
 - “The Department’s only recourse following either consecutive or egregious noncompliant inspections with Chapter 95 is to pursue a public hearing process whereby a judge will determine if a county correctional institution should be reclassified to not be able to house inmates sentenced to more than six months.”
 - “The inspections are annual to biennial (every two years) depends on compliance...If a finding of noncompliance is included in the final report a subsequent inspection will be conducted the next year.”
 - “Delaware County jail was inspected in October of 2022. The next inspection is scheduled for December 2023.”

Moving Forward

- House Democrats have introduced Governor Shapiro's budget...will they pass it?
- House Republicans would like to see the committee hold a hearing on the recent audit of the Emergency Medical Services Fund administered by the Department of Health.
 - Several of our members had specific questions during the DOH Budget Hearing on EMS, this continues to be a major issue for the Commonwealth.
- House Republicans wish to avoid another blatant disregard for House Rules like we saw with HB 300 – there is no room for these underhanded tactics.