

Fiscal Year 2025-2026 Budget Hearing
House Appropriations Committee
March 5, 2025

Chairman Harris, Chairman Struzzi, and members of the House Appropriations Committee, it is great to be here before you this afternoon.

I think it's important to have regular communication between branches of government. As State Treasurer, I've had the pleasure of getting to know many members of the General Assembly, including many members of this Committee. It's been rewarding to work with you in a variety of ways, whether that's putting our heads together on pieces of legislation we know will make a difference in the lives of Pennsylvanians or partnering together for outreach opportunities in your districts to highlight Treasury's great programs.

Last session, I was proud to have partnered with legislators from both parties on several exciting new laws. As you are aware, the Treasury Department oversees the Board of Finance and Revenue, which is where individuals and businesses go to appeal tax decisions made by the Department of Revenue. Thanks to the improvements made in Act 123 of 2024, Pennsylvania's tax appeals process will be much more friendly to Pennsylvania taxpayers. Rep. Tim Briggs, Sen. Scott Hutchinson, and every member of the General Assembly who supported these important changes were instrumental in this effort.

Act 56 of 2024 – the PA 529 tax credit originally contained in House Bill 1745, co-prime sponsored by Rep. Marcell and Rep. Friel – was included in last year's Tax Code and encourages employers to contribute to their employees' PA 529 and PA ABLE accounts. Also included in the Tax Code is a provision originally introduced in legislation sponsored by Rep. Scott that allows funds in a PA 529 plan to be rolled over to a Roth IRA without any state tax implications. This is a tremendous example of legislation that made it across the finish line because lawmakers from both sides of the aisle worked together.

Speaking of 529 plans, I am happy to report that the PA 529 College and Career Savings Program Investment Plan received a Gold Rating from Morningstar for the second consecutive year, ranking it as one of the very best 529 plans in the nation. Morningstar praised Treasury for reducing fees and working to enhance outreach, accessibility, and participant research efforts, and our plan was one of five plans across the nation to earn a Gold Rating last year, which is good news for Pennsylvania families using the PA 529 IP to save for education.

My office continues to help members of our disabled community as well with the PA ABLE program. The first PA ABLE account was opened in 2017, and the program has seen tremendous growth in a short time. As of February 10, we have over 10,200 PA ABLE accounts and assets have more than tripled to about \$151M since I took office. I was also proud to chair the ABLE Savings Plan Network at the national level for two years, and we are part of a 19 state ABLE Alliance. Within that 19 state alliance, Pennsylvania alone has 25% of the total ABLE assets under management. This just goes to show the profound impact this program has right here in Pennsylvania.

Another program I always talk about – and many of you do a fantastic job helping us promote this – is our unclaimed property program. Treasury recently celebrated a record for returning unclaimed property. More than \$500 million was returned to Pennsylvanians over two consecutive years thanks in part to your willingness to partner up on constituent outreach events such as senior expos and unclaimed property look ups across the state. We also set a record for the number of claims paid in a single year, and I just want to say thank you for your help in making that happen.

It is also worth noting that Treasury's fall unclaimed property auction last year brought in more than \$605,000, the most ever generated by such an auction in Pennsylvania. Military decorations and memorabilia, however, are never auctioned, and since I have been in office, we have returned 476 decorations, including 11 Purple Hearts and three Bronze Stars.

Not to mention, for the first time ever, and thanks to your help, we're returning unclaimed property to hardworking Pennsylvanians without requiring them to file a claim or submit any paperwork at all. Pennsylvania Money Match, which authorizes Treasury to automatically return single-owner properties valued up to \$500, was signed into law last year thanks to unanimous support from the General Assembly. I want to thank the bill's sponsors, former Sen. John DiSanto in the Senate, along with Rep. Ryan Bizzarro and Rep. Marla Brown here in the House for the work they have done to help return even more money to the pockets of Pennsylvania residents.

Another piece of legislation, Act 65 of 2024, which was sponsored by Rep. Joe Ciresi, will expand the list of heirs legally able to claim unclaimed property on behalf of a deceased relative, reducing red tape and reconnecting more Pennsylvanians with the money that's rightfully theirs.

Last year, \$737 million was added to the state's Rainy Day Fund. When I took office, we had one of the worst reserve funds in the country – the Rainy Day Fund was so small that it would barely cover the Commonwealth's bills for two days. I'm pleased to report that a new investment strategy I implemented in October 2023 has resulted in an additional \$50 million in the fund that wouldn't have been realized without the improvement. Now, thanks to consecutive years of smart decisions by the General Assembly to bolster our savings, coupled with this new investment strategy, we're above the national median. Building and maintaining the Rainy Day Fund are integral to responsible state budgeting, and I applaud the General Assembly and Governor Shapiro for prioritizing our state's future. I implore you to do everything in your power to keep our Commonwealth's Rainy Day Fund strong so it is available to maintain the core functions government during severe economic downturn.

As a fiscal watchdog for the Commonwealth, Treasury is charged with overseeing more than \$170 billion and processing more than 1.7 million payments every month, including about 70 million electronic payments and about 2.6 million via paper checks—that's more than 3 payments every second. I believe that every transaction demands careful and prudent

review on behalf of our hard-working taxpayers. One of the most important aspects of the Treasury Department's authority is its pre-audit functions to ensure all monetary disbursements of the Commonwealth are authorized, accurate, and in compliance with applicable statutes, regulations, and management policies.

I firmly believe transparency is essential to building public trust and I work hard to ensure that our state government is as transparent as possible by maintaining the award-winning PA Treasury Transparency Portal. The Transparency Portal includes tools to review state budget details, a Fiscal Health Scorecard, and the Treasury Checkbook that discloses payments made by Treasury to its vendors. It is also the home to the Contracts e-Library that houses hundreds of thousands of contracts, purchase orders and amendments available for public view. We have worked to hold all agencies accountable for contract submission, including clarifying with agencies and authorities who thought they were exempt from providing this information to Treasury.

Looking forward, I am optimistic that we will be able to continue our partnership in service to the citizens of our Commonwealth. The governor's proposed budget for the Treasury Department is a fiscally prudent one. The proposal for Treasury aligns with what I believe my agency needs to maintain current operations and provides the necessary funding to implement the new legislative initiatives I previously discussed. I know that by working together we can position our state for great success, and my door is always open to you to discuss ways you think we can accomplish this goal. And with that, I'm happy to answer all of your questions.

Thank you, Chairman Harris.