

16TH DISTRICT  
**PATRICK M. BROWNE**

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*Appropriations Chairman*



**COMMITTEES**

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POLICY

**Senate of Pennsylvania**

September 16, 2015

**COPY**

Honorable Randy Albright, Secretary  
Office of the Budget  
238 Main Capitol Building  
Harrisburg, PA 17120

Dear Secretary Albright:

Thank you for your recent correspondence of September 8, 2015, providing notification of a request for an Act 146 waiver for a prior-year appropriation to the Department of Human Services. As is customary, you have granted a 10-day comment period.

Aside from an additional \$3 million for travel, postage and other operating needs, your correspondence notifies us of your intent to allow the department to spend nearly \$11 million on a new Document Management Center to centralize its statewide incoming mail and document processing activities. While Act 146 provides the Budget Secretary with discretion to allow agencies to keep unused, prior-year funds, I believe this specific request oversteps the legislative intent of the act by providing funding for a very costly project that has not been previously subject to legislative review through the Commonwealth's annual budget process.

Article VIII, section 12 (c)(i) of the Pennsylvania Constitution requires the Governor to submit a budget to the General Assembly that contains "projected operating expenditures classified by department or agency and by program, in reasonable detail..." Based on our initial review of the department's FY 2015-16 budget request and hearing materials, it does not appear the Administration previously requested funding for this initiative in the Governor's March 2015 budget request.

While your notification references the authority granted under Act 146, it fails to consider the implications of bypassing the Commonwealth's annual budget process and creates a shadow budget process wholly at your discretion. Our Constitution vests the General Assembly with authority to approve the contents of all spending bills after their submission by the Governor. To date, the General Assembly has not been afforded the opportunity to review the proposed project to determine if it should be funded, if there are other higher-priority projects, or if the unused funding could instead be used in other ways, such as to offset a portion of the Governor's requested tax increases.

**MAIN DISTRICT OFFICE**  
702 W. HAMILTON STREET, SUITE 101, ALLENTOWN, PA 18101-2471  
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PLEASE VISIT SENATOR BROWNE'S WEBSITE AT [SENATORBROWNE.COM](http://SENATORBROWNE.COM) FOR HIS SATELLITE OFFICE LOCATIONS

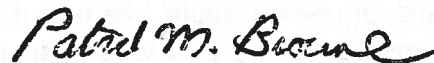
By denying the General Assembly the ability to weigh the project's merits, you would also limit our future discretion to allocate funding if the final cost is more than \$11 million, forcing us to choose between wasting limited resources or tying our hands to costlier investments. Your correspondence implies, in fact, that additional funding will be necessary by stating that the project will not be fully operational until September 1, 2017, nearly two years from now.

The limited information you provided (five sentences of background for what appears to be an \$11 million installment), does not afford us the ability to evaluate the most basic aspects of the proposal, such as the total project cost, the project implementation plan, the expected return on investment, or the number of people whose jobs could be eliminated as a result of streamlining and process improvements.

Aside from these concerns, I also question your intended use of funding from a single appropriation. For shared infrastructure projects like this, Generally Accepted Accounting Principles dictate that costs should be allocated across all users of the infrastructure or should be centrally funded through an agency-wide account, such as the department's Information Systems appropriation. Without knowing the full project cost and any proposed allocation methodology, I cannot be certain if the funding plan you have developed conforms to accepted cost allocation principles.

I respectfully request that you deny this request and suggest that this project be included in the Governor's FY 2016-17 budget request so that members of the General Assembly can provide their constitutionally required review of the proposal.

Sincerely,



Patrick M. Browne, Chairman  
Senate Appropriations Committee

CC: The Honorable William F. Adolph, Jr.  
The Honorable Vincent J. Hughes  
The Honorable Joseph F. Markosek  
The Honorable Timothy Reese  
The Honorable Will Danowski  
The Honorable Theodore Dallas



COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE GOVERNOR

RECEIVED

SEP 11 2015

RANDY ALBRIGHT  
SECRETARY  
GOVERNOR'S OFFICE OF THE BUDGET

September 8, 2015

HARRISBURG OFFICE

Act 146 Waiver Number 15-66

The Honorable Patrick M. Browne  
Chairman  
Senate Appropriations Committee  
281 Main Capitol Building  
Harrisburg, PA 17120

The Honorable William F. Adolph, Jr.  
Chairman  
House Appropriations Committee  
245 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 Joseph F. Markosek  
Minority Chairman  
House Appropriations Committee  
512-E Main Capitol Building  
Harrisburg, PA 17120

Gentlemen:

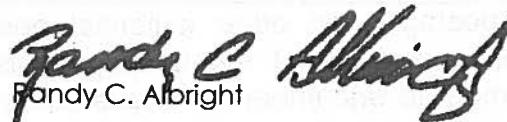
The Department of Human Services has requested a waiver to the lapsing and encumbrance provisions of Act 146 of 1980 and Management Directive 310.3 for the following appropriations:

	SAP Account Code				
<u>Title</u>	<u>COPA Fund</u>	<u>Business Area</u>	<u>SAP Fund</u>	<u>Fiscal Year</u>	<u>Amount</u>
County Assistance Office	001	21	10 264 00	2014	\$13,942,000
Child Support Enforcement	001	21	10 238 00	2014	\$415,353

This waiver is necessary to provide essential funding to improve mail delivery and document handling, scanning and processing activities that are inconsistent among County Assistance Offices (CAOs) and Districts. This process improvement will reduce delays in benefit processing. Additionally, these funds will be used to ensure uninterrupted human services operations of the CAOs and Child Support Enforcement.

I believe this waiver may be in the best interest of the Commonwealth and am considering granting approval. In order 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,

  
Randy C. Albright

Attachment

cc: The Honorable Timothy Reese  
Secretary of Legislative Affairs  
The Honorable Theodore Dallas  
Mr. David Spishock



**pennsylvania**  
DEPARTMENT OF HUMAN SERVICES

**DATE:**

**SUBJECT:** Extension of Management Directive 310.3 Waiver

**TO:** Mr. Randy C. Albright  
Secretary of Budget  
Office of the Budget

**FROM:** Mr. David Spishock, Director  
Office of Budget  
Department of Human Services

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 programs. All waiver requests are requested through June 30, 2016.

**County Assistance Office - Funds 1026400000 Budget Period 2014**

We are requesting the retention of available operating funds in the amount of \$10,942,000 to be excluded from lapsing provisions of Act 146. We are also requesting to allow the Department to encumber the available balance, regardless of commitment item after the May 31, 2015 encumbrance deadline and to retain these encumbrances until payments are completed regardless of period of service.

The current decentralized mail delivery and document handling, scanning, and processing activities are inconsistent among County Assistance Offices (CAOs) and Districts. This has led to delays in benefit processing along with inconsistent quality of scanned documents. Advocates have raised concerns about lost documentation and processing delays. The Governor has approved DHS's plan to improve performance and reduce costs through centralizing its state-wide incoming mail and document processing activities into a centralized Document Management Center. The Department plans to begin centralized operations on 7/1/2016 and be fully operational on 9/1/2017.

**County Assistance Office - Funds 1026400000 Budget Period 2014**

We are requesting the retention of available operating funds in the amount of \$3,000,000 to be excluded from lapsing provisions of Act 146. The Department is requesting this amount for travel, postage and other essential operational requirements to ensure uninterrupted human services operations of the County Assistance Offices. We are also requesting to allow the Department to encumber the available balance, regardless of commitment item after the May 31, 2015 encumbrance deadline and to retain these encumbrances until payments are completed regardless of period of service.



**pennsylvania**  
DEPARTMENT OF HUMAN SERVICES

**Child Support Enforcement – Fund 1023800000 Budget Period 2014**

We are requesting the retention of available operating funds in the amount of \$415,353 to be excluded from lapsing provisions of Act 146. The Department is requesting this amount for travel and other essential operational requirements to ensure uninterrupted human services operations of the Child Support Enforcement program. We are also requesting to allow the Department to encumber the available balance, regardless of commitment item after the May 31, 2015 encumbrance deadline and to retain these encumbrances until payments are completed regardless of period of service.



**pennsylvania**

DEPARTMENT OF HUMAN SERVICES

bcc: Secretary Dallas  
Mr. Brendan Harris  
Ms. Brenda Warburton  
Ms. Pam Porter  
Mr. Dave Spishock  
Mr. Robert Molnar  
Mr. Dennis Bookwalter