

ANNUAL REPORT

2024

Performance Report

Legislative Budget & Finance Committee
613 North Street, Finance Building | Suite 400A
PO Box 8737
Harrisburg, PA 17105-8737



Our Standards

Government Auditing Standards, commonly known as the Yellow Book or generally accepted government auditing standards (GAGAS), in all of our audit work. These standards are used nationwide by auditors of government entities and recipients of federal awards to ensure high-quality, objective, and transparent audits.

The Yellow Book provides the framework for conducting financial audits, attestation engagements, and performance audits, and it sets clear requirements for both individual auditors and audit organizations. By following these standards, our Committee upholds the highest levels of accountability and integrity in service to the Commonwealth of Pennsylvania.



Message from our Executive Director



To the honorable members of the General Assembly

I am honored to present the Legislative Budget and Finance Committee's 2024 annual report. Over the past year, the committee has undergone significant changes, including the departure of the esteemed long-time Vice-Chair, Senator James Brewster. This report details our activities and developments throughout the year.

The annual report of the Legislative Budget and Finance Committee offers a thorough overview of the eight performance audits conducted by the Committee during the 2024 calendar year. Each report delineates specific findings and recommendations aimed at improving the effectiveness, efficiency, accountability, and fiscal management of state agencies. In addition, the report provides a detailed and current list of ongoing projects that are under review by the Committee, emphasizing the importance of these initiatives in addressing key financial challenges and enhancing overall operational efficiency.

Moreover, the report articulates the core duties and responsibilities of the Committee, which encompass conducting performance audits, valuating program effectiveness and outcomes, reporting on the status of state funds, and making recommendations to the General Assembly. It also offers insight into the Committee's dedicated staff and operational framework, illustrating how their expertise and collaborative efforts foster informative decision-making and promote transparency in government finances. This document stands as a record of past achievements and serves as a guide for future initiatives that align with the Committee's mission of promoting responsible fiscal oversight.

We take our responsibility to serve the General Assembly with the utmost seriousness. We express our gratitude for the support provided by the Members of the Committee and General Assembly, without whom the accomplishments of this important oversight work would not be feasible.

Sincerely,

A handwritten signature in blue ink, reading "Chris R. Latta". The signature is fluid and cursive.

Christopher R. Latta, MBA
Executive Director

Exciting News



NCSL

2024 Certificate of Impact

The Legislative Budget and Finance Committee (LBFC) has been honored with the NCSL Certificate of Impact in recognition of its thorough study on Pennsylvania Indigent Criminal Defense Services Fund and Caseload within Pennsylvania. This award signifies the committee's commitment to excellence and marks the eighth consecutive year in which LBFC has received national recognition for its work.

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Contact Us



717-783-1600



lbfcinfo@palbfc.gov



<http://lbfc.legis.state.pa.gov>

The Legislative Budget and Finance Committee's address and hours of operation are as follows:

613 North Street, Finance Building | Suite 400A
PO Box 8737
Harrisburg, PA 17105-8737

For matters concerning Right-to-Know, please contact the
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Finance Committee at the following address:

613 North Street, Finance Building | Suite 400A
PO Box 8737
Harrisburg, PA 17105-8737
lbfcopenrecords@palbfc.us

Office hours are from Monday to Friday, 8:30 a.m. to 4:30 p.m.

Find us on



Committee Officers – 2024



SENATOR KRISTIN PHILLIPS-HILL CHAIR

York (part) County
Member of the committee since 2019.
Chair since 2023



SENATOR JAMES R. BREWSTER VICE-CHAIR

Allegheny (part) County
Member of the committee since 2011
Vice-Chair since 2013



REPRESENTATIVE TORREN ECKER SECRETARY

Adams (part) and Cumberland (part) County
Member of the committee since 2021
Secretary since 2023



REPRESENTATIVE SCOTT CONKLIN TREASURER

Centre (part) County
Member of the committee since 2007
Treasurer since 2022

Senate

Members - 2024

JARRETT COLEMAN

SENATOR

Bucks (part) and Lehigh (part) County
Member of the committee since 2023



CRIS DUSH

SENATOR

Cameron, Centre (part), Clinton, Elk, Jefferson
(part), McKean, and Potter County
Member of the committee since 2019



ART HAYWOOD

SENATOR

Montgomery (part) and Philadelphia (part) County
Member of the committee since 2020



CHRISTINE M. TARTAGLIONE

SENATOR

Philadelphia (part) County
Member of the committee since 2011



House

Members - 2024

DANILO BURGOS

REPRESENTATIVE

Philadelphia (part) County
Member of the committee since 2021



STEVE SAMUELSON

REPRESENTATIVE

Northhampton (part) County
Member of the committee since 2023



BRIAN SMITH

REPRESENTATIVE

Indiana (part) and Jefferson County
Member of the committee since 2023



TIM TWARDZIK

REPRESENTATIVE

Schuylkill (part) County
Member of the committee since 2021

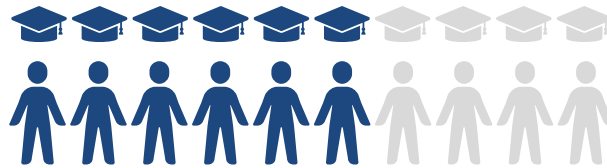


LBFC

Staff

The personnel of the Legislative Budget and Finance Committee comprises individuals with varied educational and professional backgrounds, thereby ensuring a comprehensive approach to fiscal oversight. Our project managers and analysts are required to possess a thorough understanding of Generally Accepted Government Auditing Standards (GAGAS). They must complete 40 hours of continuing professional education annually. They must possess the requisite knowledge, skills, and abilities acquired through education and experience necessary for conducting GAGAS engagements. This enables the staff to exercise sound professional judgments. Furthermore, our team must possess the technical knowledge and skills requisite for their design roles and the nature of the work being performed.

In addition to proficiency in GAGAS, LBFC staff have obtained the following degrees and areas of expertise:



- Master of Business Administration (MBA) – Providing expertise in business strategy, financial analysis, and strategic thinking.
- Master of Public Administration (MPA) – Offering specialized knowledge in public budgeting and governance of public/non-profit sectors.
- Master of Public Health (MPH) – Contributing expert insights into public health, medical assistance, and community wellness.
- Juris Doctorate – Rendering legal expertise in statutory and regulatory compliance, internal controls, and municipal finance.
- Bachelor of Science – Providing extensive knowledge in data analysis, business analytics, criminal justice, and supply chain management.
- Bachelor of Arts – Presenting a concentrated understanding of economics, political science, history, and education.



Our Team



Christopher Latta | MBA

Executive Director

Christopher Latta's academic and professional trajectory exemplifies his unwavering commitment to public service. After obtaining a Bachelor of Arts from Westminster College and a Master of Business Administration from Penn State University, he swiftly advanced in his career. In 2015, Mr. Latta assumed the role of project manager at the Legislative Budget and Finance Committee, and by 2018, he ascended to the position of Deputy Executive Director of LBFC. His leadership qualities and strategic vision culminated in his promotion to Executive Director in 2023. Prior to this position, he gained valuable experience as Chief of Staff in the Governor's Office of Administration, Senate Appropriations, Banking and Insurance, and Labor and Industry Committees. Furthermore, Mr. Latta demonstrated his dedication to public service and commitment to excellence through his tenure as the Executive Director of the Tobacco Settlement Investment Board.



Stephen Fickes | MPA

Deputy Executive Director/Project Manager

Stephen Fickes has served the LBFC in various capacities, including analyst and project manager, and, commencing in 2023, as Deputy Executive Director. A distinguished figure in state governance, Mr. Fickes possesses nearly 35 years of experience in performance auditing. He earned his Bachelor of Arts from Duquesne University and his Master of Public Administration from Penn State. His extensive professional journey includes tenures at diverse governmental and private organizations, reflecting his unwavering commitment to public service and excellence, which have significantly impacted Pennsylvania's government agencies.



Anne Witkonis

Project Manager

Anne Witkonis plays a pivotal role in the operations of LBFC. She began her tenure with the Committee in 1995 as an analyst and was subsequently promoted to project manager in 2023. Ms. Witkonis obtained her Bachelor of Arts in political science and policy management in 1995. Her dedication to excellence is further evidenced by her graduate studies at Penn State. In addition to her professional pursuits, Ms. Witkonis' philanthropic endeavors as treasurer at the Lancaster Elks Lodge demonstrate her steadfast commitment to the welfare of her community.



Stevi Sprenkle

Project Manager

Stevi Sprenkle is integral to LBFC, having commenced her journey as an analyst in 2018 and advancing to project manager in January 2024. Her professional history encompasses auditing positions at the Department of the Auditor General and the State System of Higher Education. Holding a Bachelor of Arts in government and political affairs as well as a Master of Public Administration, she contributes significantly to LBFC's fiscal stewardship and policy analysis.

Our Team



Amy Hockenberry

Analyst II

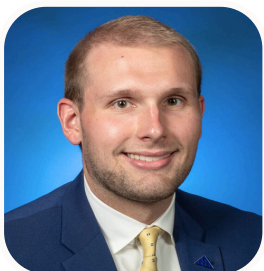
Amy Hockenberry, a seasoned professional in Pennsylvania government, brings a wealth of knowledge from her 19-year tenure with the Pennsylvania General Assembly. She holds a Bachelor of Science in criminal justice from York College of Pennsylvania and is unwavering in her commitment to enhancing state government. Ms. Hockenberry's pursuit of knowledge is reflected in her participation in seminars and courses that further augment her skills in research methodologies, legislation, technology, and data analysis.



Shanika Mitchell-Saint Jean | MPA

Analyst II

Shanika Mitchell-Saint Jean possesses six years of experience in state government, complemented by a Master of Public Health and a Master of Public Administration. She has previously contributed to drug assistance programs, motivated by a fervent dedication to public service. Ms. Mitchell-Saint Jean is committed to shaping policies for public welfare and fostering a healthier future through rigorous research and analysis.



Matthew Thomas

Analyst II

Matthew Thomas has engaged in critical performance audits of Pennsylvania's 911 system, corrections, and healthcare at LBFC. His prior experiences at Deloitte Consulting, along with his academic achievements—including summa cum laude distinction and induction into the Phi Beta Kappa Honor Society at Pennsylvania State University—underscore his commitment to excellence in policy analysis and implementation.



Morgan Smith

Analyst I

Morgan Smith completed her Bachelor of Science in business analysis and supply chain management, with a minor in management, at Grove City College in May 2023. Thereafter, she began a Master of Science in business analytics at the same institution. In 2023, Ms. Smith joined the Legislative Budget and Finance Committee, where she applies her skills in fiscal management and governance.

Our Team



James Wynne

Analyst I

James Wynne, a recent graduate of Muhlenberg College, contributes a Bachelor of Arts in economics with a minor in environmental science to LBFC. His journey to this position encompasses both academic pursuits and practical experiences, including participation in energy research as an intern for the Allentown Environmental Advisory Council and engagement in business intelligence and marketing research at a technology startup in Minnesota. Throughout this journey, Mr. Wynne has provided his expertise to fundraising efforts at Communities in Schools of Pennsylvania, shaping his comprehensive approach to policy analysis.



David Beaudoin | CPA

Analyst I

David Beaudoin, an accomplished Certified Public Accountant, brings extensive expertise in accounting and auditing to LBFC. His background includes financial statement audits at PricewaterhouseCoopers, financial roles at Verizon, and experience as a news editor at Ballotpedia. Holding a Bachelor of Science in accounting and finance from the University of Delaware and an MBA from Temple University, Mr. Beaudoin's analytical skills are essential for LBFC's financial and regulatory analysis.



Joshua Ballard | MA

Analyst I

Joshua Ballard possesses a robust academic background in legal studies and criminal justice, having earned degrees from Amarillo College and West Texas A&M University. He pursued graduate studies at Penn State, achieving a Master of Arts in criminal justice in 2023. Mr. Ballard has gained experience in family and criminal law as a paralegal and as a graduate research assistant at Penn State before joining LBFC.



Anthony Choi

Analyst I

Anthony Choi, a Gettysburg College graduate, integrates his knowledge of political science, public policy, and data science into his work at the Legislative Budget and Finance Committee. His diverse experiences, ranging from the Federal Reserve Bank of San Francisco to the U.S. House of Representatives, considerably enhance his readiness to support LBFC's fiscal oversight and policy analysis mission.

Our Team



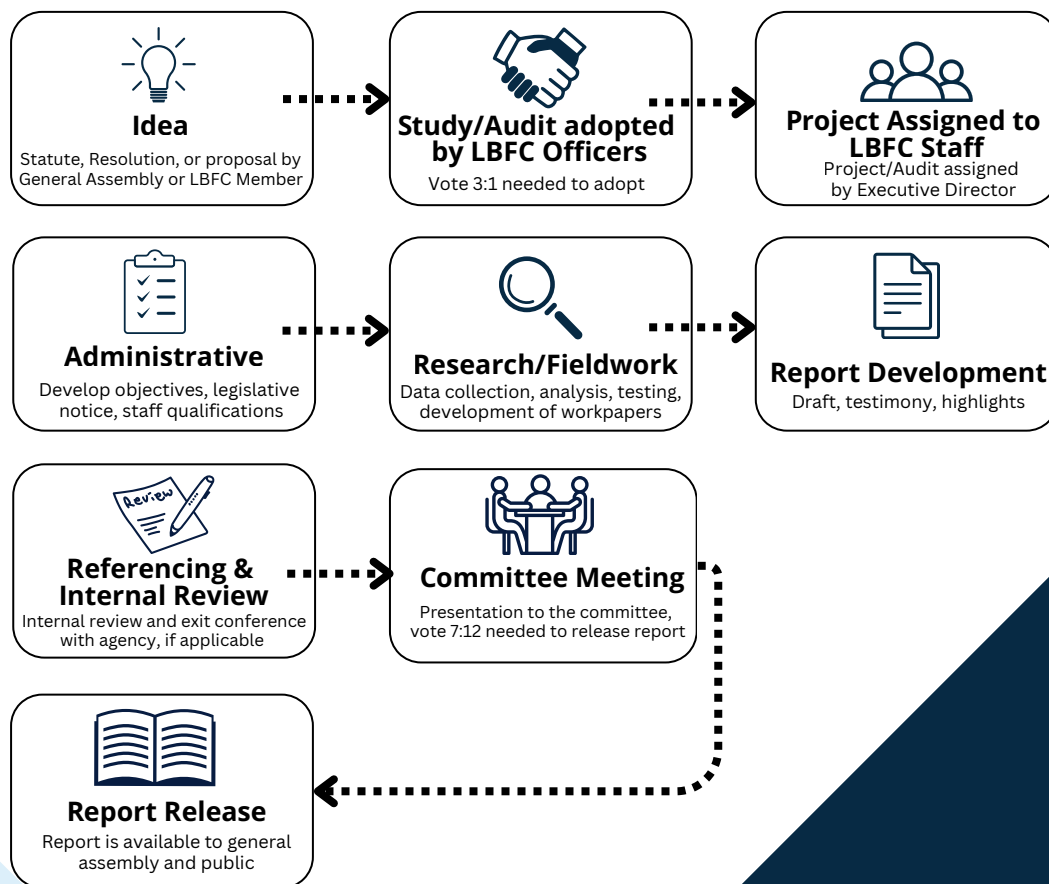
Lauren Ohnmacht

Office Manager | Comptroller

Lauren Ohnmacht became the Office Manager at the Legislative Budget and Finance Committee in 2018, overseeing office operations, human resources, and comptroller responsibilities. Her previous roles within the Pennsylvania Senate, along with her experience as a Project Manager at ThermoFisher, enable her to impart her expertise and unwavering commitment to excellence at LBFC.

Report Development

Performance Audit Process



The Evolution of Our Committee

Statutory

Composition

The Legislative Budget and Finance Committee (LBFC) constitutes a bipartisan, bicameral legislative service agency established by Act 195 of 1959, as amended, 46 P.S. §§70.1-70.6. The Committee possesses the authority to perform “all duties and functions relating to the study of the revenues, expenditures, and fiscal problems of the commonwealth, its officers, boards, committees, commissions, institutions, and other State agencies.” The LBFC conducts performance audits and formulates recommendations for the Pennsylvania General Assembly, aimed at:

- The effectiveness and efficiency of state government programs.
- The elimination of unnecessary expenditures.
- The promotion of economy in the governance of the commonwealth.
- The verification that state funds are expended in accordance with legislative intent and law.
- The comparison of revenues and expenditures.

To fulfill this mandate, the LBFC is authorized to undertake performance audits concerning the operation and effectiveness of state government programs. The Committee is also mandated to report its findings and recommendations “from time to time, to the members of the Legislature and... the standing Committees of the Senate and House of Representatives...,” as well as to the Governor and Auditor General. The enabling legislation specifies that agencies subject to an LBFC performance audit be granted the opportunity to respond to the Committee’s report prior to its publication. If comments are provided, these become an integral part of the final report.

Consequently, the primary objective of the LBFC is to evaluate the appropriateness (e.g., compliance with the objectives and mandates of the General Assembly), efficiency, and effectiveness of state government programs and agencies.



Mission

To provide members of the Pennsylvania General Assembly with timely, accurate, and unbiased information, analysis, and performance evaluation to inform their policy decisions.

Recurring Projects

Statutory Authority

Under Act 1959-195, as amended by Act 1961-645, the Legislative Budget and Finance Committee (LBFC) is empowered "to perform all duties and functions relating to the study of the revenues, expenditures, and fiscal problems of the Commonwealth, its officers, boards, Committees, commissions, institutions and other State agencies." This encompasses, among other responsibilities, the authority to review commonwealth revenues and expenditures in order to identify unnecessary expenses, promote economic efficiency within state government, and ensure that state funds are disbursed in accordance with the law's intent. Should funds be found to be utilized for unintended purposes or should other statutory restrictions or provisions be violated, the LBFC is required to report these findings to the General Assembly, the Governor, and the Auditor General.

In addition, the Committee is responsible for furnishing reports "from time to time, to the members of the Legislature and... the standing Committees of the Senate and House of Representatives with respect to any of its findings or recommendations..."

In conjunction with the general authority granted under its enabling statute, the LBFC has been conferred authority under the following legislative actions:

- Performance Audit of the Pennsylvania Fish and Boat Commission: Act 2004-159 mandates that the LBFC conduct a performance audit of the Pennsylvania Fish and Boat Commission every three years, with the next audit scheduled to be completed by 6/25.
- Pennsylvania Game Commission: Act 1986-93, 34 Pa.C.S.A. §522(b), as amended by Act 1998-166, mandates the LBFC to conduct a performance audit every three years to evaluate the Pennsylvania Game Commission's adherence to its strategic plan. The ensuing audit is due by 6/27.
- The Adequacy of Fees Charged in Pennsylvania's Instant Check System for Firearms Purchases: Act 1995/1-17, enacted during the First Special Session on Crime, amended the Uniform Firearms Act to require the Pennsylvania State Police to establish a system for conducting instant background checks on prospective purchasers of firearms. This act instituted a fee of \$2 for instant background checks and a surcharge of \$3 on each firearms sale. Furthermore, the provisions require the LBFC to evaluate the adequacy of the fees charged by the Pennsylvania State Police for their Instant Records Check System every five years, with the next assessment expected by 10/25.
- Local Option Small Games of Chance Act: Act 2013-90 requires the submission of an annual report analyzing the impact of tavern gaming on the State Lottery. The next report is expected on 3/26.
- Distressed School Districts: Act 2007-45 and Act 2010-123 mandate the LBFC to submit an annual report to the Appropriations and Education Committees of the Senate and the House summarizing the financial and academic status of a third-class distressed school district, inclusive of an audit of its accounts for the immediately preceding school year.



2024 Budget

Staffing/Benefits/Retirement

| | |
|-------------------|----------------|
| Employee Salaries | \$1,193,978.63 |
| Benefits | \$702,288.05 |
| Retirement | \$347,527.23 |

Agency Operations

| | |
|----------|-------------|
| Expenses | \$82,219.09 |
|----------|-------------|

Misc.

| | |
|--------------|-------------|
| Fixed Assets | \$63,039.57 |
|--------------|-------------|

2024 Operating Costs: **\$2,389,052.57**

2024

Performance Audits & Informational Studies

Regular Session

Senate Resolution 2023-120

Treat & Release

A Resolution directing the Legislative Budget and Finance Committee to conduct a study on the emergency medical services providers in this commonwealth and the financial impact of non-reimbursable services for emergency response calls not resulting in a medical assistance beneficiary receiving transportation to a hospital or treatment facility and to issue a report of its findings and recommendations to the Senate.

Senate Resolution 2023-116

Consolidated Billing

A Resolution directing the Legislative Budget and Finance Committee to conduct a study and issue a report on the issue of consolidated billing in the retail electricity and other energy markets in Pennsylvania.

Act 2013-90

Tavern Games

Act 2013-90, an amendment to the Local Option Small Games of Chance Act, mandates the Legislative Budget and Finance Committee (LBFC) to conduct an annual evaluation on the influence of tavern gaming on the State Lottery. According to this act, the Governor possesses the authority to petition the General Assembly for an allocation from the General Fund to the State Lottery Fund, contingent upon the findings outlined in the study.

2024

Performance Audits & Informational Studies

Regular Session

House Resolution 2023-131

Severence Tax

A Resolution directing the Legislative Budget and Finance Committee to conduct a study to compare impact fees and severance taxes in the most significant natural gas-producing states and examine the competitive business climate for the industry in those states.

House Resolution 2023-66

Housing & Health

A Resolution directing the Legislative Budget and Finance Committee to conduct a study and issue a report on the impact of housing on health in this Commonwealth.

House Resolution 2023-87

Conservation Corridors

A Resolution directing the Legislative Budget and Finance Committee to conduct a study and issue a report on the current status, management, and benefits of conservation corridors in this commonwealth.

2024

Performance Audits & Informational Studies

Regular Session

**Act
1998-166**

Game Commission

Act 1998-166 mandates the Legislative Budget and Finance Committee (LBFC) to conduct periodic audits of the Pennsylvania Game Commission (PGC) budget, as stipulated in the Game and Wildlife Code. Enacted in 1998, Act 1998-166 was passed by the General Assembly, amending the Code to introduce a revised hunting license fee system. Moreover, it tasks the LBFC with conducting triennial performance audits to assess the PGC's adherence to its Strategic Plan.

ACKNOWLEDGEMENTS

Enclosed in the following pages, you will find seven highlight sheets summarizing our 2024 reports. We would like to express our gratitude to our dedicated staff members who worked tirelessly on each project and to our stakeholders who provided valuable data.

We thank you for your continued support in our efforts to contribute to the LBFC.

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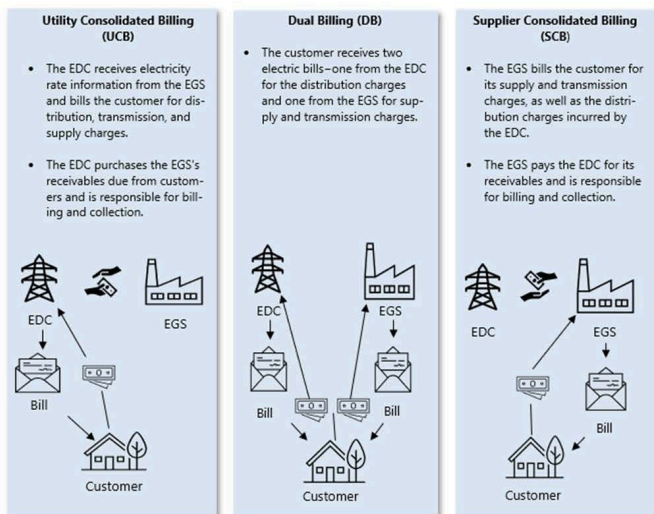
A Study Pursuant to Senate Resolution 2023 - 116: Supplier Consolidated Billing

Released: 03/20/2024

Senate Resolution 116 (SR 116) directs the Legislative Budget and Finance Committee (LBFC) to study “supplier” issued consolidated billing within “retail energy” markets. The study is a detailed examination of which entity should be responsible for sending monthly electric bills: the utility (as is the current practice), the supplier, or both. The report includes significant historical and contextual issues on the matter and a review of activity in selected states. Highlights of our report include the following:

- ❖ **In Pennsylvania, monthly electric bills are composed of two parts.** Electric Generation Suppliers (EGSs) bill for generating and supplying electricity, while Electric Distribution Companies (EDCs or electric utilities) bill for “delivery” charges for transporting electricity to homes and businesses via power lines. Both components are essential to ensure electricity is delivered and appropriately billed to the customer.

- ❖ **Currently, two billing methods exist: utility consolidated billing (UCB) and dual billing (if the supplier offers it).** A third method used in some states (including soon in Maryland) is supplier consolidated billing (SCB). Under SCB, instead of the utility handling billing responsibilities, the EGS bills the customer both for its and the EDC’s charges. SCB is unavailable in Pennsylvania.



- ❖ **The Pennsylvania Public Utility Commission (PUC) held two “en banc” hearings to study SCB in 2018:**

- Advocates said that the PUC’s existing legal authority allows SCB. Proponents also said SCB would enhance Pennsylvania’s electric marketplace by enabling EGSs to introduce new products and additional services and strengthen their relationship with their customers.
- Opponents said that the Public Utility Code does not explicitly mention SCB; therefore, it is prohibited. They also expressed concerns about the transition costs utilities will incur to modify their billing and data exchange systems and whether the PUC could enforce consumer protections and complaint investigations under SCB – since EGSs are not regulated to the extent utilities are regulated.

- In 2021, the PUC concluded there was neither clear authority nor consensus on how to implement SCB and closed the matter.

- ❖ **There are benefits and limitations if SCB is implemented.** A key benefit for EGSs is that SCB will increase its brand awareness and connection with customers. However, SCB could potentially overwhelm consumers with new billing options or value-added items, causing some customers to purchase unnecessary services and products, and lead to confusion as to who to call about service interruptions.

- ❖ **If SCB is implemented in Pennsylvania, stakeholders and the PUC must identify the costs ratepayers will incur.** To implement SCB, EDCs will incur costs to modify billing and data management systems. Additionally, EGSs and EDCs must determine how they will exchange data and reimbursements, resulting in additional costs. EDC cost recovery for legacy billing and collections systems must be factored in. Finally, the PUC will incur administrative costs to implement and oversee SCB. Because of these unknown issues and the hypothetical nature of SCB, we cannot assess ratepayer impacts.

- ❖ **We make three recommendations:**

- Monitor SCB implementation in Maryland. We recommend the General Assembly require the LBFC to conduct a follow-up report evaluating SCB implementation in Maryland and its applicability to Pennsylvania.
- If policymakers determine that SCB is a viable outcome in Pennsylvania, the Public Utility Code should be amended to permit SCB to be an allowable billing method for electric service. Additional sections that conflict with EDC/EGS responsibilities should be amended.
- The next refresh of the PUC’s retail energy shopping website should include updates allowing users to use languages other than English or Spanish, additional sorting and search capability, and information about customer complaints.

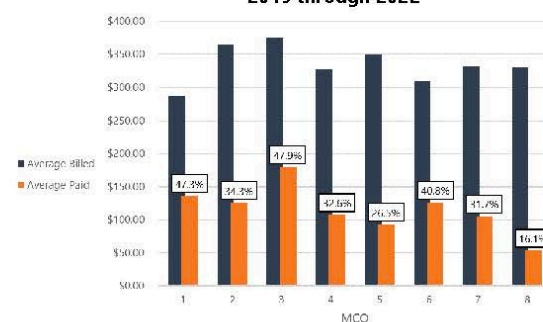
A Study Pursuant to SR 120: Treat/No Transport in Medical Assistance Managed Care

Released: 03/20/2024

Senate Resolution 2023-120 directs the Legislative Budget and Finance Committee (LBFC) to conduct a study of the impact of "treat and release" calls on emergency medical services (EMS), specifically for patients covered by Pennsylvania's Medical Assistance (MA) Managed Care Organizations (MCOs). Treat/no transport (TNT) are incidents in which EMS treat a patient on the scene of an emergency scene and then "release" the patient without transport to a hospital (either per medical protocols or because the patient refused transport against medical advice). Highlights of our report include the following:

- ❖ **The commonwealth has a patchwork of different types of EMS agencies.** EMS agencies include non-profit, fire-based, municipal-based, for-profit, and hospital-based. The EMS system in Pennsylvania includes over 1,200 EMS agencies and 41,000 certified EMS providers (such as Emergency Medical Technicians and paramedics) who respond to over 2 million calls annually.
- ❖ **Around 20 percent of Pennsylvanians are enrolled in Pennsylvania's Medicaid program, called Medical Assistance (MA).** Of those enrolled in MA, most are enrolled in MCOs. Under commonwealth contracts through the Department of Human Services (DHS), MCOs provide health coverage to enrollees for set per-member, per-month fees called the "capitation rates."
- ❖ **The utilization of TNT has increased in recent years. However, less than 3 percent of EMS dispositions were TNT (2022).** More TNT dispositions were per medical protocol than patients who refused transport against medical advice. We estimate that of the total TNT dispositions, about one-fourth were patients enrolled in one of the MA MCO plans.
- ❖ **Act 2018-103 mandated that MCOs reimburse EMS agencies for TNT based on "reasonable costs."** This was the first time Pennsylvania law required that MCOs reimburse EMS for TNT services. However, the mandate differed from other ground ambulance services reimbursed by the MA program. Through the commonwealth's Fiscal Code, specific state-directed or minimum payment requirements set the amount MCOs must pay for other ambulance services in which transport to an emergency department (ED) occurs.
- ❖ **The reimbursement amount paid by MCOs to EMS agencies for TNT claims varied between MCOs and by year in our selected sample.** During the four years (2019 through 2022), the average amount billed by EMS agencies for TNT ranged between \$287 and \$375. EMS was reimbursed at average rates between \$53 and \$179, or 16.1 to 47.9 percent of the average amount billed (depending on the MCO).

Average Payment from MCO to EMS Agency Compared to Average Amount Billed by EMS Agency for TNT
2019 through 2022



- ❖ **EMS agency costs are not tracked statewide, which poses a challenge in determining EMS costs to provide TNT services.** The Centers for Medicare and Medicaid Services (CMS) is in the process of gathering data on EMS agency costs nationwide; however, it is not yet available. We gathered cost-per-response data from EMS agencies. We reviewed 14 EMS agencies' cost per response. We found a range of \$246 to \$860 (average of \$585) per response.
- ❖ **While TNT is often associated with drug overdoses and naloxone administration, we found from 2019 through 2022, MCOs only designated 1.9 percent to 2.7 percent of all TNT claims as substance abuse related.** This means that most TNT claims within the MCO plans were for other incidents or conditions such as diabetes, falls without injuries, asthma, and seizure disorders.
- ❖ **Our report contains three recommendations.** The General Assembly should consider implementing a specific state-directed payment or minimum fee requirement for TNT, similar to the other ground ambulance minimum rates contained in the Fiscal Code. We further recommend the General Assembly consider requiring a broader study or audit by the LBFC of payment to EMS after CMS releases federal Ground Ambulance Data Collection System (GADCS) data. Finally, we recommend the General Assembly consider requiring reimbursement for new models of EMS care delivery, including transport to alternative or non-emergency locations following emergency calls and EMS treatment (i.e., drug treatment facilities, urgent care, etc.).

REPORT HIGHLIGHTS

The Impact of Tavern Gaming on the Pennsylvania State Lottery for CY 2023

Released: 03/20/2024

Act 2013-90, an amendment to the Local Option Small Games of Chance Act, requires the Legislative Budget and Finance Committee (LBFC) to annually study the impact of tavern gaming on the State Lottery. This is the ninth report under this mandate.

Findings:

- ❖ **As of February 2024, the PLCB approved 79 tavern gaming establishments, 39 of which are active.** This is far below the initial Governor's Office estimate of 2,000 licensees.
- ❖ **In 2023, tavern games generated \$1.1 million in state and host municipality tax revenue.** This, too, is significantly below the initial Governor's Office estimate of \$93.6 million annually. Total revenues since the inception of tavern gaming are \$11.3 million.
- ❖ **Tavern gaming has not had a material impact on the State Lottery.** The \$1.1 million in tavern gaming revenue collected by the commonwealth in 2023 represents about \$1.7 million in patron losses compared to about \$1.8 billion for persons participating in lottery games, including iLottery play. Tavern gaming losses are 0.09 percent of the losses incurred in lottery games, and tavern tax revenues are 0.06 percent of lottery revenues. We conclude that tavern gaming did not have a material impact on Pennsylvania State Lottery sales in 2023.
- ❖ **Finding:** We found that tavern gaming did not have a material impact on Pennsylvania State Lottery sales in 2023.

REPORT HIGHLIGHTS

A Study Pursuant to House Resolution 87: The Current Status of Conservation Connectivity in Pennsylvania

Released: 06/12/2024

House Resolution 2023-87 directs the Legislative Budget and Finance Committee (LBFC) to study conservation corridors' status, management, and benefits. Conservation corridors connect or reconnect areas impacted by habitat fragmentation or disconnected "islands" of habitats. Highlights of our report include the following:

- ❖ **Pennsylvania is home to over 25,000 wildlife and plant species, 11 ecoregions, and 86,000 miles of streams and rivers.** Habitat fragmentation cuts off species from critical movement between areas. Conservation corridors can mean different things: (1) preserving existing natural corridors (rivers, mountain ranges), (2) designating areas as conservation zones or additions to existing protected land (federal, state, local parks), (3) preventing land from future development (easements).
- ❖ **At the commonwealth level, multiple state agencies and independent commissions are working on aspects of conservation connectivity.** There are also multiple partnerships between state agencies and commissions regarding conservation connectivity. For example, in December 2023, the Federal Highway Administration announced the award of grant funding for PennDOT and other commonwealth agencies to develop a wildlife crossing strategic plan.
- ❖ **PennDOT has constructed 35 wildlife crossings (underpasses) to make roadways safer for drivers and wildlife.** Wildlife crossings attempt to mitigate the impact of roadways intersecting habitats and prevent wildlife-vehicle collisions (WVC). In 2022, 4,533 deer-related and 217 other animal-related WVCs were reported to PennDOT (4.1 percent of all crash types reported to PennDOT). Of the WVCs reported to PennDOT, seven resulted in human fatalities.
- ❖ **State-owned land presents opportunities to connect adjoining habitats for conservation connectivity.** The Department of Conservation and Natural Resources and the Game Commission manage 3.9 million acres of state-owned land.
- ❖ **The states surrounding Pennsylvania have implemented connectivity efforts that revolve around collaboration, data collection, and analysis.** Most conservation connectivity tools surrounding states use are similar to Pennsylvania's; however, we identified areas for improvement in the commonwealth. New Jersey, in particular, had a robust working group to foster collaboration and may serve as a model for Pennsylvania to implement.
- ❖ **In 2022, outdoor recreation's value added to Pennsylvania's gross domestic product was \$16.9 billion.**

RECOMMENDATIONS**For Executive Action:**

1. The Governor should create a position to work among and between state agencies and independent commissions to direct conservation connectivity work in Pennsylvania.
2. The Pennsylvania Department of Transportation should add considerations for wildlife crossings in its long-term planning.
3. The Office of the Governor should convene an official interagency/commission conservation connectivity working group to build on existing collaborations (including federal and non-governmental partners).
4. An interagency/commission conservation connectivity working group should identify high-priority areas of conservation connectivity in Pennsylvania and establish common goals.

For Legislative Consideration:

5. The General Assembly should consider requiring a study by the LBFC after PennDOT implements the "Pennsylvania Wildlife Crossings Strategic Plan and Analytical Tools" to provide an update on where Pennsylvania is in implementing conservation connectivity procedures.
6. If the General Assembly deems expanding commonwealth-owned land a public policy priority in conservation connectivity, it should consider, at a minimum, an inflation adjustment to the Pennsylvania Game Commission's \$400 per acre land acquisition limit.
7. The General Assembly should consider requiring auto insurance carriers to track and provide state transportation agencies with annual data identifying wildlife-vehicle collision locations in Pennsylvania to identify hotspots.
8. The General Assembly should consider requiring commonwealth agencies, independent commissions, contractors, etc., who remove animal carcasses from roadways to centrally track the data, including coordinates where animal carcasses were removed, to aid in identifying wildlife-vehicle collision hotspots.
9. The General Assembly should consider funding to develop new and preserve existing conservation corridors if deemed a public policy priority.

REPORT HIGHLIGHTS

*A Study Pursuant to House Resolution 2023 - 131:
Natural Gas Tax Structures*

Released: 6/26/24

House Resolution 131 (HR 131) directed the Legislative Budget and Finance Committee (LBFC) to compare the fee and severance tax structures associated with natural gas extraction in the top five gas-producing states (which are in descending order): Texas, Pennsylvania, Louisiana, West Virginia, and New Mexico. HR 131 also sought information on permitting requirements and costs, geological, geographical, and climatological conditions, and access to processing and transportation infrastructure. We present historical natural gas market price differences at the national and state level. Highlights of our report include the following:

- ❖ **Through Act 13 of 2012, Pennsylvania created an “impact fee,” which generates revenue on natural gas development.** The other top gas-producing states assess severance taxes on the amount or market value of the extracted natural gas. Whether a fee or severance tax is enacted and how it should be structured is beyond the scope of this report. Pennsylvania’s impact fee is “newer” compared to peer states’ severance taxes, but that is expected given the recent rise in unconventional well drilling in Pennsylvania.

| State | Revenue Basis | Revenue Event | How the fee/tax works... |
|---------------|---------------|--------------------------|--|
| Pennsylvania | Impact fee | Drilling of well | Producers pay an annual fee during the well’s first 15 years of operation. This fee varies based on the nationwide price of natural gas and generally decreases over time. |
| Louisiana | Severance tax | Extraction & sale of gas | Producers pay a tax which varies based on the volume of gas extracted. The tax rate is adjusted annually to reflect changes in the national market price of gas. |
| New Mexico | Severance tax | Extraction & sale of gas | Producers pay 3.5 percent of the market value of gas when it is extracted and sold. |
| Texas | Severance tax | Extraction & sale of gas | Producers pay 7.5 percent of the market value of gas when it is extracted and sold. |
| West Virginia | Severance tax | Extraction & sale of gas | Producers pay 5 percent of the market value of gas when it is extracted and sold. |

- ❖ **Since 2012, Pennsylvania’s Act 13 impact fee has generated more than \$2.5 billion in revenue, averaging about \$212 million per year.** Although the impact fee is assessed per well, the fee amount changes if the national market price of natural gas changes significantly. Over the past five years, the top gas-producing states collected the following fees or tax revenues from natural gas extraction:
 - Texas: \$12.0 billion
 - Pennsylvania: \$1.10 billion
 - Louisiana: \$1.15 billion
 - West Virginia: \$1.36 billion
 - New Mexico: \$1.32 billion

- ❖ **Each state distributes natural gas tax/fee revenue differently based on various financial and statutory requirements.** Pennsylvania distributes up to 90 percent of its extraction fee revenue either directly to county and municipal governments or to programs that fund environmental, transportation, and infrastructure projects. Sixty percent of these funds are distributed to local governments based, at least in part, on the number or percentage of wells located in each county

or municipality. Louisiana and West Virginia distribute a much smaller percentage of severance tax revenue to local governments. Texas and New Mexico allocate severance tax revenue to specific state budget categories and do not distribute specific amounts to local governments.

- ❖ **We explored unique factors relevant to natural gas production within the leading gas-producing states:**

- **Permitting:** Each state requires drillers to obtain permits. In Pennsylvania, operators seeking to operate an unconventional well must pay a permit application fee of \$12,500, higher than in peer states.
- **Geology:** Pennsylvania’s Marcellus Shale, the state’s major natural gas source, is one of the largest natural gas plays in the United States. However, unlike some other Western plays, it currently only produces gas.
- **Geography:** Pennsylvania is the 33rd largest state by area in the United States and has 121,891 linear miles of highways and 99,136 miles of gas pipelines.
- **Weather:** From 2012 to 2023, Pennsylvania had the lowest mean temperature of 50.2 degrees Fahrenheit among the states we studied. Temperature variations can affect the natural gas development and production process, and freezing weather can lead to freeze-offs in the flow of natural gas.

- ❖ **HR 131 asked for a historical comparison between national natural gas prices and state-specific natural gas prices.** The proceeds that natural gas drillers receive for extracted natural gas are determined by individual natural gas purchases and sales using prices driven by the market conditions at each delivery location. These prices are influenced by weather, economic activity, demographics, storage or transportation capacity, and demand for natural gas in that specific state or city. These prices fluctuate dramatically and sometimes move in the opposite direction of national prices due to localized effects.

REPORT HIGHLIGHTS

*The Pennsylvania Game Commission Compliance with its Strategic Plan
2020-2023*

Released: 06/26/2024

A 1998 amendment to the Game and Wildlife Code requires the Legislative Budget and Finance Committee (LBFC) to conduct a performance audit every three years to ensure the Pennsylvania Game Commission's (PGC) compliance with its strategic plan for agency operations. This is the ninth report issued under this mandate. The Strategic Plan identifies six core goals and 41 strategic objectives that establish initiatives or issues to accomplish each goal. The PGC completed 68 percent of its 41 objectives.

- ❖ **Manage Wildlife** - Manage diverse and sustainable wildlife for current and future generations.
 - Developed a strategic plan for the Wildlife Futures Program.
 - Released 50 northern bobwhite quail at Lettorkenny Army Depot in March 2024.
 - PGC could not maintain an annual prevalence of chronic wasting disease (CWD) below 5 percent in CWD-established areas.
- ❖ **State Game Lands and Habitat Management** - Optimize opportunities for all Pennsylvanians to enjoy and experience wildlife in its natural habitat.
 - Enacted a Special Use Permit system for sharecropping that has significantly reduced high-intensity agriculture across State Game Lands.
 - PGC failed to reach its goal of burning 20,000 acres annually to improve habitats.
- ❖ **Hunting, Trapping, and Wildlife Viewing** - Provide and promote world-class hunting, trapping, and wildlife viewing opportunities.
 - Issued 56,632 adult and 18,915 junior pheasant licenses.
 - Completed new shooting ranges, making 36 ranges managed by the PGC.
 - Legislation has not been passed to give PGC full authority for Sunday hunting Opportunities.
- ❖ **Staff Recruitment, Development, Retention, and Support** - Engage, develop, and better inform employees to strengthen the PGC team.
 - Developed and implemented a New Employee Orientation Program.
 - PGC was not able to cross-train employees due to repeated turnover.
- ❖ **Agency Sustainability, Operations, and Customer Experience** - Embrace emerging technologies, enhance operations, and maintain financial sustainability and accountability to sustain the PGC into the future.
 - Consolidated its dispatch operations into one location in Harrisburg.
 - Added three additional canine units for a total of six, one in each region.
 - Implemented a new license sales system, Hunt-FishPA.
 - Failed to finalize a replacement schedule for equipment, vehicles, and buildings.
- ❖ **Agency Communications and Branding** - Communicate and promote the value and varied programs, services, and resources the PGC provides.
 - Implemented a communications plan to grow social media and increase marketing efforts.
 - PGC continues to work on its marketing program.

❖ **Overview of the status of goals and objectives:**

| Goal | Title | Objectives | Objectives Complete | Completion Rate |
|------|---|------------|---------------------|-----------------|
| 1 | Manage Wildlife | 9 | 7 | 78% |
| 2 | State Game Lands and Habitats Management. | 7 | 3 | 43% |
| 3 | Hunting, Trapping, and Wildlife Viewing | 6 | 3 | 50% |
| 4 | Staff Recruitment, Development, Retention, and Support. | 8 | 6 | 75% |
| 5 | Agency Sustainability, Operations, and Customer Experience. | 7 | 6 | 86% |
| 6 | Agency Communications and Branding. | 4 | 3 | 75% |

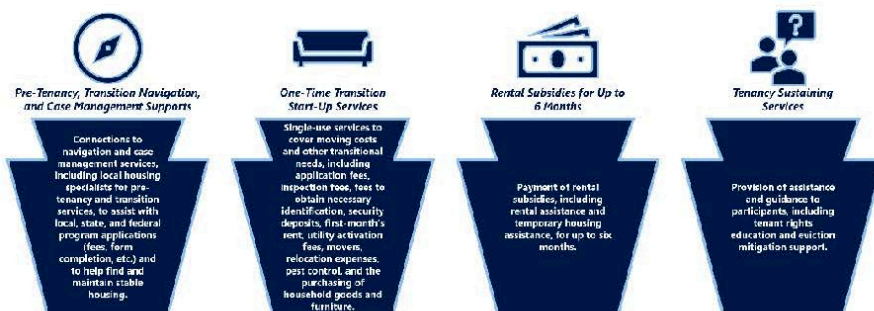
House Resolution 2023-66: The Impact of Housing on Health

Released: 10/9/2024

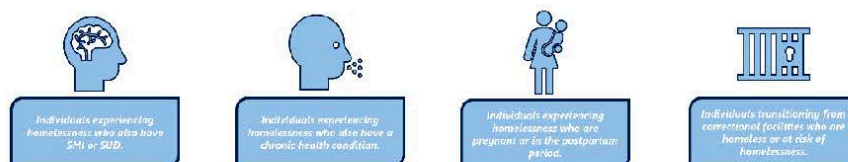
House Resolution (HR) 66, adopted by the Pennsylvania House of Representatives on June 26, 2023, directs the Legislative Budget and Finance Committee (LBFC) to conduct a study and issue a report concerning the impact of housing on health in Pennsylvania. Key highlights include:

- ❖ **The Centers for Medicare and Medicaid Services has recently issued guidance allowing states to test new strategies using federal financial participation for rental assistance services.** Historically, using federal Medicaid dollars on room and board had been unallowable except for specific institutional settings.
- ❖ **We recommend that DHS should develop health-centered outcome measures and key performance targets for housing-related services within the Medical Assistance (MA) program.** Several researchers and public health professionals recently identified cost savings and improved healthcare outcomes from housing initiatives for MA participants. However, we found a lack of measurable outcomes data prevented us from fully assessing the impact of housing on health within MA. Data issues impact the private and public sectors, but our report highlights successful examples of collaboration from across the state.
- ❖ **We recommend that the General Assembly Consider requiring DHS to report findings on healthcare cost**
- ❖ **affordable housing projects.** PHFA made its first award of \$1.8 million in match-dollar funding to four projects in Philadelphia and Bucks Counties this July.
- ❖ **We recommend that the General Assembly consider allowing counties the flexibility to increase the maximum allowable fee for the optional affordable housing trust fund commensurate with their current recording fees and subsequently index the fee maximum for inflation.** PHFA reports that only four counties with affordable housing trust funds have not yet set their fee to the maximum allowable level.
- ❖ **The total number of households benefitting from the DCED Community Development Block Grant from program years 2018 to 2022 increased by 77.8 percent.**
- ❖ **We recommend that the General Assembly and Governor's Office convene a working group of public and private partners to address all issues surrounding the intersection of housing and health.** This group would determine the best use of available resources, encourage coordination and data sharing among stakeholders, and define best practices.

KEYSTONES OF HEALTH PROPOSED SUPPORTS



PROPOSED ELIGIBLE POPULATIONS



savings experienced during the Keystones of Health 1115 demonstration waiver period to the legislature.

The pending status of Keystones of Health makes many aspects of the waiver challenging to evaluate. We also recommend that DHS collect data to assess potential healthcare cost savings and healthcare outcomes realized from housing supports during the Keystones of Health waiver demonstration period.

- ❖ **The Pennsylvania Housing Finance Agency (PHFA) recently implemented a Housing for Health Investment Initiative to distribute four and nine percent Low-Income Housing Tax Credits (LIHTC) to developers who partner with hospitals or health systems to undertake**