



House Republican Raid 2017

Public Safety

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(Note: This document will be updated as more information becomes available)

Crime victims and first responders across Pennsylvania would be negatively impacted by the proposed Republican raid of \$94 million in public safety. The Department of Corrections would also be affected.

The Republican raid includes \$65 million in transfers away from special funds supporting the commonwealth's 911 system, and loans to help finance equipment and facility upgrades for local volunteer fire and EMS companies. Another \$24 million transfer would come from the Department of Corrections' Manufacturing Fund. This program is designed to be self-sustaining with no taxpayer support, but costs could increase and the department's mission to safely rehabilitate inmates could be negatively affected.

Finally, and most impractically, the proposed \$4.8 million transfer from the Justice Reinvestment Fund is more than the current balance of the fund. Depleting JRI would take away from grants already promised to local police, probation, and victim services. It would also strip the "reinvestment" portion of justice reinvestment, increasing future costs for local criminal justice and state prisons.

The following analysis reflects the House Republican proposal released Sept. 5. Since then, House Republicans have introduced amendments. A fiscal analysis of the legislation will be provided later.

911 Fund

- Amount identified: \$40 million.
- Department: Pennsylvania Emergency Management Agency
- Description: The 911 Fund supports the 911 system in the commonwealth by making grants to counties for Public Service Answering Points.

Conflicts

- Pennsylvania's 911 system is aging and counties are already incurring extra costs to upgrade their systems to new technologies which keep pace with how Pennsylvanians use telecommunications.
- The proposed transfer would also have a negative impact on cash flow in the fund.

Impact on the People

Counties, all Pennsylvanians using the public safety network.

Cost Shifts

Costs would be shifted to counties and local communities.

Revenue Source

- Surcharges on phone bills.

Balances

- Act 12 of 2015, which revised portions of Title 53 concerning 911 funding, contains a mechanism to distribute excess funds. If a surplus continually occurs, the Pennsylvania Emergency Management Agency is required to report to the General Assembly and recommend a reduced surcharge.
- Statute requires that disbursements are made 30 days after the end of each quarter, so cash balances need to be built up to handle the disbursements.
- Based on analysis of revenue and expenditure so far this fiscal year, if the proposed \$40 million transfer was made at the beginning of the 2017/18 fiscal year, the 911 Fund would not have been able to make its full scheduled payments in July.

Volunteer Fire Companies Loan Fund

- Amount identified: \$25 million.
- Department: State Fire Commissioner
- Description: The Volunteer Companies Loan Fund makes loans to local volunteer fire, ambulance and rescue companies to replace and upgrade equipment and facilities. The fund operates as a revolving loan pool.

Conflicts

The Volunteer Companies Loan Fund has already been raided twice in the last five years. While transfers can and have been made, they do lower the amount of capital which can be provided as loans, though this has not been an issue of late.

Impact on the People

Local volunteer fire and EMS companies, and the people they serve.

Cost Shifts

To the extent the transfer reduces the ability of the fund to provide loans, the local fire and EMS companies will need to find other sources of funding.

Revenue Source

Loan repayments.

Balances

The fund balance has been generally healthy over the last several years, which has enabled the prior transfers.

Manufacturing Fund

- Amount identified: \$24.00 million.
- The raid is proposed as a one-time fund transfer.
- Description: The Manufacturing Fund, created in 1915, is a self-sustaining program designed to provide for the operation of Pennsylvania Correctional Industries. PCI is a bureau within corrections that functions as a manufacturing-and-job-training program, and its profits are deposited into the manufacturing fund. PCI revenue then pays for program materials, equipment, staff compensation, and inmate pay. Goods produced by PCI are used by the department or sold to government and non-profit entities in Pennsylvania. They are not for-profit businesses.

Program(s)

- Pennsylvania Correctional Industries

Impacts on the People

- PCI pays the salaries of 170 full-time corrections employees – about 100 of whom are corrections officers.
- Inmates who work in Correctional Industries gain job training and experience, which prepares them for a more successful return to the community. With fewer PCI programs the department would either lose valuable job training programming for inmates or it would have to operate and pay for those programs from General Fund appropriations.
 - **For example, SCI-Cambridge Springs inmates work in the Correctional Industries Optical Lab. After they complete this vocational training program, they may take the American Board of Opticianry test to become certified opticians, a certification that helps them find employment with a livable wage after release.**
- The first recipient of goods produced by Correctional Industries is the Department of Corrections itself, which helps it save on laundry and manufactured goods expenses. After DOC, non-profits and government entities in Pennsylvania purchase products manufactured in Pennsylvania state prisons. These customers would also be affected if operations are scaled back.

Balances

- A positive balance at the fiscal yearend is necessary to pay bills in the first period of the next year. A balance is needed to purchase equipment and raw materials throughout the year regardless of when sales revenues are received.
- Less than half of the Manufacturing Fund balance, as of Aug. 31, 2017, is cash or cash-equivalent. Most of these funds are not readily available to be diverted.

Legal Consequences

State law, 61 P.C.S. Chapter 31, Subchapter B, §3123, requires manufacturing fund dollars to be used only for the purchase of new material, equipment, machinery, supplies, staff compensation and inmate pay.

Justice Reinvestment Fund

- Amount identified: \$4.83 million.
- The raid is proposed as a one-time fund transfer.
- Description: The Justice Reinvestment Fund, established by Act 196 of 2012, is a restricted account to hold corrections savings generated by the Justice Reinvestment Initiative. So far, \$13.6 million has been transferred into the fund and all of that money has been appropriated to Corrections, PCCD, Probation and Parole, and the Commission on Sentencing for initiatives to improve public safety and reduce recidivism.
 - The proposed transfer exceeds the current balance of the fund.
 - The reason the fund balance is not sufficient for the proposed transfer is Republican lawmakers cut a planned transfer into the fund from the 2017/18 budget.

Program(s)

- Justice Reinvestment Initiative provides grants for victim services, innovative policing, county probation, short-min diversion, and the commission on sentencing

Impacts on the People

- Money in the fund is committed to 65 of 67 counties for Justice Reinvestment grants and the PA Chiefs of Police, PA District Attorneys, and other service providers.
- Every dollar taken from Justice Reinvestment is a dollar taken from victims, counties, and adds pressure on local criminal justice systems.
- Justice reinvestment is cyclical. By reinvesting in crime prevention and diversion programs that keep low-risk offenders out of prison, crime and recidivism are reduced. This reduces prison populations and improves public safety. These investments save money for counties and the commonwealth down the road. As a result, if the reinvestment funds are reduced by raiding the 2016/17 balance, future costs will be added for counties and state prisons due to higher prison populations and more victims of crime.
- Funds diverted from the Justice Reinvestment Fund would take away from grants already awarded and in the process of being paid out, for services to crime victims, funding for local police, and for county probation.

Cost Shifts to Communities

- The largest portion of JRI funding goes to counties for probation and policing. Reducing funds available for these purposes would mean a higher price tag for counties for these critical public safety services.

Balances

- The fund received annual transfers for four years and corresponding appropriations equal to the transfer amount were made in each of the same four years.
- An available balance on June 30, 2017, does not indicate unused funds, only that some expenditures and commitments had not yet been processed. Already by Aug. 31, 2017, the available-balance-less-commitments is only \$3.0 million.
- PCCD receives the largest share of annual appropriations from the fund, which it uses to provide grants to counties and social service providers. PCCD says the full amount of its 2016/17 appropriation has been awarded in grants and will be distributed.
- Due to cuts in the General Appropriations Act and proposed Fiscal Code legislation, the Justice Reinvestment Fund will already be effectively zeroed out for 2017/18. Because of this, there simply is not an additional \$4.83 million available to be transferred.
- If new legislation for the proposed Justice Reinvestment Initiative 2 is passed, the fund could be used again in future years as a clearinghouse for reinvestment of JRI savings.

Legal Consequences

- The Pennsylvania Commission on Crime and Delinquency Law (Act 274 of 1978), as amended by Act 196 of 2012 Section 8.1, created the Justice Reinvestment Fund and provides that monies in the fund shall be appropriated for activities related to sentencing, victim services, contracts for offender diversion, innovative policing, community reentry programs or probation and county parole improvement.