

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
BUDGET HEARING

STATE CAPITOL
HARRISBURG, PA
MAIN CAPITOL BUILDING
140 MAJORITY CAUCUS ROOM

THURSDAY, MARCH 5, 2020

OFFICE OF THE BUDGET

BEFORE:

HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN
HONORABLE MATT BRADFORD, MINORITY CHAIRMAN
HONORABLE LYNDA SCHLEGEL-CULVER
HONORABLE SHERYL M. DELOZIER
HONORABLE GEORGE DUNBAR
HONORABLE JONATHAN FRITZ
HONORABLE MATT GABLER
HONORABLE KEITH J. GREINER
HONORABLE MARCIA M. HAHN
HONORABLE DOYLE HEFFLEY
HONORABLE LEE JAMES
HONORABLE JOHN LAWRENCE
HONORABLE JASON ORTITAY
HONORABLE CLINT OWLETT
HONORABLE GREG ROTHMAN
HONORABLE JAMES STRUZZI
HONORABLE JESSE TOPPER
HONORABLE JEFF WHEELAND
HONORABLE RYAN WARNER
HONORABLE MARTINA WHITE
HONORABLE DONNA BULLOCK
HONORABLE MORGAN CEPHAS
HONORABLE MARIA DONATUCCI
HONORABLE ELIZABETH FIEDLER
HONORABLE MARTY FLYNN

*Pennsylvania House of Representatives
Commonwealth of Pennsylvania*

1 (Continued)

2 HONORABLE EDWARD GAINNEY
3 HONORABLE PATTY KIM
4 HONORABLE STEPHEN KINSEY
5 HONORABLE LEANNE KRUEGER
6 HONORABLE STEPHEN MCCARTER
7 HONORABLE BENJAMIN SANCHEZ

8 COMMITTEE STAFF PRESENT:

9 DAVID DONLEY
10 MAJORITY EXECUTIVE DIRECTOR
11 RITCHIE LAFEVER
12 MAJORITY DEPUTY EXECUTIVE DIRECTOR
13
14 ANN BALOGA
15 MINORITY EXECUTIVE DIRECTOR
16 TARA TREES
17 CHIEF COUNSEL
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TESTIFIERS

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SUBMITTED WRITTEN TESTIMONY

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(See submitted written testimony and handouts
online.)

P R O C E E D I N G S

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3 MAJORITY CHAIRMAN SAYLOR: I call the
4 Appropriations hearings back to order. And I'll
5 ask the Madam Secretary, Jennifer Swails, who is
6 our Budget Secretary, to rise and raise her right
7 hand.

8 (Whereupon, Budget Secretary Swails was
9 sworn in.)

10 MAJORITY CHAIRMAN SAYLOR: Thank you,
11 Jen.

12 So we'll get started off with our first
13 questioner of the day, Representative Dunbar.

14 REPRESENTATIVE DUNBAR: Thank you,
15 Mr. Chairman.

16 Good to see you again, Secretary.

17 BUDGET SECRETARY SWAILS: Good to see
18 you.

19 REPRESENTATIVE DUNBAR: I'm sure you're
20 pleased as heck to be here with us.

21 BUDGET SECRETARY SWAILS: Thrilled.

22 REPRESENTATIVE DUNBAR: Thrilled.

23 BUDGET SECRETARY SWAILS: Yeah.

24 REPRESENTATIVE DUNBAR: Anyway, we've had
25 a lot of discussions the last few weeks about a

1 lot of different things, and just to highlight a
2 few of them, we heard on the expenditure side, we
3 heard Secretary Rivera talk about pupil
4 transportation, \$549 million dollar line item,
5 \$200 million of it is from the prior year that we
6 still have to pay out. We also heard from the
7 DHS Financial Director yesterday where we were
8 talking about the Medicaid assistance long-term
9 care line item, and he had said something about a
10 spring estimate that's coming that will be
11 shocking, which makes you a little bit nervous
12 when someone says shocking.

13 BUDGET SECRETARY SWAILS: Did not make me
14 comfortable.

15 REPRESENTATIVE DUNBAR: Sure.

16 BUDGET SECRETARY SWAILS: Yes.

17 REPRESENTATIVE DUNBAR: None of us,
18 really. And there's no increase really on that
19 line item right now to account for whatever
20 shocking thing is going to happen. On the
21 revenue side, minimum wage proposal, the
22 Governor's proposal, says \$133 million of
23 additional revenue. The IFO's estimate was \$50
24 million, which was last year, but they said it
25 would be a similar number this year.

1 we also had a revenue estimate for
2 combined reporting that Revenue Secretary
3 estimated \$238 million increase to revenue, where
4 last year, the exact proposal was going to cost
5 us \$7 million. On top of that, we have, you know
6 25 or so deleted line items with about \$25
7 million that are legislative adds, per se, that
8 aren't counted for.

9 So the question is, is this budget in
10 balance?

11 BUDGET SECRETARY SWAILS: Well, as
12 proposed it is. Certainly, things, as we move
13 forward, can change. We certainly don't
14 anticipate we will get everything that we ask
15 for. And that's part of the, you know, this is
16 the starting point of where we go from here. But
17 to your point, we have several revenue proposals
18 included in the budget, and we also have several
19 initiative proposals that would cost money. So
20 it really depends on, you know, where we land in
21 final discussions.

22 We are ahead of estimate right now in
23 revenue, but we do have to be cautious on if that
24 continues. And we did have gross receipts -- a
25 tax payment that occurred in February.

1 REPRESENTATIVE DUNBAR: That is early --
2 \$50 million early.

3 BUDGET SECRETARY SWAILS: Projecting into
4 March, what does that look like for March?

5 REPRESENTATIVE DUNBAR: Right.

6 BUDGET SECRETARY SWAILS: So I think
7 we'll continue to watch that, as we do, very
8 closely. And as I said, we'll just, you know,
9 continue those conversations with the legislature
10 and see where we land to get a balanced
11 budget.

12 REPRESENTATIVE DUNBAR: And that's the
13 whole thing, landing the plane, how are we going
14 to land the plane.

15 So do you believe that the DHS line item,
16 as it's presently constituted, is going to be
17 sufficient?

18 BUDGET SECRETARY SWAILS: That's the
19 information I have at this time. I think, you
20 know, as most are aware, we provide updates on
21 those specific lines throughout the year. We
22 provided an estimate in October. We received
23 another estimate in December from the Department.
24 That's what we used to put into our budget
25 request. We -- as mentioned, we will again

1 receive an estimate in the spring. It's -- it
2 seems like their, you know, estimates are always
3 off, but what's driving that is people. And we
4 can only estimate how many people will come and
5 what the severity will be. The aging population
6 and those lines associated with that, while we
7 have implemented Community Health Choices to try
8 to bend that cost curve, it's not going to happen
9 overnight. You know, those waivers, aging
10 waivers and home and community-based waivers, I
11 mean, they were growing -- the trajectory was
12 like this. We're trying to just get that to go a
13 little bit.

14 And as we, you know, our population
15 continues to age, it's a continued concern, both
16 on the revenue side, as less people, you know,
17 are working and are retired, but then as they
18 need more services.

19 REPRESENTATIVE DUNBAR: And do you
20 believe that corporations will willingly,
21 knowingly, voluntarily remit corporate taxes
22 under combined reporting nine months earlier than
23 they have to?

24 BUDGET SECRETARY SWAILS: Well, I mean,
25 that's the estimate that Revenue presented, and

1 they certainly know better than I do. But you
2 know, as we mentioned, we received a GRT payment
3 early, so who knows why they made that early in
4 February versus March.

5 REPRESENTATIVE DUNBAR: Yeah. And like
6 you said, we are \$250 million ahead, but \$50
7 million of it is GRT. So we still at least are
8 \$200 million ahead.

9 Do you believe that the zeroed out line
10 items will be added back?

11 BUDGET SECRETARY SWAILS: I think that's
12 generally the case. It's, again, a conversation
13 with the legislature on their value. And as we
14 prepare a budget, we have to focus on, you know,
15 which lines we can fund, and then we have that
16 discussion with the legislature and the ultimate
17 funding lines.

18 REPRESENTATIVE DUNBAR: Have you ever
19 heard the term kabuki dance?

20 BUDGET SECRETARY SWAILS: I believe I
21 heard it yesterday.

22 REPRESENTATIVE DUNBAR: And --

23 BUDGET SECRETARY SWAILS: I don't
24 generally use it.

25 REPRESENTATIVE DUNBAR: Me neither, and I

1 actually, realistically, I had to look it up.
2 And I was a little bit nervous when I did because
3 sometimes you put stuff in a search engine, you
4 don't know what you're going to get.

5 BUDGET SECRETARY SWAILS: Who knows
6 what's coming out of there.

7 REPRESENTATIVE DUNBAR: But I will say
8 this, I mean, the minority chair has referred to
9 a lot of the actions we've taken as a kabuki
10 dance. And I would like to say that given the
11 budget that we have in front of us, which is not
12 really totally workable, it's kind of unrealistic
13 where we're at right now, that this truly is the
14 kabuki dance because what we're stuck with is a
15 situation where, to land a plane, as you say, and
16 as we have more involvement in it, to land a
17 plane, what we're going to have to do is address
18 some of the additional spending that is in this
19 budget, the \$1.4 billion additional spending to
20 land the plane. And at that point in time, then,
21 it's somehow our fault, and it's a budget cut.

22 Ironically -- and I know I'm out of time,
23 but briefly, I did want to say one last thing.
24 When I was looking up kabuki dance and I was
25 doing a search, I also looked up the definition

1 of overspend because the good Chairman has told
2 us repeatedly how disingenuous we were with the
3 term overspend. And the definition for overspend
4 is to spend more than expected or the allotted
5 amount, which I think we have been using it
6 correctly. You know, and you can place blame
7 wherever you want to. I voted for the budget,
8 too. I mean, I'm not going to be disingenuous.
9 I'll be realistic. I voted for the budget, too,
10 but --

11 And you can use whatever term you want to
12 explain it, but it is an overspend. And if
13 that's what helps you dance, then that's fine.
14 But I do appreciate your time. It's always good
15 to see you, Secretary.

16 BUDGET SECRETARY SWAILS: Thank you.

17 MAJORITY CHAIRMAN SAYLOR: Our next
18 questioner is Representative Fiedler.

19 REPRESENTATIVE FIEDLER: Good morning.
20 Thank you for being here.

21 BUDGET SECRETARY SWAILS: Good morning.

22 REPRESENTATIVE FIEDLER: So we are all, I
23 think, troubled by the conditions in many of our
24 schools, lead, asbestos and other toxins, both
25 from a human perspective and certainly as we hear

1 from medical professionals about the health costs
2 that people would face when it comes to cancer,
3 asthma, other health challenges.

4 Can you please talk from a financial
5 perspective about why it makes sense to invest
6 the money that the Governor has proposed in
7 remediating these conditions now?

8 BUDGET SECRETARY SWAILS: I think in
9 general, to your point, we always want our
10 children to attend school in a safe and free of
11 toxin environment. And we certainly don't want
12 to have them sick and have costs related to their
13 sickness. So I think those general concerns are
14 why it's important for us to invest the dollars
15 now and get the dollars to the schools to address
16 this situation and not allow it to continue any
17 longer.

18 REPRESENTATIVE FIEDLER: Thank you. And
19 certainly by, if we chose not to address those
20 conditions, they would still exist, right? They
21 wouldn't magically remedy themselves, they would
22 continue to deteriorate?

23 BUDGET SECRETARY SWAILS: Correct.

24 REPRESENTATIVE FIEDLER: And be more
25 costly.

1 BUDGET SECRETARY SWAILS: Right.

2 REPRESENTATIVE FIEDLER: Thank you.

3 MAJORITY CHAIRMAN SAYLOR: Representative
4 Topper.

5 REPRESENTATIVE TOPPER: Madam Secretary,
6 right here next to Representative Dunbar. Good
7 to see you.

8 Last year during the budget process,
9 overspending or supplemental spending has
10 certainly been an issue over the last few years.
11 And so one of the ways that we tried to remedy
12 that in the General Assembly was by passing a
13 reform which requires the Governor to notify the
14 House and the Senate of possible overspending or
15 supplemental spending by State agencies. It was
16 Act 15 of 2019. It was in the administration --
17 the Admin Code that we passed during the budget.

18 And we did receive a letter in October,
19 which was the timeline that we had requested,
20 about the additional supplemental spending.
21 However, in the Act, we had asked for a written
22 statement detailing the amounts requested and the
23 need for the additional appropriation. But in
24 the letter that we got, all we got was the
25 amounts and the line item. Is there a reason we

1 didn't get -- we feel we didn't get part of what
2 was statutorily required.

3 Is that how you see it or --

4 BUDGET SECRETARY SWAILS: I was advised
5 that's what I was required to give. We did
6 follow up with anyone that had questions about
7 those line items. We met with several
8 Appropriations staff and the Chairman on his
9 questions. We received a lengthy letter
10 requesting some clarification, and we responded.

11 REPRESENTATIVE TOPPER: And I do -- I
12 have that response, that it was -- your response
13 was that the administration submitted the
14 required potential changes to the General Fund
15 amounts included in the general appropriations,
16 as specified in the statute. The legislation
17 requires a written statement detailing the
18 amounts requested and the need for additional
19 appropriation, and this met the requirement as
20 per are our legal interpretation of the statute.

21 So I, again, wanted to make sure that I
22 understood it and went back and looked. And I
23 believe that the spirit would have required not
24 just the line items and the amounts, but the
25 spirit of the statute would also require that

1 detailed explanation.

2 would that be something, moving forward,
3 that we could expect?

4 BUDGET SECRETARY SWAILS: We could
5 provide some additional information.

6 REPRESENTATIVE TOPPER: Okay. Thank you.

7 BUDGET SECRETARY SWAILS: It isn't an
8 official request, though, it's an estimate.

9 REPRESENTATIVE TOPPER: Sure. And I
10 think what we -- what is very helpful in terms of
11 what Representative Dunbar has alluded to is not
12 just the amount, but why is it needed, why the
13 supplemental spending. When we go through the
14 budget and we're trying to put together these
15 numbers, it's all estimates to a certain degree.

16 BUDGET SECRETARY SWAILS: Sure.

17 REPRESENTATIVE TOPPER: Revenue
18 estimates, expenditure estimate, but there are
19 reasons behind those estimates. We want to make
20 sure we're not pulling numbers out of thin air.

21 And along those lines, yesterday, of
22 course -- I think everybody is going back to that
23 word shocking, you know, that we all heard when
24 it came to the demographic challenges that DHS is
25 facing, the growing senior population. But

1 again, as we talk about the reality of addressing
2 those challenges, the Community Health Choices
3 line item was the same. It's been the same --
4 it's the same for the next 18 months.

5 So I'm trying to reconcile the growing
6 demographics that you and Secretary Miller have
7 acknowledged, the term shocking, in terms of what
8 will be coming out in the spring estimate, and
9 the fact that it doesn't seem like the numbers
10 are reflecting that we appreciate exactly how
11 fast that demographic is growing.

12 BUDGET SECRETARY SWAILS: I think,
13 particularly, in that line, there is a rolled
14 payment of about \$380 million that would not be
15 in that number. So to say it doesn't increase is
16 not totally accurate.

17 REPRESENTATIVE TOPPER: So we are
18 accounting for -- we feel that we're adequately
19 accounting for that demographic rise.

20 BUDGET SECRETARY SWAILS: At this time,
21 it reflects that. Yes.

22 REPRESENTATIVE TOPPER: Okay.

23 BUDGET SECRETARY SWAILS: But we
24 certainly will get an updated number in the
25 spring.

1 REPRESENTATIVE TOPPER: Thank you.

2 Thank you, Mr. Chairman.

3 MAJORITY CHAIRMAN SAYLOR: Representative
4 McCarter.

5 REPRESENTATIVE MCCARTER: Thank you very
6 much, Mr. Chairman.

7 And again, thank you, Madam Secretary,
8 for being here. Let me ask two different
9 questions here.

10 One is a question that, surely, over the
11 last seven years that I've been here, each budget
12 year seems to be more complex, both from the
13 revenue side and from the spending side. When we
14 look at these budgets, are there specific
15 recommendations you can give us that -- as
16 legislators -- that we can help with to come up
17 with strategies that might make this process both
18 more transparent and more beneficial, I think for
19 the public, and for us, as well, to be able to
20 understand the budget process?

21 BUDGET SECRETARY SWAILS: Well, I think
22 we try to lay it out as clear as possible in both
23 the budget book and then follow it up with
24 hearing materials that go into the agencies with
25 far more specific details of those -- what's

1 driving those costs and those lines. If you
2 think there's something additional we should be
3 doing, we're happy to discuss that.

4 REPRESENTATIVE MCCARTER: Okay. I think
5 one of the things that, you know -- again, trying
6 to explain this to the public when we go back to
7 our districts, one of the things in the budget,
8 the cost drivers, for instance, in the Department
9 of Human Services, as we heard yesterday and as
10 we know, are the seniors and the growing trends
11 that are there.

12 And looking into the future, would more
13 longer term planning be something that the
14 administration sees as something that would be
15 beneficial, not looking at one year at a time,
16 but at two years, something in a longer plan?

17 BUDGET SECRETARY SWAILS: You know, I
18 think we have out-year projections, but I mean,
19 to your point that we already -- we provide
20 updated numbers in those areas that are the main
21 cost drivers, three or four times throughout the
22 fiscal year, and they change every part of that
23 year. So projecting out two years would still be
24 -- which we do, it would still be, you know,
25 pretty far, I guess, of an estimate of how many

1 individuals we would serve at that time.

2 REPRESENTATIVE MCCARTER: And looking at
3 a second thing then, in tying that in, obviously
4 situations change. And now, with the Covid-19
5 epidemic taking place, as Budget Secretary, how
6 would you describe, in a sense, the planning and
7 actions you're beginning to think about as a
8 result of what an epidemic of this proportion
9 that we're now looking at could have on the
10 current budget and future budgets, as well?

11 BUDGET SECRETARY SWAILS: Yeah. So we're
12 certainly monitoring what's happening at the
13 Federal level. And from our Federal contacts, we
14 believe there will be some funding allocated
15 soon. We expect that Pennsylvania would receive
16 approximately or at least \$50 million related to
17 that. At this time, we are working -- in
18 communication with Dr. Levine on a regular basis,
19 as well as PEMA. They work together to monitor
20 this situation.

21 And we did recently purchase some lab
22 equipment to ensure that we could do testing
23 here, working with other lab providers to make
24 sure that they can get up and running on their
25 lab testing. And it's an ongoing process that we

1 make sure we're monitoring and have plans in
2 place for the, you know, operations of the
3 government to continue in event of an outbreak.

4 REPRESENTATIVE MCCARTER: Can you speak
5 to that a little bit in terms of continuation of
6 government and anything, the types of things
7 that, you know, we are planning in that
8 direction.

9 BUDGET SECRETARY SWAILS: Yeah. I mean,
10 we certainly don't anticipate the need will occur
11 to shut the government down, but if there's an
12 isolated incident that we would have to close a
13 location, we can move workers to a different
14 location. There are work-from-home options that
15 are available. Each agency has what's called a
16 COOP plan. And you know, with acronyms, I can't
17 think of what that means. I'm sure it's like
18 continued operations or something like that, but
19 every agency has one. We're making sure
20 everybody is familiar with it and that it's
21 up-to-date.

22 REPRESENTATIVE MCCARTER: Thank you very
23 much.

24 BUDGET SECRETARY SWAILS: Sure.

25 REPRESENTATIVE MCCARTER: Thank you,

1 Mr. Chairman.

2 MAJORITY CHAIRMAN SAYLOR: Representative
3 White.

4 REPRESENTATIVE WHITE: Thank you,
5 Mr. Chairman.

6 At the Department of Education budget
7 hearing, one of our Committee members noted that
8 many school districts are currently refunding
9 outstanding debt because of the historically low
10 interest rates. Reductions in PlanCon
11 reimbursement payments result when school
12 districts lower their interest costs or retire
13 their debt early.

14 Rather than simply incurring new debt for
15 lead and asbestos remediation projects in
16 schools, would it be possible to repurpose voided
17 PlanCon payments for such projects?

18 BUDGET SECRETARY SWAILS: The PlanCon
19 does not allow for -- only 25 percent of PlanCon
20 expenditures can be used for remediation. And I
21 don't believe there is sufficient funding there
22 that would address it in the level that we're
23 planning to address it with our proposal.

24 REPRESENTATIVE WHITE: The Governor, you
25 know, proposed this \$1 billion dollar capital

1 budget itemization RCAP eligibility program.

2 Do you know how the administration
3 arrived at this billion dollar figure.

4 BUDGET SECRETARY SWAILS: Yeah. I mean,
5 when we hear about -- I mean, certainly we've
6 heard most from the city of Philadelphia, but
7 it's not simply a Philadelphia issue. Their
8 estimates are much larger than \$1 billion, so
9 this is really just a starting point to address
10 these needs across the State.

11 REPRESENTATIVE WHITE: I'm sorry.
12 Philadelphia alone has a billion dollars in need?

13 BUDGET SECRETARY SWAILS: More than a
14 billion dollars in need.

15 REPRESENTATIVE WHITE: It's my
16 understanding that it's \$170 million in need.

17 BUDGET SECRETARY SWAILS: That is not
18 what we've heard.

19 REPRESENTATIVE WHITE: Okay. And who
20 told you that it was a billion dollars from
21 Philadelphia.

22 BUDGET SECRETARY SWAILS: I can't think
23 of who told me at this point, but I'll get back
24 to you.

25 REPRESENTATIVE WHITE: Okay. I would

1 appreciate that.

2 BUDGET SECRETARY SWAILS: Sure.

3 REPRESENTATIVE WHITE: Thank you.

4 Over how many years does the
5 administration plan on spending this \$1 billion
6 dollars?

7 BUDGET SECRETARY SWAILS: I don't know
8 how long once -- you know, the application period
9 would have to open, grants would have to be
10 issued. And there's -- I'm not sure if there's a
11 time frame on that being complete, but the
12 project has to be completed before the money is
13 distributed.

14 REPRESENTATIVE WHITE: And are you
15 planning to go to market for a single billion
16 dollar bond or break it up over several years?

17 BUDGET SECRETARY SWAILS: So you know, we
18 need to amend the debt bill as well as the
19 itemization bill. And our plan would be to go to
20 market for not just that debt, but other debt
21 that we have the opportunity to refund at that
22 time to save some dollars. So I think to answer
23 your question, it would be \$1 billion at once.

24 REPRESENTATIVE WHITE: And are there any
25 particular criteria for a school district to get

1 funding?

2 BUDGET SECRETARY SWAILS: I mean, they
3 would have to submit a project proposal and it
4 would have to be reviewed by our RACP team.

5 REPRESENTATIVE WHITE: Our school
6 districts that have already remediated their lead
7 and asbestos issues eligible for money
8 reimbursement?

9 BUDGET SECRETARY SWAILS: No.

10 REPRESENTATIVE WHITE: And you said the
11 RACP team is going to be deciding who is awarded
12 the money, as well?

13 BUDGET SECRETARY SWAILS: Yes. They
14 would have to review those applications.

15 REPRESENTATIVE WHITE: Since the RACP
16 requires a project to be listed in the capital
17 itemization bill, don't you feel that this form
18 of issuance is going to delay the time frame for
19 the moneys to be issued?

20 BUDGET SECRETARY SWAILS: No. There's an
21 itemization bill out now and could be amended to
22 include this information in it.

23 REPRESENTATIVE WHITE: Again, the --
24 Secretary Rivera had indicated that the required
25 50 percent match for RACP projects could be

1 subject to negotiation; is this accurate?

2 BUDGET SECRETARY SWAILS: Yeah. I think
3 there are several different things that can be
4 used to meet that obligation. It doesn't have to
5 be just cash. It can be assets, as well.

6 REPRESENTATIVE WHITE: Does it mean that
7 there will be a reduced or no local match for
8 these projects?

9 BUDGET SECRETARY SWAILS: No, I don't
10 believe so.

11 REPRESENTATIVE WHITE: Will every school
12 that applies receive funding?

13 BUDGET SECRETARY SWAILS: I guess it
14 depends on how much need there is out there and
15 how many dollars we can distribute.

16 REPRESENTATIVE WHITE: So if there isn't
17 enough funding, then how will the determinations
18 be made as to which school districts will receive
19 funding?

20 BUDGET SECRETARY SWAILS: I guess they'll
21 be reviewed by projects and how critical they
22 are.

23 REPRESENTATIVE WHITE: Is there going to
24 be a more definitive proposal provided to the
25 General Assembly of what the Governor is

1 suggesting, because it's really just like this
2 general broad billion dollar, you know, debt
3 structure?

4 BUDGET SECRETARY SWAILS: Yeah. I think
5 there's language that we'll need for both bills,
6 and we'll get that to the General Assembly.

7 REPRESENTATIVE WHITE: Okay. Do you know
8 at approximately what point in time you'll be
9 able to get that to us?

10 BUDGET SECRETARY SWAILS: Soon. I'm not
11 in charge of the legislation.

12 REPRESENTATIVE WHITE: That's fair. But
13 in terms of the actual proposal itself and how
14 distribution of the funds will be provided to the
15 school district, I think that's important for us
16 to be aware of --

17 BUDGET SECRETARY SWAILS: Sure.

18 REPRESENTATIVE WHITE: -- prior to
19 initiating any kinds of legislation.

20 Is that something that you'll be able to
21 get to us sooner rather than later?

22 BUDGET SECRETARY SWAILS: Yes.

23 REPRESENTATIVE WHITE: Preferably before
24 the end of March.

25 BUDGET SECRETARY SWAILS: Soon.

1 REPRESENTATIVE WHITE: That would be
2 great. Okay.

3 Thank you very much, Chairman. I see my
4 time is up.

5 MAJORITY CHAIRMAN SAYLOR: Representative
6 Cephas.

7 REPRESENTATIVE CEPHAS: Thank you,
8 Chairman.

9 And thank you for being here today and
10 representing the Governor's commitment and
11 investment in so many challenges that we're
12 dealing with across Pennsylvania.

13 Just to follow up on a couple of things
14 that were said about lead and asbestos, I have a
15 school in my district, Cassidy Elementary School,
16 which is one of the schools that are in the worst
17 condition. We had a young girl, Chelsea Mungo,
18 who wrote a letter to myself and the Senator
19 pretty much asking why is there such a disparity
20 in the condition of her school building than it
21 is less than 10 miles away from Lower Marion High
22 School.

23 So I want to go on record in saying I
24 appreciate your commitment. That \$170 million is
25 just for immediate concerns that we have in our

1 school buildings. And I can probably attest to
2 that we do have over a billion dollars worth of
3 concern in buildings that have been built as old
4 as 1956. So I want to first go on record and
5 thank you for that commitment.

6 I want to switch gears a little bit to
7 the issue of gun violence. The Governor
8 mentioned a young man that lost his life out in
9 western PA, to no fault of their own -- no fault
10 of his own -- to gun violence, and this has been
11 a constant issue across Pennsylvania. Just in my
12 district alone -- I'm going into an emergency
13 meeting this Friday -- we had five shootings just
14 within the last four days.

15 Our mayor locally is presenting his
16 budget address today, where he is investing over
17 \$10 million in the issue of gun violence, and
18 it's essentially an issue where it's all hands on
19 deck. So I wanted you to take some time to talk
20 through some of the proposals that you're
21 committing to in this budget season around the
22 issue of gun violence. And I do want to thank
23 the Governor for stepping up in a big way to make
24 this a priority issue.

25 He was just in my colleague's district,

1 Representative Kinsey's district last week
2 talking about the issue of gun violence in our
3 school buildings. But you know, this is just an
4 issue that has been impacting us across
5 Pennsylvania, not just with homicides or in our
6 school buildings, but in our religious
7 institutions. You have suicides are up. You
8 have domestic violence that's up. So it's an
9 issue that we all are dealing with in our urban,
10 rural, and suburban areas.

11 So if you can spend some time talking
12 about some of the investments that the Governor
13 is making this time around, that would be great.

14 BUDGET SECRETARY SWAILS: Sure. So \$6
15 million is included in this proposal for -- to be
16 in PCCD's Gun Violence Prevention for
17 municipalities and local entities to apply for.
18 That's funding -- that program already exists,
19 and an additional \$4 million for the Attorney
20 General's Philadelphia Gun violence Task Force.
21 And he's also calling on, you know, to work with
22 the legislature on additional regulations that we
23 can secure guns and lost and stolen, background
24 checks, things like that.

25 And this is, you know, the focus, to your

1 point, on those bad actors, not the people who
2 have guns and care for them safely and use them
3 for recreation. It's those individuals who are
4 doing wrong, bad things with those guns and not
5 taking care of them.

6 REPRESENTATIVE CEPHAS: I thank you for
7 making that difference. I think we have go get
8 smarter on crime, more strategic, investing in
9 technology, investing in grassroots organizations
10 on the ground that are trying to tackle this
11 issue with us. And I just want to go on record
12 in saying I appreciate the commitment to this
13 effort and knowing that we are all hands on deck
14 and working together to move the needle on this
15 issue.

16 Thank you.

17 BUDGET SECRETARY SWAILS: Thank you.

18 MAJORITY CHAIRMAN SAYLOR: Representative
19 Culver.

20 REPRESENTATIVE CULVER: Thank you,
21 Mr. Chairman.

22 Over here, Madam Secretary. I have two
23 questions I have for you this afternoon -- or
24 this morning. First one, having to do with State
25 Police and the municipal fee charge back.

1 The Governor's budget proposal again
2 calls for a municipal service fee that is
3 projected to generate about \$136 million to cover
4 State Police agency staffing and operation costs.
5 Unlike that from the prior flat fee proposal,
6 this proposal reportedly is predicated on station
7 coverage costs based on incidents and coverage
8 area and considers other factors, like population
9 and income.

10 As you probably already know, it's been
11 fairly public, the formula, and each municipality
12 is able to figure out, you know, what they
13 believe their charge back would be. I represent
14 28 municipalities, and there is great disparity,
15 vast and varied, between what each of them would
16 be charged. It is hard to explain, when you are
17 neighboring municipalities, why one is being
18 charged several hundred thousand and one is being
19 charged \$15,000.

20 There are certain things we can explain,
21 but that is just a very large disparity. So
22 there's great concern about how they're going to
23 be able to meet the charge back and how they're
24 going to pay for it. So my question is, is the
25 Governor proposing any changes to current statute

1 to allow municipalities to generate the funds
2 necessary to pay for the costs of the
3 Pennsylvania State Police charge back?

4 BUDGET SECRETARY SWAILS: Not that I'm
5 aware of.

6 REPRESENTATIVE CULVER: Okay. So what
7 tools, I guess, currently exist in statute, that
8 you're aware of, that would generate the funds
9 for them to pay the charge back.

10 BUDGET SECRETARY SWAILS: You know, local
11 municipalities manage their own budgets and
12 determine how to pay for those budgets. I wanted
13 just to correct you on -- or clarify on what the
14 criteria is. It isn't based on incidents. I
15 just wanted to clarify that. It is based on
16 State Police coverage, municipality population,
17 income level, whether they're full, part-time or
18 -- full-time or part-time.

19 So I just wanted to clarify that.

20 REPRESENTATIVE CULVER: And I still get
21 that, but I mean, there's still a great disparity
22 between what some are being charged and some
23 aren't and they're neighboring. So it's causing
24 a little bit of panic. It's also causing them to
25 pay more attention as to what are the State

1 Police providing to us. And they're actually
2 marking it and tracking it now.

3 And the other thing they want to know is,
4 if we're required to pay for it, will we be
5 getting services, you know, like our local
6 ordinances enforced, will there be more State
7 Police, will they be able to respond more timely?
8 And the answer to all of those in the hearings
9 were no.

10 BUDGET SECRETARY SWAILS: Yeah. I mean,
11 this is to maintain the police force that we have
12 now, given that we have a reduction in dollars
13 coming from the Motor License Fund. So without
14 this fee, or without this income, we have
15 concerns that we won't be able to have the
16 necessary number of cadet classes.

17 REPRESENTATIVE CULVER: And I understand
18 that. I just think they need a more dedicated,
19 more constant flow of funding. So I just want to
20 change course real quick --

21 BUDGET SECRETARY SWAILS: Okay.

22 REPRESENTATIVE CULVER: -- before I run
23 out of time.

24 Community Health Choices, Representative
25 Topper earlier asked if the appropriation request

1 was adequate. I think this is the third time in
2 this hearing that we'll be asking this question,
3 but the budget document shows not a single new
4 senior from now until the end of June 2021 in
5 Community Health Choices. So that's exactly --
6 in the budget document, 362,373 seniors from now
7 until June of 2021. I'm a little confused
8 because we're already asking for supplements this
9 year.

10 when Secretary Miller was here, she said
11 that that was the fasting growing population in
12 PA. Yet from now until June of 2021, we are
13 saying there are 362,373 seniors. That's it. I
14 don't understand how that makes sense.

15 How are we not asking for more money or
16 not budgeting for more money?

17 BUDGET SECRETARY SWAILS: Yeah. I'll
18 have to look into the details of that model and
19 see why there's not -- or what's driving that
20 static population there and get back to you.

21 REPRESENTATIVE CULVER: I mean, just
22 because I think -- I believe this is the second
23 year we've asked for a supplemental, people are
24 asking questions back home. And I don't know if
25 that makes sense or looks very responsible when

1 we know it's the fastest growing population. We
2 know we have the silver tsunami -- I think it's
3 already started, not even upon us anymore.

4 BUDGET SECRETARY SWAILS: Yeah.

5 REPRESENTATIVE CULVER: It's already
6 started. So I just -- I need to understand this.
7 So we are expecting no growth from now until June
8 of 2021 in Community Health Choices?

9 BUDGET SECRETARY SWAILS: I'm going to
10 have to look into it, on why they're showing that
11 population there.

12 REPRESENTATIVE CULVER: So my request is
13 that we look at that carefully because the public
14 isn't crazy about us asking for supplements when
15 we already know the data is going to require
16 that. So I would just ask that we take another
17 look at that and make sure we are being
18 responsible to the taxpayers, to the community
19 that needs the service, and that we're able to
20 provide what we need. So thank you for your
21 time.

22 BUDGET SECRETARY SWAILS: Sure.

23 MAJORITY CHAIRMAN SAYLOR: Representative
24 Krueger.

25 REPRESENTATIVE KRUEGER: Thank you,

1 Mr. Chairman.

2 Thank you, Madam Secretary, for jointing
3 us here today. You're the final testifier in
4 three weeks of hearings. And we've had some-

5 BUDGET SECRETARY SWAILS: I'll leave
6 soon.

7 REPRESENTATIVE KRUEGER: Once you answer
8 all of our questions on the record. Thank you
9 very much.

10 There are things in the Governor's budget
11 proposal this year that I appreciate, and there
12 are some areas where I've got some concerns. I
13 appreciate this year that the proposal doesn't
14 include a proposal to raid restricted
15 environmental funds to balance the budget for the
16 DEP and DCNR. I appreciate that the Governor is
17 attempting to do something about the toxic school
18 environment that we've got here. I appreciate
19 that we're continuing to fund health care for our
20 most vulnerable citizens and increasing support
21 services for folks on the intellectual disability
22 waiting list.

23 I reach out to my constituents. I've
24 done a telephone town hall. I've been in
25 conversations. I've had a senior breakfast in

1 the times that we've been in hearings. And there
2 is one issue that I've heard about over and over
3 again from the folks that I represent in Delaware
4 County, and it's the State Police fee.

5 I represent a number of municipalities.
6 Most of them have their own local police force.
7 These municipalities, boroughs and townships
8 spend between 40 and 60 percent of their local
9 municipal budget on their local police force.
10 And folks have good relationships with our
11 police. These are police officers who put their
12 lives on the line. They're working really hard
13 and people don't mind, in large part, paying for
14 local police because they know that someone is
15 going to be there if they're ever in need.

16 However, the proposal to start charging a
17 fee for every municipality, even those who have
18 their own State Police, is very, very
19 frustrating. So can you tell us, last year there
20 was a proposal that the Governor had to charge a
21 per capita fee on municipalities who were not
22 paying for their own local State police. My one
23 borough that doesn't pay for their own local
24 police told me that they'd be fine with that.
25 They were willing to pay a fee, and they thought

1 the Governor's proposal was fair.

2 How did we get to a new proposal that's
3 going to charge everybody, regardless of local
4 taxes paying for police?

5 BUDGET SECRETARY SWAILS: Well, I will
6 say that the feedback I received was that no one
7 was fine with that. You know, we heard a lot of
8 pushback on the fact that, you know, for example,
9 State College has a local police force. However,
10 there are obvious incidents there that our local
11 police force -- and there are incidents there
12 because of a college town and things like that,
13 where State Police come in, and wouldn't it be
14 fair to address it across the Commonwealth to all
15 municipalities.

16 So you know, I think the issue is, no one
17 likes the fee, right? But my difficulty, and the
18 State Police's difficulty is we have this funding
19 mechanism that is going away and reducing. And
20 we need to figure out a way to fund this. So
21 this is our third try at trying to make it more
22 fair -- from the feedback we've heard -- a more
23 fair formula to address that. And you know,
24 happy to discuss if anyone has any other ideas on
25 how to get these dollars for State Police.

1 REPRESENTATIVE KRUEGER: With all due
2 respect, I believe that this proposal is
3 fundamentally unfair, worse than the previous
4 proposals. And I hope when we get to a final
5 budget vote that it's not included. I -- I'm
6 hearing particularly from local elected officials
7 in Aston Township in my district who say that
8 there's virtually no State Police presence there
9 on a daily basis. It's fundamentally unfair to
10 ask them to cover this cost. We need to find
11 another solution, and I look forward to future
12 proposals that do that.

13 Thank you, Madam Secretary.

14 MAJORITY CHAIRMAN SAYLOR: Representative
15 Owlett.

16 REPRESENTATIVE OWLETT: Thank you,
17 Mr. Chairman.

18 Thank you, Secretary, for being here
19 today. I had a couple of questions about
20 transportation. I'm sure you agree that making
21 sure that we have adequate funding to transport
22 our students to and from school is very important
23 to all of our school districts, would you agree
24 with that?

25 BUDGET SECRETARY SWAILS: Yes.

1 REPRESENTATIVE OWLETT: Do you anticipate
2 any costs of transportation going up between now
3 and the next five years?

4 BUDGET SECRETARY SWAILS: I don't know.

5 REPRESENTATIVE OWLETT: I mean, would it
6 be reasonable to say --

7 BUDGET SECRETARY SWAILS: I don't know.
8 I imagine it would go up.

9 REPRESENTATIVE OWLETT: That it would go
10 up. I mean, every year, we seem to have a bump
11 in that.

12 How much input do you have with other
13 secretaries when they propose some of -- they
14 send you their budgets and their requests. How
15 much pushback do you give them on some of their
16 requests in their budgets?

17 BUDGET SECRETARY SWAILS: Well, I mean,
18 ultimately, I guess I have that decision on what
19 we can fund and what we can't. That goes for all
20 agencies, I imagine. There are -- you know, not
21 me solely, of course, but other members of the
22 Governor's team. But you know, the agencies
23 submit what they feel they need, and then we have
24 to review all of them and determine what we can
25 actually fund.

1 REPRESENTATIVE OWLETT: So my question is
2 on the pupil transport, on page E15-10 in the
3 Governor's book, budget book, it actually states
4 that we're going to level fund transportation for
5 our students for the next five years, all the way
6 to 2025, level fund, no increase. And we're
7 already \$157 million that we're saying we're
8 short this year.

9 So why would we level -- why would we put
10 level funding in the budget for the next
11 anticipating for the next five years if we know
12 it's going to cost us more even this year?

13 BUDGET SECRETARY SWAILS: It comes down
14 to resources at the end of the day. And we do
15 provide the funding to the school districts that
16 they need. It just is on more of a rolling cash
17 basis.

18 REPRESENTATIVE OWLETT: So when is the
19 day of reckoning? When are we going to finally
20 realize, wow -- because it's going to get worse
21 every year. Obviously, it's going to be more and
22 more.

23 When is the final day that we have to
24 say, you know what, we value this, we're going to
25 put money in the budget for it? When do we

1 finally have to do that?

2 BUDGET SECRETARY SWAILS: I guess that's
3 for us to discuss moving forward.

4 REPRESENTATIVE OWLETT: I think that
5 would be something I would love to talk more
6 about. And it kind of, in a sense, goes back to
7 this kabuki dance that we've all been talking
8 about, which is now --

9 BUDGET SECRETARY SWAILS: Everyone's
10 favorite word.

11 REPRESENTATIVE OWLETT: -- which is
12 now -- this is the hot topic, which I can --

13 MAJORITY CHAIRMAN SAYLOR: That is
14 Chairman Bradford's favorite --

15 REPRESENTATIVE OWLETT: Yes.

16 BUDGET SECRETARY SWAILS: -- some sort of
17 a game for that --

18 REPRESENTATIVE OWLETT: Yes. I would say
19 there's no dancing going on over here. You
20 wouldn't want that. But I would -- I would like
21 to caution -- you and I are both new at this
22 process. I think last year was your first year.
23 Last year was my first year. I've learned a lot.
24 You've probably learned a lot over this year, but
25 it seems to me that this process that we go

1 through every year, where we talk about projects
2 that we want to do and new initiatives, that's
3 all fun, but when it comes right down to actually
4 providing the funds that we know we're going to
5 have to provide, we don't do that. We don't do
6 that in the budget. And I will say that's
7 frustrating for me because I want to utilize the
8 best of my time and utilize it to the best of my
9 ability. So when I come and we really get an
10 unrealistic proposal -- I would say, if we pass
11 this today, as it was proposed today, the amount
12 of cuts to our health care folks, you know, and
13 all of the research that we're doing, to
14 agriculture and to our transportation, just to
15 name a few, I mean it would be staggering to what
16 would really happen.

17 So is this a realistic budget proposal?

18 BUDGET SECRETARY SWAILS: I would say
19 yes.

20 REPRESENTATIVE OWLETT: I mean, there's
21 nothing that you would change? I mean, after all
22 of these hearings that we've had --

23 BUDGET SECRETARY SWAILS: I would make it
24 rain money and then I would change a lot of
25 things.

1 REPRESENTATIVE OWLETT: That's right. Me
2 too.

3 BUDGET SECRETARY SWAILS: But otherwise,
4 in real life, no.

5 REPRESENTATIVE OWLETT: Yes. But I mean,
6 the realistic -- the truth is that we'll take
7 this proposal, we'll look at it. We look at the
8 projects that we all got to talk about. And
9 they're all good things that we all want to do,
10 but at the end of the day, we have to make sure
11 that we fund the things that we are responsible
12 to fund. And the good folks of the Commonwealth
13 want us to invest their money wisely and make
14 sure that we continue to fund the obligations
15 that we are responsible to do.

16 So I guess my message would be, I hope
17 that next year we can have a more realistic --
18 and maybe fund some of these areas, instead of
19 cutting agriculture, instead of not funding areas
20 that we know we are going to have to fund, that
21 would be my request. So -- but I appreciate you
22 being here, and I appreciate what you do for us
23 here in the Commonwealth.

24 Thank you.

25 BUDGET SECRETARY SWAILS: Thank you.

1 MAJORITY CHAIRMAN SAYLOR: Representative
2 Donatucci.

3 REPRESENTATIVE DONATUCCI: Thank you,
4 Mr. Chairman.

5 And thank you for being here, Madam
6 Secretary.

7 The coronavirus has now come to America.
8 It's been reported in a few States. With the
9 increasing threat of the coronavirus, many
10 Pennsylvanians plan to utilize our new mail
11 voting process during our upcoming election in an
12 effort to avoid crowds and to stay disease free.

13 Would the administration support
14 additional funding to accommodate the anticipated
15 increase in absentee and mail-in voting?

16 BUDGET SECRETARY SWAILS: I think, you
17 know, as I mentioned before, we're looking to
18 PEMA and to Dr. Levine and other agencies to let
19 us know what costs would be associated with the
20 coronavirus. So we're looking at all of that.

21 REPRESENTATIVE DONATUCCI: All right.
22 I'll change course here.

23 Does the Budget Office anticipate level
24 funding for the Tobacco Settlement Fund programs,
25 like last year?

1 BUDGET SECRETARY SWAILS: Yes.

2 REPRESENTATIVE DONATUCCI: Yes, okay.

3 And then one more, the Pennsylvania Agriculture
4 Surplus System, PASS, works to help support
5 efforts that bring surplus agricultural products
6 to Pennsylvania to those in risk for hunger.

7 with recent and proposed changes in the
8 SNAP Program at the national level, what are some
9 key aspects of the program that are expected to
10 change as we seek to continue combatting hunger
11 in Pennsylvania?

12 BUDGET SECRETARY SWAILS: Changes to the
13 SNAP Program or changes to the PASS Program.

14 REPRESENTATIVE DONATUCCI: To the PASS
15 Program.

16 BUDGET SECRETARY SWAILS: Yeah. So we
17 propose an increase to the PASS Program. It's a
18 great program where it allows -- farmers allow
19 food banks to come in and harvest their leftover
20 crops and use them at the food banks. What has
21 happened in the past is there has been more
22 demand than there's been funding. So we think
23 it's important to increase the funding for this
24 program and utilize the fresh, you know,
25 vegetables and fruits that are available for the

1 food banks.

2 REPRESENTATIVE DONATUCCI: Thank you.

3 Thank you, Mr. Chairman.

4 MAJORITY CHAIRMAN SAYLOR: Representative
5 DeLozier.

6 REPRESENTATIVE DELOZIER: Thank you,
7 Mr. Chairman.

8 Thank you, Secretary, for being here. A
9 lot of varying questions on many different
10 issues. I have a question with transportation
11 and the shift that we have in dollars that are
12 going to be making a huge gap. We are talking
13 about Act 44 and the shift that we have.

14 We did a task force last summer and came
15 out with some good recommendations, and I think
16 some good legislation that would help with some
17 of these gaps that we see coming down the road.
18 My concern is that it doesn't seem in the
19 Governor's proposed budget that he has assisted
20 in recognizing that we do have this gap coming,
21 not only in transportation -- and I talked
22 yesterday with the Secretary about the trach
23 relief and the issue that we've -- and I know
24 we've worked together on that and providing a
25 little bit of a band-aid, but that's also a gap

1 coming down the road that was not addressed in
2 the budge.

3 So with the transportation issue, we
4 have, you know, the turnpike is building to a \$13
5 billion debt with \$450 million going --
6 transferred to PennDOT each year. And that will
7 change in 2021. So we will have that gap of
8 dollars in PennDOT. The Motor Licensing Fund is
9 used for many things that are not
10 transportation-related necessarily, and we're
11 trying to change that, which are all good goals,
12 but we need to start that plan now. So my
13 question, directly, is the fact of what is the
14 Governor's plan or what is he proposing, which is
15 nothing in the budget.

16 So what is it that his plan and proposal
17 may be in order to recognize this gap that we
18 have coming down the road?

19 BUDGET SECRETARY SWAILS: Yeah. I think,
20 ultimately, that's partnership with the
21 legislation for us collectively to decide how we
22 fix that.

23 REPRESENTATIVE DELOZIER: Okay. So
24 there's no plan at this point that the Governor
25 has?

1 BUDGET SECRETARY SWAILS: No.

2 REPRESENTATIVE DELOZIER: Does he support
3 the legislation that we put forward to start that
4 plan with the pieces of legislation that we put
5 forward from our task force?

6 BUDGET SECRETARY SWAILS: I'm not
7 certain.

8 REPRESENTATIVE DELOZIER: You're not
9 certain of the legislation in and of itself.

10 BUDGET SECRETARY SWAILS: I'd have to
11 check. I will have to check what the status of
12 the legislation is.

13 REPRESENTATIVE DELOZIER: Okay. Would
14 you be able to get back to us as to whether or
15 not the Governor supports the ideas that we had
16 put forward of being able -- because it is a
17 recognition that we have this coming, and so many
18 times in State government, our government process
19 is catch-up. And we know this is coming, so we
20 need to be proactive in looking at that. And a
21 frustration that I have and I think is shared by
22 many, especially those that I'm hearing from in
23 my district, is we have a budget proposed for \$2
24 billion more spending, but we're not addressing
25 the gaps that we know are coming.

1 As I mentioned the trach issue, as I
2 mentioned the gap coming from this, these are
3 gaps we know. And I know people will say, you
4 know, we can't tax and spend. We need to know
5 what we're doing. We need to spend within our
6 means. We know both of these gaps are coming and
7 the Governor doesn't seem to have a plan. And
8 that's concerning when he makes a proposal that
9 we should take into consideration that it's
10 necessary.

11 The ability for us to take a look at the
12 \$2 billion and where that goes, as well as the
13 fact that that transfer, does he have any -- I
14 know we talked about the State Police and
15 everything else -- is there any plan for doing
16 that -- transferring those PSP dollars to the
17 General Fund?

18 BUDGET SECRETARY SWAILS: PSP dollars
19 that are coming from --

20 REPRESENTATIVE DELOZIER: State Trooper
21 dollars that are coming from the Motor Licensing
22 Fund that will transfer -- those dollars back to
23 the General Fund?

24 BUDGET SECRETARY SWAILS: The hundred --
25 no, there is not.

1 REPRESENTATIVE DELOZIER: Okay. So that
2 just added to another gap there. And that's not
3 something we have to do, but that's something
4 that the general population and the general
5 consensus is that we should be doing, looking for
6 ways to transfer that. So that's not as imminent
7 as the transfer dealing with the turnpike or the
8 trach issue, but both of which -- I think all
9 three add up to quite a very large ticket item
10 that we have coming down the pike. So I would
11 ask for that consideration and then take a look
12 at the legislation that we've put forward for
13 suggestions as to how we can possibly make those
14 changes.

15 So thank you very much.

16 BUDGET SECRETARY SWAILS: Thank you.

17 REPRESENTATIVE DUNBAR: Thank you,
18 Representative.

19 Next will be Representative Gabler.

20 REPRESENTATIVE GABLER: Thank you,
21 Mr. Chairman.

22 Good morning, Secretary. How are you?

23 BUDGET SECRETARY SWAILS: Good morning.

24 REPRESENTATIVE GABLER: I wanted to
25 return to a conversation that we had started

1 yesterday with the Department of Human Services.
2 And there was a conversation that was had, and
3 there was a member of this Committee who made the
4 statement that somehow the General Assembly
5 underfunded the Department of Human Services,
6 based on the administration's request, by about
7 \$800 million.

8 Now, I'm trying to do the math on this to
9 see how these numbers line up, because I think
10 there was an acknowledgement made during our
11 discussions yesterday that you could make an
12 argument for \$230 million. And I would say it
13 this way, is that there was a discussion about
14 Community Health Choices, and that that
15 appropriation, as agreed to, was about \$172
16 million lower than what was requested in the
17 spring update.

18 And then, between a conversation between
19 the Governor and the General Assembly, there was
20 also an agreed-to \$60 million reduction in the
21 request for the capitation line item. So that
22 would add up to roughly \$230 million. So I
23 wanted to ask if you, in your role as Secretary
24 of the Budget, could give us some specifics as to
25 whether or not you view the General Assembly's

1 appropriation as we stand right now in the
2 current year budget as being short as per what
3 the administration has requested, and does that
4 up to \$800 million as claimed yesterday?

5 BUDGET SECRETARY SWAILS: So I think -- I
6 there's been some underfunding that has occurred
7 over the last several years. And when we -- as I
8 said, we update these estimates over, you know,
9 three or four times a year. And at the end of
10 the day, we have an appropriation that, you know,
11 is established. And you know, Representative
12 Dunbar said it's overspending what is allocated
13 or expected. So I think definitely over what is
14 allocated, but not necessarily what was expected.

15 So we certainly continue to see growth in
16 those areas. And as mentioned yesterday, I
17 believe, these are mandated programs. So when we
18 -- CHC is new, so we're doing our best to
19 estimate that. But when, you know, a disabled or
20 elderly person comes, is qualified for nursing
21 facility, eligible -- financial eligibility, we
22 don't have the option to create a waiting list
23 for these services, we must provide these
24 services. So there has been underfunding that
25 has occurred, but also there is more spending

1 than we had anticipated, as well.

2 REPRESENTATIVE GABLER: And I appreciate
3 that. I want to refer back to something that
4 Representative Delozier just said about looking
5 at projections and trying to figure out what
6 these demographics are. And I think the concern
7 that I have as a member of this Committee is
8 we're trying to put value into this process.
9 We've spent three weeks here with members having
10 discussions with the administration, trying to
11 kick the tires on this budget and get down to the
12 facts so that we can engage in the conversation
13 that will happen over the next few months.

14 But one of the things that I think is
15 very concerning is that the Governor delivered us
16 a budget proposal in the beginning of February.
17 And then, we have these conversations over three
18 weeks, and here we are and we're being told that,
19 well, there's no way to project -- there's no way
20 to expect what's changed. And we're hearing
21 yesterday from Human Services that we're going to
22 get shocking numbers in the spring update.

23 And we heard that there's no way to have
24 a good model on what our senior population looks
25 like so that we can project for what's going to

1 come. So instead, we receive a budget proposal
2 with a model that shows zero growth in a given
3 population. So we have a Governor's budget
4 proposal, we're going to expect a spring update
5 brief that is going to significantly depart from
6 that.

7 How do we put value back into this
8 process, so that the conversation that we're
9 having between the General Assembly and the
10 administration yields some value? Because I'm
11 afraid we're going to get to June and we're going
12 to say, well, everything is irrelevant because
13 everything has changed and we didn't project.

14 How can we get more realistic projections
15 and inject them into this process, so that what
16 we're all doing here provides a value added?

17 BUDGET SECRETARY SWAILS: I think there's
18 a couple things. You know, I think we do our
19 best to do those estimates and provide those
20 estimates. At the end of the day, it's about
21 available dollars and where the General Assembly
22 wants that bottom line number to be. So
23 sometimes there is a need to put dollars into the
24 Rainy Day Fund. Could those have gone somewhere
25 else? Yes, they could have, but they're now in

1 the Rainy Day Fund.

2 So we have to do our best to give the
3 General Assembly the best estimate that we can
4 and then, you know, discuss on the priorities of
5 what that budget looks like.

6 REPRESENTATIVE GABLER: And I appreciate
7 that. And I think that the concern that I have
8 is that we receive a proposal from the Governor,
9 and there's a lot of messaging involved with
10 that. And a lot of the messaging claims that
11 it's balanced, that there's no increase in taxes,
12 no increase in fees. But then we turn and we dig
13 into the details and we see that in the
14 Department of Agriculture, we don't have
15 livestock safety and research, we don't have
16 hardwoods development, we don't have these things
17 that are expected to come back.

18 In Human Services, we're talking about
19 areas where we have \$800 million in unaccounted
20 for expenses when you consider the supplemental
21 requests plus the dollars rolled forward. So I
22 guess my question is, with all of these
23 discussions that we've had, is the proposal
24 delivered to us really a balanced
25 budget?

1 BUDGET SECRETARY SWAILS: I believe I
2 already answered that.

3 REPRESENTATIVE GABLER: I appreciate
4 that. I'm out of time, but thank you for the
5 opportunity to have the discussion.

6 REPRESENTATIVE DUNBAR: Thank you,
7 Representative.

8 Next will be Representatives James.

9 REPRESENTATIVE JAMES: Thank you,
10 Mr. Chairman.

11 Secretary, I'm over here to your right.

12 BUDGET SECRETARY SWAILS: There we go.

13 REPRESENTATIVE JAMES: Good morning.

14 So there's kind of a theme going on here,
15 I detect. But before I ask my question, I did
16 google your bio, Penn State grad, professional
17 accountancy.

18 BUDGET SECRETARY SWAILS: Exciting.

19 REPRESENTATIVE JAMES: Huh?

20 BUDGET SECRETARY SWAILS: It sounds
21 exciting.

22 MAJORITY CHAIRMAN SAYLOR: Secretary,
23 Chairman Bradford wants to know if you're a
24 kabuki dancer, too.

25 BUDGET SECRETARY SWAILS: I have not

1 added that to my resumé yet.

2 REPRESENTATIVE JAMES: Hey, you guys are
3 taking my time.

4 BUDGET SECRETARY SWAILS: Got to add some
5 minutes back onto the green light.

6 REPRESENTATIVE JAMES: Yeah. Let's see
7 what we can do about that.

8 But the point I'm bringing -- the reason
9 I'm bring that point up is because you clearly
10 are in the right spot at the right time to
11 provide assistance and guidance to all of the
12 agency chiefs, the Governor, everybody in the
13 administration. Thank you very much.

14 In accountancy, precision is -- I was
15 going to say important. It's actually critical
16 because everybody uses those numbers as
17 guidelines to run their program. But I detect
18 some accounting sleight of hand in here, and
19 specifically, here's what I'm talking about.

20 The proposed budget shifts about \$308
21 million out of '19-20 into '20-21, meaning we
22 improperly mismanaged our budget for that year.
23 Then going forward, medical assistance, Community
24 Health Choices, community waiver program,
25 collectively, is -- well, that's \$308,000. And

1 then, Community Health Choices is another
2 \$388,000.

3 So DHS was here yesterday and they
4 admitted, yep, there's an \$801 million shortfall.
5 I'll use that term. CPAs in the room are
6 cringing because they know they're not supposed
7 to be doing this to sort of sleight of hand.
8 They're supposed to be upfront and give useful
9 information.

10 So what is your response to that?

11 Has anyone in the administration come to
12 you, and with your background, did you tell them,
13 hey, you can't do this, you've got to be honest
14 with the taxpayers?

15 BUDGET SECRETARY SWAILS: Yeah. So I
16 think we were honest. We did highlight that we
17 showed those rolled costs forward. And I think
18 the only difference from any other year is that
19 I'm showing it in a budget request that we would
20 roll costs forward, as opposed to not showing it
21 and trying to bury it. So you know, we had this
22 question yesterday, as well, and you know if the
23 desire is to show the negative balance on the
24 financial statement in '19-20, certainly, we can
25 have those costs in '19-20, but what will really

1 happen is we will pay them with '20-21 revenues.

2 REPRESENTATIVE JAMES: And you're good
3 with that?

4 BUDGET SECRETARY SWAILS: It's the
5 reality of the situation.

6 REPRESENTATIVE JAMES: Okay. I had hoped
7 for a different answer from you because of your
8 professional background.

9 It's been referenced already one time
10 that if you add all of these irregularities up,
11 there's roughly a \$2 billion shortfall imposed
12 upon us by DHS, who is prepared to welcome
13 everybody at any time for any reason, and we owe
14 them money. I think there's general agreement
15 that's unsustainable.

16 Do you have any comment about how we can
17 get these costs in hand?

18 BUDGET SECRETARY SWAILS: Yeah. So
19 again, these programs are mandated that we serve
20 these individuals. The Department does have a
21 Health Outcomes Report that recently showed how
22 they have adjusted the capitation rates in
23 physical health and behavioral health over the
24 last five years, have reduced those down by about
25 a billion dollars. So it is -- the situation is

1 really that the services they provide are just
2 increasing in need. And they have talked about
3 that, and it's -- the aging population, it's the
4 disabled population. And those are driving those
5 costs.

6 And while they continue to try to put
7 efficiencies in those contracts, you know,
8 value-based purchasing and things like that,
9 there is not a day goes by that I don't hear from
10 someone about how our rates aren't high enough.
11 And at the same time, they want the spend to go
12 down. So it's a difficult discussion to have on
13 how we should be providing all of the services we
14 need to provide for our senior and our vulnerable
15 population, our disabled population, and pay them
16 an excellent rate and also have the spend go
17 down.

18 REPRESENTATIVE JAMES: Well, as long as
19 we keep the Pennsylvania taxpayers in mind, I
20 would appreciate that. I know they would, too.

21 That's all I have for the Secretary.

22 MAJORITY CHAIRMAN SAYLOR: Representative
23 Lawrence.

24 REPRESENTATIVE LAWRENCE: Thank you,
25 Mr. Chairman.

1 Madam Secretary, I want to revisit the
2 Governor's proposed transfer of \$200 million from
3 the Horse Race Development Fund. At the 2018
4 Farm Show Public Officials Luncheon, Governor
5 Wolf unveiled a report paid for by the
6 Pennsylvania Department of Agriculture and
7 produced by the Temple Fox School of Business
8 entitled Pennsylvania Agriculture, A Look at the
9 Economic Impact and Future Trends.

10 The Governor lauded the report, stating,
11 quote, I know firsthand the transformative power
12 of agriculture. As public officials, I'm sure
13 you see that power on display in your own
14 communities across the State. It's because of
15 that potential that my administration has worked
16 so hard to invest in and grow this category,
17 unquote.

18 Page 41 of this report lists the equine
19 industry as one of only two agricultural sectors
20 in the Commonwealth in the, quote, strong and
21 growing category, later stating that, quote,
22 equine sector is very important to the
23 Commonwealth. Both the Governor and Secretary
24 Russell Redding have made many other statements
25 over the years, some quite strong, in favor of

1 dollars in the Horse Race Development Fund
2 benefitting the equine industry.

3 The Governor's about-face reversal caught
4 the entire equine community off guard and has
5 already led to incalculable economic losses
6 across the Commonwealth.

7 what would you say to farmers who took
8 the Governor at his word and made significant
9 private investment and are now facing choices
10 that might include selling their farm or moving
11 out of state?

12 BUDGET SECRETARY SWAILS: You know, I
13 think we have made significant investments in
14 this industry. Over \$3 billion has gone to this
15 industry. And you know, to say about-face, we
16 have a situation with our limited revenues here
17 in the Commonwealth, an increasing issue with
18 higher education costs. And keeping young people
19 in the State, as we just talked about, the
20 growing cost of seniors. So I think it's
21 important to focus on whether it makes sense for
22 us to continue to invest \$204 million in race
23 horsing purses or if it's time to shift that
24 investment into higher education and students in
25 Pennsylvania and having them stay here.

1 REPRESENTATIVE LAWRENCE: So Madam
2 Secretary, the Race Horse Development Fund is
3 funded through a tax on gambling in the
4 Commonwealth. As you know, category 1 casinos
5 are required by law to be cited with a race
6 track. This was part of the deal that legalized
7 gambling under the Rendell administration. It's
8 my understanding that senior officials from the
9 administration recently met with representative
10 from the category 1 casinos, floating the
11 possibility of allowing the casinos to walk away
12 from their historical commitment to the
13 racetracks.

14 Are you aware of any meetings between the
15 administration and the casinos on this topic?

16 BUDGET SECRETARY SWAILS: No, I'm not.

17 REPRESENTATIVE LAWRENCE: Have you had
18 any discussions about any changes in the
19 relationship between casinos and associated race
20 tracks?

21 BUDGET SECRETARY SWAILS: I have not.

22 REPRESENTATIVE LAWRENCE: Would you agree
23 that a divorce of the casinos and the racetracks
24 would likely result in most of the track closing,
25 devastating equine breeding across the

1 Commonwealth and leading to the loss of a
2 significant number of jobs and thousands of acres
3 of open space?

4 BUDGET SECRETARY SWAILS: I imagine that
5 to be true. If they're no longer required to
6 have the race horsing, I'm not sure that they
7 would keep them.

8 REPRESENTATIVE LAWRENCE: So again, with
9 the proposed \$200 million transfer out of the
10 fund -- again, the Governor a few years ago said
11 any halt breeding from payments would be
12 extremely concerning and potentially devastating.
13 As his Budget Secretary, have you given him any
14 advice about the economic impact to agriculture
15 in this Commonwealth if this proposal moves
16 forward?

17 BUDGET SECRETARY SWAILS: No, I have not.

18 REPRESENTATIVE LAWRENCE: Wouldn't you
19 say that might be part of your responsibility?

20 BUDGET SECRETARY SWAILS: I mean, I think
21 we're focusing on the economic viability of
22 Pennsylvania as a whole, not just the agriculture
23 or equine industry. There is no other
24 agriculture industry that is subsidized by funds
25 like this one is. And again, higher education in

1 Pennsylvania, keeping young people here, which is
2 what this proposal does, is important to
3 Pennsylvania and the economy here.

4 REPRESENTATIVE LAWRENCE: Madam
5 Secretary, I appreciate your time here today.

6 And Mr. Chairman, I thank you for the
7 indulgence on the questions. Thank you.

8 BUDGET SECRETARY SWAILS: Thank you.

9 MAJORITY CHAIRMAN SAYLOR: Representative
10 Rothman.

11 REPRESENTATIVE ROTHMAN: Thank you.

12 Madam Secretary, just to follow up a
13 little bit with my colleague's questions. The
14 money that you're taking from the Race Horse
15 Development Fund is going to go to, I understand,
16 a Nellie Bly tuition program. And I asked the
17 Secretary of Education last week about details
18 about it. I just wanted to ask you if you know
19 more about it.

20 This would be eligible for any student
21 coming to Pennsylvania, whether they're residents
22 of Pennsylvania or even residents of the United
23 States.

24 BUDGET SECRETARY SWAILS: Anyone
25 attending a PASSHE university.

1 REPRESENTATIVE ROTHMAN: And they would
2 get \$8,000 to \$10,000 a year if you take the
3 numbers, we're thinking, each year. There's no
4 means test?

5 BUDGET SECRETARY SWAILS: No. There
6 would be. It would be based on financial
7 eligibility for a grant program. If you're grant
8 eligible through PHEAA standards, as well.

9 REPRESENTATIVE ROTHMAN: And if they stay
10 in the State, the loan -- they don't pay it back.
11 If they leave the State, it becomes a loan.

12 BUDGET SECRETARY SWAILS: It would
13 convert to a loan, yes.

14 REPRESENTATIVE ROTHMAN: Interest rates?

15 BUDGET SECRETARY SWAILS: Yes. I'm not
16 sure what the interest rates are. The Department
17 of Education would determine that.

18 REPRESENTATIVE ROTHMAN: How do you
19 collect it?

20 BUDGET SECRETARY SWAILS: They would have
21 a mechanism to collect it.

22 REPRESENTATIVE ROTHMAN: And how do you
23 know they leave?

24 BUDGET SECRETARY SWAILS: I mean, I think
25 they're -- they have ability to track whether

1 they're in Pennsylvania or not.

2 REPRESENTATIVE ROTHMAN: And this is a
3 grant every year for every year that they're a
4 student?

5 BUDGET SECRETARY SWAILS: Yes.

6 REPRESENTATIVE ROTHMAN: And where we see
7 graduation rates at over 60 percent in a six-year
8 period, if they don't graduate, they have to pay
9 it back.

10 BUDGET SECRETARY SWAILS: I believe it
11 converts to a loan.

12 REPRESENTATIVE ROTHMAN: So I appreciate
13 you saying that the Governor wants to invest, the
14 administration wants to invest in keeping
15 students in Pennsylvania. I absolutely agree.
16 We're losing young people, as you know. But I
17 would just point out to you that I think what
18 keeps young people and what attracts young people
19 to Pennsylvania is opportunity and jobs. By
20 taking this money out of the Race Horse
21 Development Fund, you're threatening 23,000 jobs.

22 So it would seem to me that the better
23 route would be to create a healthy economy and
24 opportunities for young people. And Nellie Bly
25 herself went to New York City. But I appreciate

1 -- at age 23, by the way. I appreciate your
2 answers on that.

3 I wanted to shift to the banking fund.
4 As you know, the banking fund comes from fees the
5 banks pay. In addition to all the other taxes
6 they pay, your proposals take \$21 million from
7 this fund to go to general operations of DEP and
8 -- what's the rationale for doing that?

9 We have lots of funds that fund
10 environmental agencies. Why not take it from
11 some of those funds?

12 BUDGET SECRETARY SWAILS: We have
13 language in the Fiscal Code that allows us to
14 have \$45 million in transfers, and we felt there
15 was \$21 million available in the Banking Fund.

16 REPRESENTATIVE ROTHMAN: Is it going to
17 hurt the Banking Fund?

18 The Banking Fund is there to protect
19 consumers, protect banks against defaults?

20 BUDGET SECRETARY SWAILS: It is, but we
21 don't believe there will be any harm to any
22 program within the banking industry.

23 REPRESENTATIVE ROTHMAN: And do you think
24 that it's -- do you think that -- I guess you
25 don't, but I think it would be more appropriate

1 for you to take money from the funds that are
2 there to help the environment and take the money
3 -- you objected to that, I just heard earlier
4 today. One of my colleague objected to taking
5 money out of one of the environmental funds.

6 wouldn't it make more sense to take money
7 out of the environmental funds to fund the
8 environmental programs?

9 BUDGET SECRETARY SWAILS: We're using
10 those environmental funds to fund those
11 environmental programs. And as I mentioned, the
12 Fiscal Code language gave us the ability to
13 determine where the \$45 million in fund transfers
14 came from.

15 REPRESENTATIVE ROTHMAN: There's still a
16 lot of money in the environmental funds, though,
17 right? I mean, there's still considerable money.

18 BUDGET SECRETARY SWAILS: There is plenty
19 in the environmental funds, yes.

20 REPRESENTATIVE ROTHMAN: That aren't
21 being used or may be used in the future, but are
22 not being used now.

23 Also, I just want to point out that these
24 banks are paying lots of other taxes, as well,
25 right? I mean, they pay real estate tax, bank

1 share tax, corporate net income tax? I mean, all
2 those things that -- I think this is -- and are
3 important to our economy. And if the banks are
4 the ones loaning money to the small businesses,
5 to the entrepreneurs, the people who we're trying
6 to attract. So I think that's misguided and hope
7 you would reconsider that, as well as look more
8 into the Race Horse Development Fund and not
9 raiding that.

10 And back to that, does the administration
11 have the legal authority to take the money out of
12 the trust fund?

13 BUDGET SECRETARY SWAILS: We would need
14 legislative changes for that.

15 REPRESENTATIVE ROTHMAN: Okay. Thank you
16 for your time.

17 BUDGET SECRETARY SWAILS: Thank you.

18 MAJORITY CHAIRMAN SAYLOR: Representative
19 Fritz.

20 REPRESENTATIVE FRITZ: Thank you,
21 Mr. Chairman.

22 And good morning, Madam Secretary.

23 BUDGET SECRETARY SWAILS: Good morning.

24 REPRESENTATIVE FRITZ: I have two focus
25 areas. So in the interest of time, we'll get

1 right to it.

2 To start, Madam Secretary, the last
3 version of the Commonwealth's Enterprise
4 Information Technology Strategic Plan covered
5 2016 through 2019.

6 Does the administration plan to release
7 an updated version?

8 BUDGET SECRETARY SWAILS: I don't even
9 know what that is, so I'd have to check.

10 REPRESENTATIVE FRITZ: Okay. Again, it's
11 the Commonwealth's Enterprise Information
12 Technology Strategic Plan. If you get back to
13 me, that would be great.

14 Same theme, Madam Secretary, can you
15 address what are the administration's priorities
16 in terms of information technology investments
17 for the coming year and beyond? Information
18 technology investments.

19 BUDGET SECRETARY SWAILS: Not
20 specifically, but I can follow up with you.

21 REPRESENTATIVE FRITZ: Okay. That would
22 be great.

23 Okay. We're going to shift gears.
24 Second query, Madam Secretary, focuses on
25 broadband, and specifically, the administration's

1 claim to focus on expansion of broadband access
2 to rural Pennsylvania, but I do not see that in
3 the State budget proposal. There is no line item
4 to fund the Governor's proposal of broadband
5 initiatives and only one employee, that being the
6 Director.

7 This office is supposed to coordinate
8 broadband build-out and coordinate effort to
9 incur Federal funding, but I don't see any
10 resources given to the Governor's Office of
11 broadband initiatives.

12 where in this proposed budget is money to
13 fund the work of this important office, and how
14 much is allocated?

15 BUDGET SECRETARY SWAILS: So as you are
16 aware, the Governor has proposed Restore PA.
17 That would securitize a severance tax, and
18 broadband would be an eligible expense under that
19 proposal.

20 REPRESENTATIVE FRITZ: Well, I'll just
21 introduce a little factoid here that we have been
22 unsuccessful in drawing down Federal USDA grant
23 moneys because Pennsylvania lacks a broadband
24 build-out strategic plan. It is a key scoring
25 criteria in order to draw down USDA grant

1 dollars. We are leaving our rural folks at a
2 disadvantage. So I'll move on.

3 Here is one's takeaway, Madam Secretary,
4 from these budget hearings. There's an abundance
5 of "pork." There is questionable management.
6 There's a disregard for return on investment, and
7 there's outside special interests influencing
8 what ought to be unbiased and objective agencies.
9 But for a rural legislator, there's another clear
10 observation. There's a patent disregard for
11 rural residents. Hard-working, salt-of-the-earth
12 taxpaying constituents in rural districts, such
13 as mine, are constantly sent to the end of the
14 line by this administration.

15 Madam Secretary for you and your boss, it
16 is confounding beyond words and, frankly,
17 unconscionable.

18 That's all, Mr. Chairman. Thank you.

19 MAJORITY CHAIRMAN SAYLOR: Representative
20 Wheeland.

21 REPRESENTATIVE WHEELAND: Thank you,
22 Mr. Chairman.

23 Madam Secretary, good morning.

24 BUDGET SECRETARY SWAILS: Good morning.

25 REPRESENTATIVE WHEELAND: State

1 correctional institutions, their line, there is a
2 request for a \$75 million supplemental
3 appropriation for 2019-20 -- or '19-20. This
4 marks the second year in a row that the
5 Department has needed a supplemental
6 appropriation for the SCI line. I believe there
7 was a \$40 million request in '18-19. With the
8 closure of prisons and the declining prison
9 population, the cost to operate the Department
10 should be going down, but they continue to grow.

11 why is this additional funding necessary
12 and what led to the significant overspend
13 currently?

14 BUDGET SECRETARY SWAILS: I don't think
15 we received the dollars requested in this budget,
16 which is why we have the request for a
17 supplemental need, particularly on the SCI line.
18 There is increased medical costs, which is
19 related to that line. The fact -- we did close
20 -- we are proposing to close Retreat. The
21 savings there were hopeful to be six-month
22 savings, but the closure did not occur in that
23 time.

24 REPRESENTATIVE WHEELAND: Okay. You had
25 mentioned medical care cost increases. So the

1 Department of Corrections also asks for an
2 additional \$14.9 million in '19-20 to cover
3 overspending in the current year, medical care
4 appropriation. And this marks the second year in
5 a row that the medical care line item needed
6 supplemental funds. And there was also a request
7 for, I believe, \$10 million supplemental
8 appropriation for 2018-19. And furthermore, the
9 administration is requesting an additional
10 increase of \$5.1 million for this budget.

11 What's driving these funding increases?

12 Has the prison population, the makeup of
13 the population changed significantly or what's
14 driving these costs?

15 BUDGET SECRETARY SWAILS: We used to have
16 some dollars available to us to address Hepatitis
17 C and HIV, and those dollars have been exhausted.
18 We don't have those anymore. So we were
19 assisting -- offsetting those costs with previous
20 year dollars, and now those dollars aren't there.
21 We do have an increased cost related to Hep C in
22 prisons.

23 REPRESENTATIVE WHEELAND: It's just
24 beginning to appear to me that it's easier to
25 understate the expenses and then turn right

1 around and ask for supplementals.

2 Is that what --

3 BUDGET SECRETARY SWAILS: Definitely not
4 easier, no.

5 REPRESENTATIVE WHEELAND: But it appears
6 that's what's going on. And --

7 BUDGET SECRETARY SWAILS: I don't think
8 that that --

9 REPRESENTATIVE WHEELAND: -- it's very
10 disappointing. It's frustrating. It's a sign of
11 mismanagement, in my opinion. I, in my former
12 life, was a county commissioner and we had our
13 own prison and our own prison issues to deal
14 with. But certainly, we would never consider
15 running our correctional facility like the state
16 is, coming back, asking for more money.

17 There's just -- it's obvious that there's
18 mismanagement there. Thank you.

19 MAJORITY CHAIRMAN SAYLOR: Representative
20 Greiner.

21 REPRESENTATIVE GREINER: Thank you,
22 Mr. Chairman.

23 Madam Secretary, I want to talk about
24 Restore PA to start with. And throughout the
25 hearings, there were several cabinet

1 secretaries -- DEP, DCNR, PennDOT was here, and
2 all others, who talked about how valuable this
3 program would be. And I was wondering whether
4 you could provide me a list of projects. I know
5 the Governor has been going throughout the State
6 talking about these projects.

7 Could you provide me a list of what he's
8 proposed and what, maybe, he's promised to some
9 of the local officials?

10 BUDGET SECRETARY SWAILS: Sure. There's
11 no official projects have been promised. We
12 talked about categories of projects, but the
13 ultimate decision on what's used in Restore PA
14 would be a conversation, and in conjunction with
15 the legislature.

16 REPRESENTATIVE GREINER: So there's
17 nothing -- there's not a definitive list? I know
18 he was in Lancaster County --

19 BUDGET SECRETARY SWAILS: There's a list
20 of categories of what projects could be done,
21 happy to get you that, but no actual projects.

22 REPRESENTATIVE GREINER: Okay. I would
23 like to see that list. But I was wondering
24 because I know he's been in Columbia. I know
25 he's been in some other towns. And I know

1 there's different, you know -- my predecessor
2 here that spoke before me talked about broadband
3 and different areas, and I just didn't know
4 whether municipal officials, county officials
5 said, hey, if we could get this funding, you're
6 going to get this project.

7 BUDGET SECRETARY SWAILS: No. No.

8 REPRESENTATIVE GREINER: But I would like
9 to see the general list. You can share that with
10 the Chairman.

11 BUDGET SECRETARY SWAILS: Sure.

12 REPRESENTATIVE GREINER: The one thing I
13 was wondering, how did you and the Governor, or
14 the administration, reach the \$4.5 billion
15 proposed number?

16 I mean, how do you land at that number?
17 Why isn't it \$5 billion, why isn't it \$2
18 billion?

19 BUDGET SECRETARY SWAILS: We determined
20 what we would have sufficient revenue to pay the
21 debt service for.

22 REPRESENTATIVE GREINER: Well, let me ask
23 you about that, too. This debt service -- and
24 I'm one of those CPAs who happens to be here in
25 the Appropriations Committee. We are talking

1 about borrowing \$4.5 billion of money, with a
2 debt service of \$360 million over the next 24
3 years. And they talk about a -- of course, this
4 would be paid for through a severance tax, which
5 would generate \$700 million annually.

6 well, now, this is where the math gets
7 confusing to me. If it's going to generate \$700
8 million annually, and our debt service is \$360,
9 where's the extra going to go.

10 BUDGET SECRETARY SWAILS: Yeah. Again,
11 that would be a conversation with the legislature
12 to determine that. This is the Governor's
13 proposal, but ultimately, we need to have the
14 conversation with the legislature on what the
15 final product looks like.

16 REPRESENTATIVE GREINER: So it sounds
17 like -- all right. It sounds like there could be
18 play in those numbers.

19 we really wouldn't need to -- first of
20 all, the tax wouldn't have to be that high, if
21 there is one. Or else something would have to be
22 modified if we want to -- if we want to have the
23 debt service equal the amount we're actually
24 spending on the project. That's all I'm saying.

25 BUDGET SECRETARY SWAILS: Room for

1 discussion, for sure.

2

3 REPRESENTATIVE GREINER: Correct. Okay.

4 Now, I do want to come full circle
5 because I guess we're almost done with these
6 hearings, but I do have to laugh about the kabuki
7 dance. You know, being a CPA, I tend to be more
8 serious, take things more pragmatic. As the
9 former speaker said, I was a county controller.
10 And as a controller, I worked closely with my
11 county commissioners. I couldn't overspend. And
12 if I did overspend, I had -- would have to have
13 that conversation.

14 I'm in the sixth or fifth biggest county
15 now in the State. I think Lancaster now has
16 surpassed Delaware County in population. And I'm
17 just saying, so we're not a small entity, you
18 know. And we had to deal -- I was on the prison
19 board and had to deal with all of these issues.
20 We have, you know, the same issues at the State
21 as we do at the county many times with some of
22 these things.

23 And you know, I hate to use the word
24 mismanagement, but when you're \$900 billion
25 dollars -- yeah, when you're \$900 million, not

1 billion, almost a billion, overspent -- I do
2 think that's a problem, you know. And like I
3 said, I can understand how my colleagues feel
4 that that's mismanagement because I think there
5 needs to be a conversation or needs to be a
6 dialogue -- the Governor did sign this budget,
7 you know.

8 And when you have these numbers and then
9 you have -- the discussion here was we didn't
10 look at the senior population. We instinctively
11 -- Representative Gabler kind of stole some of my
12 thunder today. I think, instinctively, we feel
13 that there's going to be more supplementals, you
14 know. And who knows what we're going to hear
15 with the spring numbers and what have you. All
16 I'm saying is, I hope -- I look at the budget as
17 a very serious document. And I think we need to
18 look at it in a way that -- we have a
19 responsibility to the taxpayers, too. And that's
20 all I'm saying.

21 You know, we've had supplementals over
22 the years, but it does get frustrating when one
23 of my other colleagues talked about, you know,
24 we're taking money out of ag and health line
25 items and what have you. And of course, we have

1 the transportation issue. I mean, there's a
2 variety of things we have to discuss here and
3 we're going to look at, but I do think -- I do
4 think, to say -- and it came up yesterday that it
5 was our responsibility for the overspend and the
6 way we budgeted. And I think that -- I really do
7 think that was not a true comment. I'll just
8 leave it go at that, as we continue to work
9 through this process.

10 I just want to leave it go at that
11 because I do have concerns as a numbers guy
12 moving forward. So thank you. Thank you for
13 your time.

14 BUDGET SECRETARY SWAILS: Thank you.

15 MAJORITY CHAIRMAN SAYLOR: Representative
16 Struzzi.

17 REPRESENTATIVE STRUZZI: Good morning.
18 Good morning. Just to start things off, a very
19 simple question, and then I will have some
20 comments.

21 Like Representative Owlett, this is my
22 second go-around on Appropriations, and same for
23 you through this budget process. But first, to
24 the very simple question at the very top of the
25 General Fund appropriations, the Governor's

1 office, under his line item, is asking for a 9.4
2 percent increase of about \$644,000.

3 why is that needed, and what will it be
4 used for?

5 BUDGET SECRETARY SWAILS: Yeah. I
6 believe it's just strictly related to salary
7 increases, contract salary increases. And I
8 believe there was some one-time prior dollars
9 used.

10 REPRESENTATIVE STRUZZI: Okay. All
11 right. And now to this entire process. And I'm
12 not going to use the term everyone else has been
13 using, but I'll say it's more of a shell game,
14 trying to put stuff out there, see where the
15 money is going to pop up. And to me, you know,
16 being only in my fifteenth month in office, it's
17 very frustrating. And I understand why the
18 taxpayers get frustrated, as well.

19 There really isn't a lot of transparency
20 in this process. And I have a whole list of
21 things that I could go through. I guess you get
22 the download of all three weeks of us sitting
23 here and going through this process.

24 BUDGET SECRETARY SWAILS: I'm lucky that
25 way.

1 REPRESENTATIVE STRUZZI: Yeah, I would
2 say.

3 But I do have to ask, though, like all
4 these different proposals, it makes you wonder,
5 you know, what are we really serious about.
6 Representative Fritz mentioned broadband, a
7 one-person office to solve all the problems of
8 broadband in this State, when that's such a
9 serious issue for our rural communities.

10 When I was speaking with PHEAA, you know,
11 we have the PA Targeted Industry grant program
12 that has an 89 percent placement rate, and yet
13 we're underfunding that by \$2 million. If we're
14 serious about workforce and filling these job
15 gaps, why wouldn't we just put that \$2 million
16 in?

17 You have the State System and the State
18 related systems, you know, Penn State, Pitt,
19 we're funding all of them to lower tuition rates,
20 and we're funding competition between the State
21 system and the state related at a time when the
22 State system is struggling. They've asked for
23 \$20 million over the next five years for \$100
24 million, yet that's not even funded in the
25 budget, correct?

1 BUDGET SECRETARY SWAILS: Correct.

2 REPRESENTATIVE STRUZZI: The State Police
3 -- the State Police should be focused on
4 protecting our communities and protecting our
5 families and keeping people safe, not how they
6 can fill their own budget gap.

7 I mean, I just -- some of this stuff --
8 and I think Representative Owlett hit it very
9 well, these are fundamental things that
10 government should be doing. And again, we're
11 praying a shell game with the money. And from my
12 perspective, again, being new, it's just super
13 frustrating. So I think, from your perspective,
14 and I get that -- I sense a level of frustration,
15 as well, but I hope moving forward and in future
16 years and as we work through this budget and we
17 put the money back in that needs to be there,
18 that we can come to a better process to make this
19 more transparent for the taxpayers and really
20 more responsible to those that sent us here to do
21 these jobs.

22 So thank you.

23 BUDGET SECRETARY SWAILS: Thank you.

24 MAJORITY CHAIRMAN SAYLOR: Representative
25 Bradford.

1 REPRESENTATIVE BRADFORD: Thank you,
2 Secretary.

3 And thank you, Chairman.

4 I want to want wrap up. And I know we've
5 all had a good laugh at the term kabuki dance,
6 but I want to throw something else out because I
7 think it might also bring some humor and levity
8 to the situation, but I think also talks to kind
9 of what's driving this. And again, not to bring
10 humor to it, but there's something called the
11 Kübler-Ross model, the modified Kübler-Ross
12 model, which I believe is typically referred to
13 as the seven stages of grief.

14 And for those who know it, you know, it
15 goes: shock, denial, anger, bargaining,
16 depression, testing, and acceptance. And while
17 the last three weeks has often been frustrating
18 -- and I'm sure my friends on the other side of
19 the aisle share that, I know you do. This is not
20 an easy job you have and you do a great job
21 advocating for the administration.

22 One of the things I take tremendous hope
23 from -- and I actually want to recognizes, you
24 know, Representative Struzzi and his frustration
25 as a newer member looking at this budget

1 situation we find ourselves in year after year.
2 I've been here for 11 years. What you said, in
3 many ways, sounds very similar to what I feel
4 about this.

5 This process does not seem to work. It
6 sounds like many of these meetings we talk about
7 how we can't cut many, many things. And in fact,
8 any revenues that are put into the Governor's
9 budget, there is no support for. And then, we
10 talk about all of these different budgeting
11 techniques that are used that we don't like. And
12 listen, I want to run through them because I
13 don't think my Republican colleagues are wrong to
14 point out there is a \$388 million CHC rolled
15 payment into '21-22. There is.

16 The pupil transportation roll, that is a
17 perpetual snowballing roll at this point. It is
18 there. There's no doubt about it. We should
19 talk about it openly, but we should also be
20 intellectually honest enough to look ourselves in
21 the mirror, this body, this state House, which
22 has been doing this now for the better part of 10
23 years, and own what is our responsibility. That
24 is what I call the kabuki dance, but it is also
25 self-denial.

1 We can be upset about it, but when we
2 arbitrarily cut capitation items, which has been
3 going on forever in this building -- and again, I
4 make the Casablanca reference. There's gambling
5 in this building?

6 This has been going on forever. So it is
7 disingenuous and again, to try to blame career
8 officials who are doing their best and say, oh my
9 God, you overspent, come on, we underfund these
10 lines habitually and it is obvious. The use of
11 fund transfers, last year was \$45 million out of
12 environmental lines. A couple years back, it
13 resulted in the farm show issue.

14 We turned PlanCon into bond proceeds. I
15 think that's \$193 million. We securitized the
16 Tobacco Settlement Fund at a billion five. This
17 is a hodgepodge of things that have been done
18 that I don't think any of us feel good about from
19 a budgeting standpoint, but we own them. We have
20 brought this about. And it's more than that.

21 You know, I think about the loan from the
22 workers' Compensation Security Fund. We delayed
23 repayment of that. I think right now we're
24 proposing to pay that back in 2024.

25 Representative Struzzi will be in his second or

1 third term by that point, and I don't want him to
2 be any more disillusioned than he is already by
3 the process, but I'm not confident that's the
4 case.

5 I'm also not confident we're ever going
6 to get that \$200 million from the JUA, which
7 every year we book. And I'm not confident that
8 we're going to pass needed legislation that the
9 Governor is saying in his budget he needs in
10 order to make this one work. And I throw that
11 out just to say, you know, minimum wage. If we
12 don't pass minimum wage -- and the House
13 leadership has shown no willingness to do that --
14 that's \$123 million cost in this budget.

15 Or we can do what we did last year and
16 book the savings, but not the expense. And
17 that's just -- again, it's not bad people. It's
18 people dealing with the political realities of a
19 body that is led in a way that is unable to make
20 cuts and unable to do revenue. And so this is
21 the political reality. So to sit here with
22 righteous indignation and blame one
23 administration, this is across multiple
24 administrations and it's not to blame
25 administrations. It's to say, you're dealing

1 with a legislature that cannot govern and will
2 not change.

3 We have to own this. This is our fault.
4 And to say otherwise is just disingenuous. So
5 I'm going to go back, and I'm going to say it's
6 not your professional background that's the
7 problem. It might just be ours. I'm going to go
8 back, though, where I started because here's one
9 thing I think there's great hope for in this
10 building today. This is the seven stages of
11 grief. And it's not to be humorous about it.

12 It's to recognize, initially, there was
13 shock, and there was paralysis at learning the
14 bad news. And then there was denial. We were
15 trying to avoid the inevitable. And then there's
16 anger. And we've seen some of that.
17 Frustration, the outpouring of bottled-up
18 emotion. And then there's bargaining, seeking in
19 vain for a way. And some of these budgeting
20 techniques that we've used are reflective of
21 that.

22 And then there's depression, final
23 realization of the inevitable. And there's
24 testing, seeking realistic solutions. I'm
25 suggesting we might be at that point, where we

1 look at realistic solutions. And then, finally,
2 full acceptance, the final stage of the seven
3 stages of grief, where we deal with our budgeting
4 issues in a real, honest way.

5 Democrats and Republicans saying we will
6 govern, we will own this process. We will not
7 scapegoat agencies and just make up what makes us
8 feel better because we don't want to deal with
9 the responsibility the people of Pennsylvania
10 have given us. I don't want to be humorous about
11 it or flippant about it or light about it. This
12 is a difficult choice. We've gone through a very
13 difficult 10 years following the Great Recession.

14 And many of these were brought about
15 because we had to deal with tough budget years,
16 but many of my Republican friends are right to
17 say this is about as good an economy as we've
18 had. This budget cycle, this business cycle at
19 some point will lead to recession. We've put --
20 and this administration deserves yeoman credit
21 for putting money into a Rainy Day Fund, but we
22 should recognize that tougher days, inevitably,
23 are ahead. And if we don't deal with these
24 problems while the sun is shining, it will be
25 much harder to deal with that leaky roof in rainy

1 days.

2 This is not an argument for any one
3 solution because, frankly, for any solution to
4 come about in this building, it needs to be
5 bipartisan and honest and intellectually fair,
6 but we must stop this disingenuous, trying to say
7 it's overspending. We need to look in the mirror
8 and have an honest reckoning with where we are as
9 a Commonwealth, as a budget, and what ownership
10 this legislature, this leadership has brought for
11 Pennsylvania.

12 I want to thank you. I have no
13 questions, obviously. I have tremendous
14 concerns. I really do sincerely thank you for
15 putting up with the legislature. On both sides,
16 it can be very difficult. I know that you do not
17 have an easy job. I realize we don't make it
18 easier. I just want to thank you for what you do
19 for the Commonwealth. You do a tremendous job.

20 Thank you, Secretary.

21 BUDGET SECRETARY SWAILS: Thank you.

22 MAJORITY CHAIRMAN SAYLOR: Madam
23 Secretary, we do joke a lot around here because
24 we all basically consider ourselves friends. And
25 it's a coping mechanism -- the pressure.

1 BUDGET SECRETARY SWAILS: All of those
2 things, yes.

3 MAJORITY CHAIRMAN SAYLOR: But seriously,
4 I would be remiss if I didn't express real
5 serious concerns that I and many of my colleagues
6 have concerning this budget proposal. You know,
7 we have these budget hearings to properly assess
8 the merits of the Governor's budget proposal and
9 the practicality of how it's to be implemented.

10 And what concerns me this year is year
11 after year, we see less and less details in the
12 Governor's budget policies. The lack of detail
13 is often so stunning that we are left questioning
14 if these proposals are really real or really a
15 priority of this administration, or if it's just
16 simply a process to give political cover to the
17 Governor. The Governor's budget proposal for the
18 upcoming year and the financial statement
19 contained therein show that this proposal, if
20 taken as a reality, is operating on a very razor
21 thin margin.

22 And if a simple miscalculation in this
23 budget is made by the executive branch, then the
24 budget is out of balance and the whole house of
25 cards comes tumbling down. During these last few

1 weeks, we've had State agencies come before us
2 and perform some of the kabuki dances that my
3 counterpart here talks about all the time in an
4 attempt to trying to explain some of the serious
5 inconsistencies in this Governor's budget
6 document, one of the serious concerns that
7 continues to be, our supplementals and
8 overspending of this administration.

9 You know, it is the sole responsibility
10 of the Governor, not this Governor, every
11 Governor, to live within the means of the budget
12 he agrees to and that he signs into law. And
13 that is one point that's very important, that the
14 Governor agreed to the spending limits in his
15 negotiations with this General Assembly. So you
16 know, when we have testifiers like the Department
17 of Corrections, who acknowledge a budget was
18 passed and simply say to us here in our budget
19 hearings that it creates a great deal of concern
20 when they basically ignore -- an employee ignores
21 his boss, the Governor, and says, it doesn't
22 matter, you know, we didn't get what we wanted.
23 Well, his boss said this is what I agree to and
24 this is what we'll live within.

25 Yesterday at our hearings, the Department

1 of Human Services sounded an alarm of an agency
2 that has run amuck, and I mean run amuck. The
3 Department has admitted that the overrun cost for
4 the current fiscal year is actually over \$800
5 million, not the \$500 million that was reported
6 in the Governor's budget book document. DHS has
7 achieved this failure by pushing current year
8 costs into next year's budget and pushing that
9 cost that should be in next year's budget to look
10 to the future, the kinds of gimmicks that we see
11 all the time in these budgets that really
12 continue to create real financial issues for the
13 State of Pennsylvania.

14 DHS tries to blame and shift the blame
15 for all of these issues to the General Assembly.
16 The key point here that blows up their argument
17 is we appropriated nearly every line item that
18 DHS requested in their spring update last year.
19 And the couple of lines that they were different
20 from the spring update were agreed to by the
21 Governor that we made cuts to. And I've heard
22 that the minority chairman here states that we
23 are to blame for this situation of supplemental
24 spending. My hope is that he's using the royal
25 "we" to describe the members of his own party and

1 ours because of the different sides of the aisles
2 and the problems we create sometimes.

3 But when we deal with a Governor, we have
4 every reason to believe that he will live up to
5 his commitments, to what he has negotiated in our
6 budget negotiations. We understand that at
7 times, things happen in a fiscal year. Record
8 numbers of supplementals, though, just simply
9 needs more and more definition as to the logic.

10 DHS was here, and we asked numerous
11 questions of DHS about projected spending. No
12 answers. Yet the State Police can project their
13 spending and different issues in what they
14 believe should be the cost to each municipality
15 in Pennsylvania, but yet our own DHS who has all
16 kinds of information available to them cannot do
17 any forecasting that's accurate to give this
18 General Assembly a proper understanding of where
19 we're headed with their budget.

20 Sadly, the overspending by the Department
21 of DHS is really, really concerning with where
22 we're headed with structural deficit there. And
23 it was really shocking yesterday when we talked
24 about the Community Health Choices when the
25 administration and its own employees raised

1 alarms about the holes in the budget. You know,
2 it really is concerning when our department, our
3 professionals, cannot project at least within
4 reason of what they expect to spend and what our
5 senior population is going to cost us in the
6 future year.

7 When we go to Department of Education,
8 the administration has continued to tout the
9 investments in education that go so far to say
10 and praise themselves in that it's reasonable for
11 the people of Pennsylvania to assume that, you
12 know, maybe we have a king here, not a Governor
13 working with the legislature on these kinds of
14 things and they pat themselves on the back.

15 But the truth is, there is a huge, huge
16 hole in pupil transportation that was
17 acknowledged when the Secretary of Education was
18 here, \$157 million that's going to come out of
19 next year's budget, which means if we continue
20 that spending without covering that pupil cost,
21 that will eventually add up to three, four, \$500
22 million that will be underfunded in pupil
23 transportation that we're not dealing with in
24 this budget. Pennsylvania cannot continue to
25 ignore these costs in our local school districts

1 because that ignoring of it will cost property
2 taxes to rise to cover those costs and/or State
3 taxes to rise because we are not being honest in
4 our State budget.

5 And finally, I want to talk about the
6 Governor's revenue assumptions. It's refreshing
7 that someone in the administration finally
8 admitted yesterday that the Governor's minimum
9 wage proposal would result in job losses. For
10 too long, my colleagues on the other side of the
11 aisle have ignored the key fact. However, the
12 concerning thing to a lot of us in the Governor's
13 minimum wage proposal is the budget implications
14 that it has. The administration is booking \$133
15 million in new revenue from an increase in the
16 minimum wage. The IFO states that we'd be lucky
17 to collect \$54 million in new revenue. So if the
18 administration is wrong about this fact, then the
19 whole budget is out of balance, which is really
20 concerning.

21 We were also presented with
22 unsatisfactory answers about the combined
23 reporting, Madam Secretary. After years of
24 making the same policy pitches from the
25 administration, saying that the combined

1 reporting would be bringing no additional revenue
2 into the State of Pennsylvania in the first year,
3 this year, the administration takes 180 degree
4 turn in saying that, oh, no, we're going to bring
5 \$200 million in to cover the projected combined
6 reporting. So again, when we talk to the Revenue
7 Secretary about that, his explanation was very
8 weak in justifying that explanation of what such
9 a huge change was.

10 So Secretary, in closing with this, I
11 know you didn't create the situation we're in.
12 You did not create the culture of lackluster
13 performance and inattention within the different
14 departments that really seem to be running pretty
15 rampant right now in this administration.
16 However, you have the power to change the ship.
17 I'm asking you, and encouraging you, to write a
18 new script for this budget that gets those
19 secretaries in line with projecting real numbers,
20 so that we in the General Assembly know honestly
21 where we are headed in this administration and in
22 the future for Pennsylvania.

23 The failure to do so not only fails this
24 General Assembly, but it also fails the people of
25 Pennsylvania. And I think the people of

1 Pennsylvania deserve more transparency in where
2 we really are headed financially with our
3 Commonwealth. I thank you for coming here today.
4 I thank you for your honesty and your integrity.
5 We think all -- I think very highly of you, but
6 we have great concerns about this budget
7 proposal.

8 Thank you very much.

9 BUDGET SECRETARY SWAILS: Thank you.

10 (Whereupon, the hearing concluded.)
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C E R T I F I C A T E

I hereby certify that the proceedings are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Tracy L. Markle

Tracy L. Markle, Court Reporter