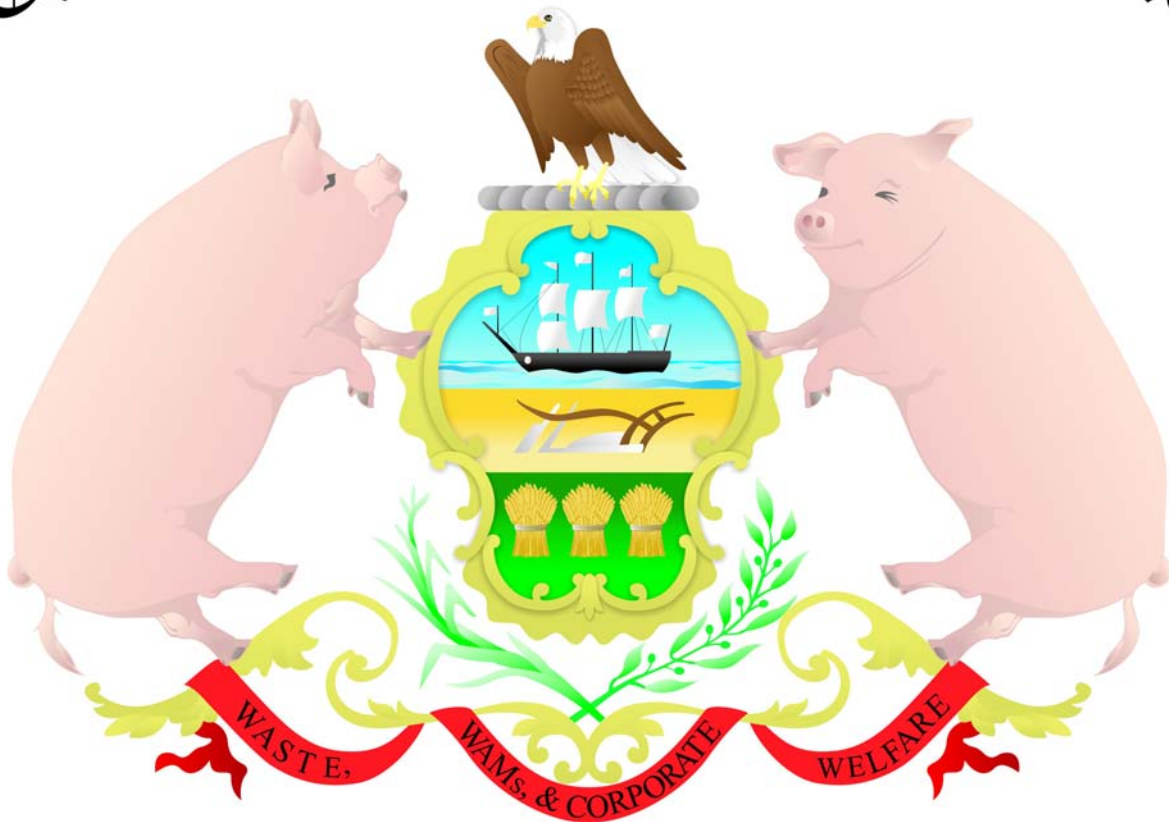


COMMONWEALTH FOUNDATION &
CITIZENS AGAINST GOVERNMENT WASTE

PENNSYLVANIA PIGLET BOOK 2006

Commonwealth of Porksylvania



Nathan A. Benefield & Jennifer A. Snyder

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Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement and inefficiency in the federal government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy and accountability in government.

CAGW has more than one million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers more than \$825 billion.

CAGW publishes a newspaper, *Government Waste Watch*, as well as special reports and monographs examining government waste and what citizens can do to stop it. CAGW is classified as a Section 501(c)(3) organization under the Internal Revenue Code of 1954 and is recognized as a publicly supported organization described in Section 509(a)(1) and 170(b)(A)(vi) of the code. Individuals, corporations, companies, associations, and foundations are eligible to support the work of CAGW through tax-deductible gifts.

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PENNSYLVANIA PIGLET BOOK 2006

Nathan A. Benefield & Jennifer A. Snyder

Executive Summary

The *Pennsylvania Piglet Book 2006* is the joint effort of the Commonwealth Foundation and Citizens Against Government Waste (CAGW) to make the citizens of the Commonwealth of Pennsylvania aware of wasteful spending of their tax dollars in the annual state budget. The *Piglet Book* identifies programs of greatest waste in the 2005-06 Pennsylvania budget and Governor Ed Rendell's 2006-07 proposed budget. It identifies cuts that should be made, and encourages lawmakers to focus government spending only on those core functions that truly serve the public good.

State government spending has grown far beyond its means, and has become more burdensome on Pennsylvania taxpayers.

- Since 1970, Pennsylvania's operating budget has increased from \$4.2 billion to a proposed \$54 billion in 2006-07, an inflation adjusted increase of 160 percent.¹
- The state's operating budget as a share of personal income rose from 8.8 percent in 1970-71 to 12.5 percent in 2005-06—an increase of more than 42 percent.²
- Governor Ed Rendell proposes to increase state operating spending to a level 23 percent higher than when he took office, more than double the 9.2 percent increase in the rate of inflation during his tenure (2002-2005).³

State government's consumption of larger amounts of Pennsylvania's personal income has failed to improve Pennsylvania's economy or general well-being. The collection of taxes and fees and the administration of government programs have become drains on the economy. Despite spending billions on "economic development" programs (by both Democratic and Republican Administrations), the state economy continues to lag behind the rest of the nation.

- From 1970 to 2005, Pennsylvania ranked 49th in job growth, 46th in state personal income growth, and 47th in population growth.⁴
- During Governor Ed Rendell's tenure (2002-2005), Pennsylvania ranked 38th in job growth, 43rd in state personal income growth, and 43rd in population growth. If employment in the state had grown at the same rate as the rest of the nation between December 2002 and December 2005, the state would have 50,000 more jobs.⁵

While Governor Rendell claims his administration is "squeezing every nickel out of government,"⁶ the *Pennsylvania Piglet Book 2006* identifies numerous areas where cuts can be made. The suggested reductions, in operating expenses alone, represent more than \$675 annually for a family of four in Pennsylvania.⁷ The capital budget and off-budget "independent agencies" contain additional wasteful spending, often through issuing debt for future taxpayers. The programs represent billions in wasteful spending and extend the intrusion of government further into the daily lives of Pennsylvanians.

¹ Pennsylvania Governor's Office of the Budget, *1972-1973 Governor's Executive Budget; 2006-2007 Governor's Executive Budget*.

² Pennsylvania Governor's Office of the Budget, *1972-1973 Governor's Executive Budget; 2006-2007 Governor's Executive Budget*; U.S. Bureau of Economic Analysis, "State Quarterly Income Analysis," www.bea.doc.gov.

³ Pennsylvania Governor's Office of the Budget, *2004-2005 Governor's Executive Budget; 2006-2007 Governor's Executive Budget*; U.S. Bureau of Labor Statistics, "Consumer Price Index," www.bls.gov.

⁴ U.S. Bureau of Labor Statistics, "December Seasonally Adjusted State Employment," www.bls.gov; U.S. Bureau of Economic Analysis, "State Quarterly Income Analysis," www.bea.doc.gov; U.S. Bureau of the Census, "Annual Population Estimates," www.census.gov.

⁵ *Idem*.

⁶ Pennsylvania Office of the Governor, Press Release, December 29, 2005, "Governor Rendell Says State Government Supporting PA Families – Providing Job Growth, Help to Seniors, Children and Veterans," <http://papress.state.pa.us/parelease/data/1051229.001.htm>.

⁷ U.S. Bureau of the Census, "Annual Population Estimates," www.census.gov.

Waste, “WAMs,” and Corporate Welfare

The *Pennsylvania Piglet Book 2006* identifies:

- \$3.7 billion in waste, “walking around money,” and corporate welfare in Pennsylvania’s total state government spending for FY 2005-06.
 - \$2.1 billion in the Operating Budget
 - \$859 million in “General Fund” budget spending.
 - \$1.3 billion in “other” operating budget spending.
 - \$1.6 billion in off-budget spending (bond issues and spending by “independent agencies”).

- \$4.3 billion in waste, “walking around money,” and corporate welfare in Pennsylvania’s total state government spending in Governor Ed Rendell’s proposed FY 2006-07 spending plan.
 - \$2 billion in the Operating Budget.
 - \$873 million in “General Fund” budget spending.
 - \$1.1 billion in “other” operating budget spending.
 - \$2.3 billion in off-budget spending (bond issues and spending by “independent agencies”).

Elimination by Department from FY 2005-2006 Operating Budget

Department	Identified Waste
Insurance	\$558,903,000
Community & Economic Development	\$411,970,000
Liquor Control Board	\$410,447,000
Education	\$257,953,000
Auditor General	\$201,880,000
Labor & Industry	\$50,501,000
Legislature	\$31,701,000
Revenue	\$30,000,000
Fish & Boat Commission	\$25,509,000
State	\$25,064,000
Agriculture	\$24,355,000
State Police	\$20,958,000
Probation/Parole	\$19,279,000

Department	Identified Waste
Executive Offices	\$16,768,000
Public TV Network	\$12,150,000
Historical & Museum Commission	\$11,404,000
Transportation	\$9,500,000
Conservation & Natural Resources	\$7,461,000
Environmental Protection	\$5,624,000
Gaming Control Board	\$5,000,000
Milk Marketing Board	\$2,737,000
Judiciary	\$1,618,000
General Services	\$1,020,000
Treasury	\$1,000,000
Aging	\$600,000

TOTAL = \$2,143,402,000

Elimination by Program from FY 2005-2006 Non-Operating Budget

Program	Identified Waste
Redevelopment Assistance General Obligation Bond Issues	\$165,000,000
Growing Greener General Obligation Bond Issues	\$105,000,000
PHEAA Operating Revenue	\$342,404,000

Program	Identified Waste
Commonwealth Financing Authority Bond Issues	\$187,500,000
State Liquor Stores Non-Operating Budget Expenditures	\$799,078,000

TOTAL = \$1,598,982,000

The *Pennsylvania Piglet Book 2006* is not a comprehensive analysis of every possible savings opportunity for the Commonwealth—such an effort would require detailing the billions of dollars which could be saved through competitive contracting or privatization of core services that could be better provided by the private sector, reducing burdensome regulations and prevailing wage laws, and adopting other cost-saving measures which are standard in the private sector. Rather, this analysis focuses on programs and services which are wasteful by their very nature—programs which government should get out of the practice of managing and funding altogether. The *Pennsylvania Piglet Book 2006* addresses four categories of wasteful programs:

Corporate Welfare and Discriminatory Programs

- These programs award tax dollars to individual companies at the expense of all taxpayers.
- The *Piglet Book 2006* identifies 53 budget items as corporate welfare, totaling \$428 million in the 2005-06 operating budget and \$373 million from the 2006-07 proposed operating budget.
 - The \$30 million awarded by the state to PNC Bank to build a new office, condominium, and retail section in Pittsburgh would qualify as corporate welfare.

Private Goods

- These programs and services are activities that state government should not engage in, and those which compete with the private sector.
- The *Piglet Book 2006* identifies 27 programs as private goods, which account for \$694 million in wasteful spending for fiscal year 2005-06 and a proposed \$818 million for 2006-07.
 - Taxpayer-financed Grants to the Arts (\$15 million in 2005-06) and support of specific museums (\$11 million in 2005-06) were categorized as programs or services that should be provided by the private, not public, sector.

Superfluous, Unnecessary and Paternalistic Programs

- These programs represent a paternalistic belief that state government must care for the public like children.
- The *Piglet Book 2006* identifies 46 paternalistic programs, costing taxpayers \$227 million in 2005-06 and a proposed \$244 million in 2006-07.
 - Programs such as regulation of auctioneers, barbers, cosmetologists, and funeral directors, were identified as paternalistic.

Gratuitous Spending and Perverse Incentives

- These programs encourage even more government waste and extravagance.
- The *Piglet Book 2006* identifies 24 gratuitous budget items, accounting for \$794 million in 2005-06 and a proposed \$603 million in 2006-07.
 - Bloated expense accounts for lawmakers and judges were among the programs identified as gratuitous.

The *Pennsylvania Piglet Book 2006*, by identifying potential cuts in the state budget and attempting to bring attention to wasteful spending, is designed to bring a renewed focus on the proper functions of state government and restore it to its proper sphere.

With a host of hearings, meetings, and votes on the 2006-07 budget over the next several weeks, the Pennsylvania General Assembly has the opportunity to address the most egregious examples of government waste. Rather than rubber-stamp every proposal coming from the Governor and the various departments, legislators need to consider the average taxpayer, limit government to its core functions, and spend tax dollars only on those programs which truly provide for the “general good” of Pennsylvanians.

Preface

In his first inaugural speech in 1801, Thomas Jefferson said:

“...a wise and frugal government, which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government....”

Unfortunately, government exceeded Jefferson’s “sum of good government” long ago. Special interests and misguided notions about the proper role of government have led to an explosion of government taxing and spending. Rather than remaining limited to “promoting the general welfare,” federal and state governments have entered into countless programs benefiting the few at the expense of the many.

In 1982, President Ronald Reagan established a panel of 161 senior business executives and more than 2,000 private sector volunteers to undertake a comprehensive review of the federal government. The report of the President’s Private Sector Survey on Cost Control—better known as the Grace Commission—made 2,478 recommendations that would save taxpayers \$424.4 billion during a three-year period by eliminating waste, mismanagement, and inefficiency in Washington.

After the report was published in 1984, commission chairman J. Peter Grace joined with syndicated columnist and Pulitzer Prize-winner Jack Anderson to form Citizens Against Government Waste (CAGW) to promote implementation of the recommendations.

During the past 22 years, CAGW and its more than 1.2 million members and supporters have helped taxpayers save more than \$825 billion. Since 1991, CAGW has published an annual exposé of pork-barrel spending in the 11 federal appropriations bills known as the *Congressional Pig Book*. CAGW also produces *Prime Cuts*, a comprehensive look at the depth and breadth of waste throughout the federal government.

Recommendations range from eliminating corporate welfare to cutting unnecessary defense programs. *Prime Cuts 2005* identified \$232 billion in potential one-year savings and \$2 trillion in five-year savings. Implementing the recommendations made in *Prime Cuts* alone could go a long way toward returning fiscal sanity to Washington, especially in light of a \$371 billion federal deficit.

Waste and excessive growth are not the sole province of the federal government. State legislatures are similarly engaged in special interest “pork-barrel” spending and extending government into non-core functions. Fortunately, the fight against government waste has spread from Washington into the state capitals. As a result, CAGW is teaming up with free-market think tanks to expose overspending and areas of potential savings at the state level.

The Commonwealth Foundation for Public Policy Alternatives is a Pennsylvania-based independent, nonprofit research and educational institute that develops and advances public policies based on the nation’s founding principles of limited constitutional government, economic freedom, and personal responsibility for one’s actions. Like CAGW, the Commonwealth Foundation focuses on reducing wasteful spending of taxpayers’ dollars and limiting the size of government.

The *Pennsylvania Piglet Book 2006* combines the expertise of the Commonwealth Foundation on the Pennsylvania state government spending with CAGW’s experience at identifying wasteful federal spending.

Introduction: Spending in Pennsylvania

Since 1970, Pennsylvania's operating budget has increased by a whopping 160 percent (inflation-adjusted)—from \$4.2 billion to a proposed \$54 billion in 2006-07.⁸ In his January 2003 Inaugural Address, Governor Ed Rendell stated:

We must find a way to make government live within its means. That is my first priority as governor. We must act now, and we cannot fail. We must find new sources of revenue, and at the same time make tough decisions to reduce spending and cut waste in government. We simply have no other choice.⁹

Nonetheless, with his fourth budget (FY 2006-07), Governor Rendell proposes to increase state "own-source" spending to a level 23 percent higher than when he took office (25 percent more in General Fund spending)¹⁰—more than double the 9.2 percent increase in the rate of inflation from 2002 through 2005. Neither the Governor nor the General Assembly has had to make very many "tough decisions," nor have they made anything more than token attempts to reduce waste. This joint effort of the Commonwealth Foundation and Citizens Against Government Waste eases the difficulty facing lawmakers by identifying wasteful spending for them that, if eliminated, would reduce the taxpayers' cost of government by \$4.3 billion in the upcoming 2006-07 fiscal year.

As a proportion of personal income, the state's operating budget rose from 8.8 percent in 1970-71 to 12.5 percent in 2005-06—a 42 percent increase.¹¹ In other words, the Commonwealth of Pennsylvania takes every penny earned by its citizens between January 1 and February 15 just to finance its programs. Unfortunately, state government's consumption of larger amounts of Pennsylvania's personal income has failed to improve Pennsylvania's economy or general well-being. The collection of taxes and fees and the administration of government programs have become drains on the economy. Tax and spending policies from Harrisburg are increasingly distorting the behavior of both producers and consumers, often in highly inefficient ways.

Furthermore, with economic decisions being increasingly made by politicians rather than individuals, often to the betterment of a few at the expense of the many, Pennsylvania's economy has been hamstrung by decisions in Harrisburg. State government's unwillingness to rely on the private sector as the engine of economic growth harms the chances of an economic comeback for Pennsylvania. Greater prosperity will return to Pennsylvania only when lawmakers cut wasteful spending, reduce the size and scope of government, and allow citizens to keep more of the fruits of their labor.

The spending of taxpayer money and the role of state government should be examined using the following principles:

- Government programs should be limited to core functions of government, i.e. providing for the safety of citizens, protecting individual rights, and providing public goods—those which clearly benefit all citizens, such as law enforcement and transportation infrastructure.
- Government programs should not target or benefit a select few businesses or individuals at the expense of the many.

⁸ Pennsylvania Governor's Office of the Budget, *1972-1973 Governor's Executive Budget; 2006-2007 Governor's Executive Budget*.

⁹ Pennsylvania Office of the Governor, "Inaugural Address and Oath of Office by the Honorable Edward G. Rendell," January 21, 2003, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1115&q=433156>.

¹⁰ The General Fund is the largest portion of the state budget, and is often the total referred to in the media; the 2006-07 proposed General Fund budget is \$25.4 billion. The state has numerous other and special funds, which may be restricted to certain expenses or come from specific sources—the Motor Vehicle Fund (gasoline tax), Lottery Fund, and State Liquor Store Fund are examples of other state revenue included in the total budget. Additionally, federal aid is included in the operating budget, but is not counted as "state own-source" spending, or included in any of the cuts proposed here.

¹¹ Pennsylvania Governor's Office of the Budget, *2006-2007 Governor's Executive Budget*, <http://www.budget.state.pa.us>; U.S. Bureau of Economic Analysis, "State Quarterly Income Analysis," www.bea.doc.gov.

- Government programs should encourage voluntary activities, personal responsibility, and private entrepreneurship, and not “crowd out” such private, non-political efforts.
- Government spending and taxes should be as low as possible so as to least distort or undermine the decisions of individuals, families, and businesses, which are the real engines of social and economic prosperity.
- All government expenditures should be accountable to taxpayers and open for critical review by anyone.

Pennsylvania lawmakers must consider not just how much taxpayer money the state spends, but also whether many of its programs should be state government responsibilities at all. Countless justifications will be given as to why certain programs cannot possibly be eliminated, particularly from the beneficiaries of taxpayer money. However, the reasons for eliminating wasteful government spending are far greater: Pennsylvania lawmakers must choose to either grow government or grow its economy; it can't grow both.

The *Pennsylvania Piglet Book 2006* examines state government spending in the current fiscal year (2005-06) and the Governor's proposed budget for 2006-07.¹² This study is not a comprehensive analysis of every possible savings opportunity for the Commonwealth—such an effort would require detailing the billions of dollars which could be saved through competitive contracting or privatization of core services that could be better provided by the private sector, reducing burdensome regulations and prevailing wage laws, and adopting other cost-saving measures which are standard in the private sector. Rather, this analysis focuses on programs and services which are wasteful by their very nature—programs which government should get out of the practice of managing and funding altogether.

While many of the programs highlighted here are small, relative to the size of the state budget, it is important to keep in mind the old axiom—“a million here and a million there, and suddenly you're talking about real money.” In total, we identified \$2.1 billion of wasteful spending in 2005-06 and propose cuts of \$2.0 billion in 2006-07 from the operating budget (\$859 million and \$873 million respectively from the General Fund budget). We also identified off-budget waste totaling \$1.6 billion in pork-barrel bond issues and expenses of “independent agencies” in 2005-06 and \$2.3 billion in 2006-07. These reductions—in operating expenses alone—represent more than \$675 annually for a family of four in Pennsylvania.

When examining existing or proposed spending, we asked these questions of each program:

- Would Pennsylvanians be better served by leaving these responsibilities to private or non-profit entities?
- Does this program benefit all residents or businesses equally, or just a politically selected few?
- Does the benefit of this program justify the cost of resources removed from the private sector?

The *Pennsylvania Piglet Book 2006* identifies four categories of wasteful government programs that should be eliminated. These programs are beyond the core functions of government, and while some Pennsylvania residents certainly benefit from them, these programs violate the “sum of good government” and fail to serve the broader public good.

¹² For detailed budget reports, visit the Governor's Office of the Budget at <http://www.budget.state.pa.us>.

Corporate Welfare and Discriminatory Programs

Pork Spending (FY 2005-06) = \$889 million

It is a fact that Government has nothing to give anyone, except that which it first takes from someone else. Therefore, if government takes tax dollars from a thousand businesses through taxes or debt and then gives the money to another business, the one firm may have more resources to hire workers and create products, but the other thousand now have less. The bottom line is that “corporate welfare” requires one taxpayer to pay higher taxes in order to give another taxpayer a tax break or financial benefit. The result is that one business’s tax advantage is another citizen’s tax burden.

Studies have shown that Pennsylvania’s “economic development” grants to specific companies do not result in substantive statewide (or even local) economic benefits.¹³ More importantly, Pennsylvania’s emphasis on enormous taxpayer investments in government-directed “economic development” have failed to produce the promised economic benefits to the Commonwealth’s economy and quality of life.¹⁴ Despite spending nearly \$14 billion in “job creating economic development” between 1994 and 2002, Pennsylvania ranked 47th in job growth, 48th in personal income growth and 48th in population growth between 1991 and 2002.¹⁵

Corporate welfare is most closely identified with “pork-barrel spending.” These types of government-directed, taxpayer-funded “economic development” programs award tax dollars to individual companies, or for specific projects that benefit a narrow few at the expense of the many. Usually these taxpayer-funded benefits are handed out to a particular private interest that is politically well-connected. Much of the billion-plus dollars the state spends on so-called “economic development” falls into this category.

These grants usually are accompanied by a news conference proclaiming “new money has been made available for investment” and “new jobs will be created.” The money, however, is not new at all; it represents capital that was removed from the private sector, funneled through multiple government agencies, and then given to a politically chosen company or project. In addition, governments fail to qualify and quantify how many jobs would have been “created” if the taxes had not been extracted and the subsidy never granted. Furthermore, it is not proper for government bodies to use tax dollars to provide funds for a select few at the expense of the many. This is not the “sum of good government.”

An example of such corporate welfare spending from the 2005-06 fiscal year was the decision to award PNC Bank \$30 million of taxpayer money for the building of a new office (along with condominiums and a retail section) in Pittsburgh.¹⁶ Certainly PNC could have used a portion of its estimated \$1.3 billion net profit in 2005 (only 2.2 percent of PNC’s net income) to erect such facilities rather than relying on the taxpayers to underwrite such projects. This is clearly not the proper use of taxpayer money by state government.

¹³ See Allegheny Institute, “Pennsylvania’s Ever-Expanding Economic Development Industry” Report Vol. 6, No. 1, February 2006, www.alleghenyinstitute.org; Allegheny Institute, “Lots of State Spending but Few Jobs” Policy Brief Vol. 6, No. 2, January 2006, www.alleghenyinstitute.org; Commonwealth Foundation, “Policy Point: Economic Development,” February 2003, www.commonwealthfoundation.org.

¹⁴ Pennsylvania House Appropriations Committee, Testimony of Matthew J. Brouillette, May 8, 2003 on Gov. Rendell’s “Plan for a New Pennsylvania.” Brouillette noted that data from the Pennsylvania Legislative Budget and Finance Committee and the U.S. Departments of Commerce and Labor reveal that the 10 states that spent the most per capita on government-directed economic development in 1997-98 experienced cumulative personal income, population and employment growth rates much lower than the 10 lowest-spending states between 1997 and 2002.

¹⁵ National Association of State Development Agencies, “State E.D. Spending,” 2002 Edition, CD-Rom, www.nasda.com; Bureau of Labor Statistics, “December Seasonally Adjusted State Employment,” www.bls.gov; Bureau of Economic Analysis, “State Quarterly Income Analysis,” www.bea.doc.gov; Bureau of the Census, “Annual Population Estimates,” www.census.gov.

¹⁶ Pennsylvania Department of Community and Economic Development, Press Release, December 19, 2005, “Governor Rendell Announces \$34 Million Investment, 1,600 New Jobs in Downtown Pittsburgh,” <http://www.newpa.com/newsDetail.aspx?id=335>.

Private Goods

Pork Spending (FY 2005-06) = \$1.8 Billion

Although governments properly provide various so-called “public goods”—such as law enforcement, courts, and roads—the Commonwealth of Pennsylvania engages in providing numerous “private goods.” These are programs and services that state government should not be engaged in at all; they are properly left to the private sector.

For example, why should all taxpayers support “The Arts” for the limited number of Pennsylvanians who benefit from them? Wouldn’t it make more sense for those who enjoy the Arts to pay for it themselves rather than asking every taxpayer to subsidize their pleasures? Just imagine how many potholes could be filled with the more than \$15 million being spent in the 2005-06 fiscal year in “Grants to the Arts” and the “Council on the Arts.”

It should be noted that not all programs identified in this category rely on taxpayer subsidies. Some government-run enterprises, such as the Liquor Control Board and the Pennsylvania Higher Education Assistance Agency (PHEAA), are services from which the state should divest itself. These services extend the role of government far beyond its core functions, and hinder the private-sector economy that can provide these services better and at lower costs.

Superfluous, Unnecessary, and Paternalistic Programs

Pork Spending (FY 2005-06) = \$227 Million

A number of state programs extend from a paternalistic mindset which believes that government must care for a childlike public. Included in this category are marketing programs to promote tourism and advertising campaigns to remind citizens that turning down their heat can save energy costs, or to encourage Pennsylvanians to buy fruits and vegetables grown in-state.

Taxpayer-funded marketing programs may promote desirable behavior, but they are not proper uses of taxpayer money. The residents of Pennsylvania don’t need state government to tax and spend millions of dollars to be reminded of the need to buy food. Nor do Pennsylvania businesses need the state government involved in advertising how wonderful the state is. The best way for Pennsylvania to attract people and business is to cut waste, lower taxes, and leave advertising to the industries that will directly benefit from such marketing efforts.

Gratuitous Spending and Perverse Incentives

Pork Spending (FY 2005-06) = \$794 Million

Believe it or not, but a number of wasteful and extravagant state government spending programs mere serve to encourage further wasteful and extravagant spending. Funding for troubled municipal pensions would fall under this category. While aimed at protecting municipal employees from losing their defined-benefit pensions because of under-funding by local officials, this state government spending only further encourages local governments to under-fund their plans. Poor local decisions should not be the burden of state taxpayers.

Extravagant spending can also be found within the budget of the legislature and the judiciary. Such lavish and unnecessary spending includes subsidized meals, automobile purchases (and car washes), and office ornamentation for legislators and judges.

Departmental Breakdown

The *Pennsylvania Piglet Book 2006* sheds light on the programs of greatest waste in the FY 2005-06 total operating budget, as well as Governor Rendell's 2006-07 proposed operating budget. It identifies cuts that should be made, as well as encouraging lawmakers to refocus government spending on those core functions that truly serve the public good. Wasteful spending in the state's operating and General Fund Budget is identified in the following chart by department.

Waste, WAMS, and Corporate Welfare in Pennsylvania's Operating Budget FY 2005-06 and FY 2006-07

(Amounts in Thousands)

Department	FY 2005-06 Available				FY 2006-07 Proposed			
	Operating Budget	O.B. Waste	General Fund	G.F. Waste	Operating Budget	O.B. Waste	General Fund	G.F. Waste
Executive Offices	585,299	16,768	274,995	16,768	544,992	17,624	236,431	17,624
Governor's Office	7,400	0	7,400	0	7,300	0	7,300	0
Lt. Governor's Office	1,363	0	1,363	0	1,385	0	1,385	0
Attorney General	119,937	0	81,200	0	117,260	0	79,200	0
Auditor General	261,509	201,880	50,979	0	284,693	225,000	49,979	0
Treasury	834,184	1,000	769,131	1,000	963,324	1,000	901,313	1,000
Aging	933,110	600	20,223	600	702,055	0	19,329	0
Agriculture	233,338	24,355	79,197	24,355	307,259	23,173	77,365	23,173
Banking	18,120	0	0	0	18,004	0	0	0
Civil Service Commission	15,548	0	1	0	15,548	0	1	0
Community & Economic Development	855,775	411,970	513,033	411,970	719,468	380,905	426,502	380,905
Conservation & Natural Resources	387,697	7,461	97,979	7,461	311,397	4,061	96,635	4,061
Corrections	1,471,036	0	1,345,590	0	1,480,228	0	1,394,215	0
Education	11,663,890	257,953	9,699,267	257,953	12,241,044	322,571	10,278,068	322,571
Emergency Management Agency	609,557	0	49,597	0	317,156	0	14,657	0
Environmental Protection	657,318	5,624	192,168	2,750	667,617	1,620	177,768	0
Fish & Boat Commission	52,210	25,509	14	0	55,616	27,822	16	0
Game Commission	79,542	0	0	0	79,832	0	0	0
Gaming Control Board	5,000	5,000	0	0	5,000	5,000	0	0
General Services	148,082	1,020	108,423	1,020	154,515	1,020	115,452	1,020
Health	851,799	0	259,951	0	824,373	0	243,175	0
Higher Education Assistance Agency	478,056	0	428,741	0	538,907	0	451,347	0
Historical & Museum Commission	62,898	11,404	33,352	11,404	52,306	8,629	30,577	8,629
Infrastructure	446,215	0	0	0	387,999	0	0	0
Insurance	1,070,934	558,903	80,586	0	900,808	344,721	76,554	0
Labor & Industry	1,472,812	50,501	115,210	50,501	1,453,310	38,859	113,916	38,859
Liquor Control Board	410,447	410,447	0	0	474,868	474,149	0	0
Military and Veterans Affairs	287,423	0	121,559	0	320,034	0	124,848	0
Milk Marketing Board	2,737	2,737	0	0	2,737	2,737	0	0
Probation/Parole	114,951	19,279	99,954	19,279	114,995	19,279	97,325	19,279
Public TV Network	12,150	12,150	12,150	12,150	12,013	12,013	12,013	12,013
Public Utility Commission	53,725	0	0	0	53,252	0	0	0
Public Welfare	22,471,189	0	8,781,697	0	22,176,790	0	9,087,313	0
Revenue	759,904	30,000	174,382	0	802,960	30,000	179,540	0
Securities Commission	8,179	0	2,300	0	8,710	0	2,300	0
State	202,226	25,064	5,434	0	165,336	28,997	11,942	0
State Employees' Retirement System	25,191	0	4	0	25,929	0	4	0
State Police	696,708	20,958	157,416	0	777,729	23,322	178,117	0
Tax Equalization Board	1,330	0	1,330	0	1,330	0	1,330	0
Transportation	5,220,747	9,500	325,332	9,500	5,490,090	11,500	328,925	11,500
Legislature	347,765	31,701	346,193	31,701	347,332	31,701	346,193	31,701
Judiciary	308,315	1,618	265,305	1,058	307,247	1,618	264,231	1,058
TOTAL	54,245,616	2,143,402	24,501,456	859,470	54,232,748	2,037,321	25,425,266	873,393

Executive Offices

Pork Spending (FY 2005-06) = \$16.8 Million

The Executive Offices are officially charged with assisting the Governor with administrative needs. Unofficially, they are the umbrella for numerous pet projects and public relations endeavors for the Governor.

The Executive Offices house such programs as the Rural Development Council, which was awarded \$188,000 in FY 2005-06 to promote rural development in Pennsylvania. The Executive Offices also include the various so-called “commissions” for specific groups. Together, these programs received \$942,000 in FY 2005-06 in hopes of fostering good public relations for the Governor with various voting blocks throughout the state.

The Council on the Arts, inexplicably funded through the Executive Offices, spends more than \$14 million on taxpayer-supported art projects, in addition to the \$1.1 million allocated to the Council on the Arts for administrative costs. Such projects are not core functions of state government nor are they deserving of taxpayer money. Subsidizing artists is something best left to the consumers of art, or the philanthropic community, not something every taxpaying Pennsylvanian should be forced to support.

Examples include the \$59,000 in grants awarded to Westmoreland County for three separate art-related programs. The Westmoreland Museum of American Art received a \$43,209 grant to continue “educating, enriching and inspiring the public by creating an understanding and appreciation of quality American art.”¹⁷ The Westmoreland Symphony Orchestra, offering “quality musical performances” at the Palace Theatre in Greensburg, received a \$12,563 grant while the Westmoreland Jazz Society, “providing a venue for America’s unique classical music art form,” received a \$3,262 grant.¹⁸

In addition to numerous small (approximately \$1,000) grants to various Philadelphia organizations and art projects, several significantly larger grants were recently awarded to local organizations in order to “help make Philadelphia a unique and world-class city, with entertainment and enrichment opportunities for everyone.”¹⁹ The Philadelphia Chinese Opera Society received a total of \$13,068 through the Council’s Preserving Diverse Cultures division and the Pennsylvania Partners in the Arts to fund the artistic director position, performance fees, fiscal planning, accounting system, and organizational development. Additionally, the Kardon Institute for Arts Therapy received \$23,597 in funding through the Arts Service Organizations program.²⁰

The political process behind these grants is dubious, as evidenced by a 2004 grant in which the Council of the Arts refused to award grant money to the Duncannon Mural Project, feeling that it expressed religious meaning which would prohibit it from receiving funding. Governor Rendell disagreed, and instructed the Arts Council to award the grant.²¹ Regardless of the constitutionality of that decision, in light of freedom of religious expression, the arbitrary and political manner of decision-making in grants to the arts is an inappropriate use of tax dollars.

¹⁷ Office of Pennsylvania State Rep. Tom Tangretti, Press Release, August 11, 2005, “Tangretti Announces Local Arts Grants,” www.pahouse.com/tangretti.

¹⁸ Idem.

¹⁹ Office of Pennsylvania State Sen. Michael Stack, Press Release, August 30, 2005, “Stack Announces PA Council on the Arts Grants,” [Capitolwire.com Article Search, http://www.capitolwire.com](http://www.capitolwire.com).

²⁰ Idem.

²¹ Pennsylvania Office of the Governor, Press Release, November 8, 2004, “Governor Rendell Urges PA Council on the Arts to Consider Overall Purpose of Duncannon Mural,” <http://www.state.pa.us/papower/cwp/view.asp?A=11&Q=438994&pp=3>.

Auditor General

Pork Spending (FY 2005-06) = \$201.9 Million

The Auditor General's office is charged with examining the accounts of revenue collecting agents "to insure that all money due the Commonwealth was reported and transmitted properly; and post-audits the affairs of State Government agencies and certain local government agencies, officials and organizations in order to insure conformance with established legislative and administrative regulations and to assure that all money has been disbursed legally and properly."²²

Among the programs under the Auditor General's auspices is the Municipal Pension Aid Fund, which offers aid for local governments having difficulties funding their municipal pensions. In FY 2005-06, the Commonwealth of Pennsylvania allocated \$202 million to the Municipal Pension Aid Fund.

Although this fund is intended to help fulfill local pension promises, this type of subsidy from the state merely encourages bad local government practices. Mismanagement or under-funding by local government officials should not become a burden for taxpayers statewide, as the Municipal Pension Aid Fund only encourages irresponsible management of local pension promises. For example, the City of Allentown reported under-funding of its municipal pension by \$5.2 million in FY 2005-06—a sum which will have to be made up in future contributions or by a state bailout.²³

State and local governments have been steadily increasing benefits based on the principle that taxpayer support is a bottomless well.²⁴ State taxpayers should not be forced to underwrite the financial commitments made by county or local government entities. By subsidizing unsustainable obligations, municipalities are relieved of addressing an ongoing and ever-growing problem across the Commonwealth.

Department of Agriculture

Pork Spending (FY 2005-06) = \$24.4 Million

The Department of Agriculture provides a host of programs providing funding for research, promotion, and entertainment related to agriculture. While there are certainly legitimate programs provided by the department, many of the programs are unnecessary and wasteful.

The Department of Agriculture spent \$5.4 million on agricultural shows and fairs in FY 2005-06. Events of this kind should be self-sufficient (if not revenue-generating) and should be coordinated and funded by the agriculture industry, which benefits from such activities, not the taxpayers.

Agricultural research is an example of a program that has continued to receive increasing amounts of funding with no justification. In FY 2005-06, the state spent \$2.1 million on agricultural research. Research on agricultural methods and techniques should be guided by, and thus funded by, the agriculture industry seeking ways to become more efficient, not by taxpayers via Harrisburg politicians delivering novelty-sized checks for photo opportunities.

Additionally, the state allocated \$4.1 million to be used on food and agricultural product marketing through programs such as the Agricultural Promotion, Education and Exports Program, Hardwoods Research and Promotion, Food Marketing and Research, and Product Promotion and Marketing. Is it really a core function of government to spend millions of tax dollars to remind citizens to buy food?

²² Pennsylvania Governor's Office of the Budget, *2006-2007 Governor's Executive Budget*, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371>.

²³ Kraus, Scott, "City facing \$13.3 million pension bill," *Allentown Morning Call*, January 31, 2006, p. B1.

²⁴ For an extensive analysis of the future cost of Pennsylvania's public employee pensions, see *Beneath The Surface: Pennsylvania's Looming Pension & Healthcare Benefits Crisis*, Commonwealth Foundation, February 2006, www.commonwealthfoundation.org.

Department of Community and Economic Development

Pork Spending (FY 2005-06) = \$412 Million

The Department of Community and Economic Development (DCED) is a glut of corporate welfare. According to its mission statement, DCED “fosters opportunities for businesses and communities to succeed and thrive in a global economy”²⁵ by earmarking funds for specific businesses.

DCED is the biggest pigpen in all of state government. The DCED offers hundreds of different types of grants for “Community Development,” “Business Assistance,” “Technology Investments” and “Local Government Services.”

In addition to direct grants to businesses, DCED operates marketing programs costing taxpayers nearly \$25 million in FY 2005-06. These programs attempt to promote Pennsylvania to tourists, businesses, and even to filmmakers to convince them to make movies in the Commonwealth. An additional \$12.4 million was approved for Tourist Promotion Assistance and Tourist Product Development.

DCED awards \$30 million annually in Customized Job Training—grants which are usually awarded to a specific company to train those already working for them. When the government steps into such areas, it subsidizes routine costs for only those businesses wealthy enough to lobby for the subsidies. This is both unfair, and illustrates an abuse of power by the government. Indeed, business associations such as the Pennsylvania Manufacturers’ Association—the purported beneficiaries of such grants—have called for the abolition of these programs.²⁶ They would rather see such funding go toward tax reduction.

Marketing Programs	Budget
Marketing to Attract Tourists	\$13,600,000
Regional Marketing Partnerships	\$4,500,000
Marketing to Attract Business	\$2,896,000
Interactive Marketing	\$2,400,000
International Marketing	\$700,000
Marketing to Attract Film Business	\$600,000
TOTAL	\$24,696,000

DCED also provides grants for local “economic development” projects through the Community Revitalization Grants Program. Also termed Legislative Initiative Grants, or WAMs (walking around money), these grants totaling \$48 million are awarded to special projects (including festivals, concerts, and lights for high school stadiums) at the request of legislators.²⁷

For example, Community Revitalization Grant money was used when Senator Bob Robbins (R-50) announced the approval of \$200,000 to assist several community projects throughout his home district. The grants will include \$20,000 to complete work on an addition to the township municipal building, \$25,000 to assist in architectural rendering for a planned downtown teaching clinic for surgeons using neurological medical devices, and \$35,000 to purchase a snowplow for emergency snow removal. Commenting on the grant, the senator remarked, “I am always pleased when I can use my position in Senate leadership to bring state dollars back [home].”²⁸

Most egregious is DCED’s habit of awarding major business development grants to select businesses to “create jobs.” The numerous DCED-funded grant programs include the Opportunity Grant Program, which was allocated \$50 million in 2005, with no limit on the award amount; the \$25 million Infrastructure Development Program, which provides loans and grants up to \$1.25 million; and 48 additional programs awarding grants, low-interest loans, and tax credits to specific

²⁵ Pennsylvania Governor’s Office of the Budget, *2006-2007 Governor’s Executive Budget*, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371>.

²⁶ Pennsylvania House Appropriations Committee, Testimony of Jim Panyard, President of Pennsylvania Manufacturer’s Association (former), October 2, 2002 on Workforce Development Reform.

²⁷ After substantial scrutiny of the use of these grants, in 2005 the Rendell Administration decided to discontinue publicizing them. While a list of grants can be obtained through a freedom of information request, it is clear that the Governor and the General Assembly are trying to hide the exchange of “pork” for votes.

²⁸ Office of Pennsylvania Senator Bob Robbins, Press Release, January 18, 2006, “Robbins Announces \$200,000 in Mercer County Community Revitalization Grants,” <http://www.senatorrobbs.com/2006-press/011806-mercer.htm>.

businesses.²⁹ DCED's practice of selectively determining which areas are "worthy" of receiving taxpayer's money is both unfair and outside the proper use of state tax revenue.

The Ben Franklin Technology Development Authority, part of DCED, is charged with "the promotion of advanced technology in Pennsylvania's traditional and emerging manufacturing industries,"³⁰ as well as selected small businesses. The Pennsylvania Technology Investment Authority, within the Ben Franklin Technology Development Authority Fund, focuses on helping those "chosen" companies that want to develop new technologies. Through various telecommunications and technology initiatives and infrastructure, the entire Ben Franklin Technology Development Authority fund was appropriated \$67.5 million in 2005-06.

There are additional individual programs set up within the DCED to award grants for almost any reason. Through the Fay-Penn Economic Development Council, DCED and the Governor's Action Team offered Parametric Technology Corp. (PTC), one of the world's largest software companies, \$600,000 to help open a Uniontown facility in Fayette County. The awarded financial package includes a \$375,000 opportunity grant, \$93,750 in job training assistance funds, and \$125,000 in job creation tax credits.³¹ With an operating profit of more than \$85 million in 2005,³² PTC is hardly in need of taxpayer-funded welfare.

Through the Adams County Economic Development Corporation, the city of Berwick received a DCED "Small Business First" grant of \$200,000 to help develop the Silver Moon Restaurant.³³ Another "Small Business First" grant of \$200,000 went to the Chester County Economic Development Council to develop an organic dairy farm in Malvern.³⁴ Rather than depend upon attracting customers, these business take a portion of the income of every taxpayer across the state, including those who will never eat at the Silver Moon Restaurant or buy organic dairy products. For these businesses, success is no longer determined by the quality of their food, but by their ability to feed from the taxpayers' trough.

Likewise, taxpayers should not be expected to collectively provide entertainment facilities to those citizens residing in one fortunate city. Nonetheless, the city of Midland in Beaver County received \$2 million in Redevelopment Assistance Capital Program funds in 2005 to support construction of the Lincoln Park Performing Arts Center on Midland Avenue. The DCED had previously contributed \$350,000 to this project meant to "provide residents and visitors alike with new recreational and educational opportunities."³⁵ Such programs are nothing more than pork-barrel spending seeking to benefit the few at the expense of many.

One "BIG" program funded by the DCED has become a cause of controversy. The Beaver Initiative for Growth (BIG) has received \$7.5 million through various grants in FY 2005. While BIG is one of many organizations in the state that receives most of its revenue from DCED to distribute as it sees fit, it is rare in that it had only two members on its board of directors. Even more dubious is the fact that both board members were state legislators—Rep. Mike Veon and Sen. Gerald LaValle.

Additionally, while most DCED grantees are charities with 501(c)(3) status, BIG is a 501(c)(6) organization—which allows it to conduct political activities.³⁶ If that wasn't bad enough, BIG has failed to provide an adequate audit. DCED rejected an audit received from BIG in August 2005 (which was due in June 2003) explaining that BIG would no longer be considered for grants until

²⁹ Pennsylvania Department of Community and Economic Development, "Funding and Program Finder," <http://www.newpa.com/programFinder.aspx>.

³⁰ *Idem*.

³¹ Pennsylvania Office of the Governor, Press Release, February 15, 2006, "Governor Rendell Announces \$600,000 Investment to help Software Company Expand in Fayette County," <http://papress.state.pa.us/parelease/data/1060215.002.htm>.

³² Parametric Technology Corporation, *2005 Annual Report*, www.ptc.com.

³³ Pennsylvania Department of Community and Economic Development, "Investment Tracker," <http://ctcoas01.state.pa.us/dcedweb/webapp.filterform.show>.

³⁴ *Idem*.

³⁵ Pennsylvania Department of Community and Economic Development, Press Release, July 22, 2005, "Rendell Administration Announces \$2 Million for Lincoln Park Performing Arts Center," <http://newpa.com/newsDetail.aspx?id=213>.

³⁶ Bumsted, Brad, and Debra Erdley, "BIG Conflict of Interest," *Pittsburgh Tribune-Review*, February 26, 2006.

complying—but still awarded BIG \$7.5 million later in the year.³⁷ With no accountability, millions in state grants, complete control by two politicians, and the legal ability to spend money on political activities, BIG represents one of the most appalling abuses of tax dollars in the Commonwealth of Pennsylvania.

Commonwealth Financing Authority

Pork Spending (FY 2005-06) = \$187.5 Million

The Commonwealth Financing Authority (CFA), while legally an independent agency, functions very much like the DCED. This seven-member board of politically appointed individuals was created in 2004 to administer and fund the projects arising out of Governor Rendell's \$2.3 billion "Economic Stimulus Package."

The CFA funds various projects through bond issues, including \$187.5 million in bonds in 2005. Since CFA is an independent agency, these bonds technically are not "obligations of the Commonwealth." Instead, CFA and DCED have a service agreement for the CFA to finance economic development projects while DCED will pay "an amount sufficient to pay the Debt Service Requirements."³⁸ The CFA is due to receive \$8 million from DCED in FY2005-06 and \$37 million in FY 2006-07 for debt payments. The "independence" of the CFA is merely a way to increase pork-barrel spending, while keeping it out of the General Fund budget.

One example of a CFA grant is a Huntingdon County project called "Baseball Heaven." That entity was given a \$92,000 grant to develop a state-of-the-art sports training and entertainment complex to serve as a year-round visitor destination.³⁹ The Redevelopment Authority of the City of Philadelphia received a \$2 million grant through the CFA-approved "Business in Our Sites" program for the development of a 36,000-square-foot House of Blues, to be located in the Packard Building. This project contains a 240-seat restaurant, a 600-seat music hall, a 90-seat, five-star Foundation Room and a Foundation Lounge on the 26th floor.⁴⁰ If these private entertainment facilities will generate revenue, why are taxpayers in distant parts of the state forced to share in the expense?

In a bizarre financing program, the CFA awarded \$31 million in loans as part of the "Venture Investment Fund." These loans (using already borrowed money) went to eight large venture capital firms to invest (through loans or equity investments) in potentially growing Pennsylvania small businesses.⁴¹ Economic development depends upon attracting individuals and companies to invest their own money in the state, not providing taxpayer-backed loans for investors to use instead. Indeed, the fact that taxpayers must now underwrite venture capital firms says a great deal about the sad state of economic opportunity in the Commonwealth.

In March of 2006, the CFA approved \$2.5 million in a few targeted grants supporting agriculture and tourism. One of the more preposterous examples is a \$175,000 planning grant to the United Mine Workers Career Centers Inc. for a feasibility study for the development of Coal Heritage Park, a coal mining museum and park. The grant will mostly be used for technical and financial issues during development.⁴² While the CFA spends \$175,000 to find out if a coal mining museum is worth additional state money to build, we will give them an answer for free: it isn't.

³⁷ Bumsted, Brad, and Debra Erdley, "State kept funding agency in audit dispute," *Pittsburgh Tribune-Review*, March 14, 2006.

³⁸ Commonwealth Financing Authority, *Revenue Bonds, Series 2005*, November 16, 2005.

³⁹ Pennsylvania Downtown Center, Press Release, "Announcement of CFA First Industries First Awards," http://www.padowntown.org/news/newsstories/first_industries.asp.

⁴⁰ Pennsylvania Department of Community and Economic Development, Press Release, July 18, 2005, "Governor Rendell Announces Approved 'Business in our Sites' Projects," <http://papress.state.pa.us/parelease/data/1050719.001.htm>.

⁴¹ Pennsylvania Office of the Governor, Press Release, November 18, 2005, "Governor Rendell Acts to Help New, Existing, High-Tech Firms Flourish," <http://papress.state.pa.us/parelease/data/1051118.000.htm>.

⁴² Pennsylvania Department of Community and Economic Development, Press Release, March 15, 2006, "Governor Rendell Announces \$2.5 Million Investment in Agriculture, Tourism Projects," <http://papress.state.pa.us/parelease/data/1060315.009.htm>.

Department of Education

Pork Spending (FY 2005-06) = \$258 Million

While many initiatives funded by the Pennsylvania Department of Education's (PDE) \$11.5 billion budget need greater accountability, this analysis focuses only on the most wasteful programs.

The state offers millions to universities for research projects, including \$23 million to Penn State University for agricultural research. Taxpayer support for universities should focus on aiding the education of students, not on subsidizing pet research projects of faculty.

As part of Governor Rendell's initiatives, the state has included \$230 million in its FY 2005-06 budget to fund, in part, pre-school programs. Current proposals include expanding public preschool to all three- and four-year-olds in the state.⁴³ These government-run day care initiatives compete with nonprofit groups and privately-run day care by spending almost \$7,000 per student. Rather than using tax dollars to extend the public school monopoly into preschool programs, the state should be encouraging use of existing private programs. Taxpayer-financed daycare is a prime example of government overstepping its role and assuming a function for which families and private organizations have adequately taken responsibility, and these caregivers should continue to do so.

Department of Environmental Protection

Pork Spending (FY 2005-06) = \$5.6 Million

The Department of Environmental Protection (DEP) is responsible for "protecting Pennsylvania's air, land and water from pollution and for providing for the health and safety of its citizens through a cleaner environment."⁴⁴ Several programs of the department focus not on statewide environmental assistance, but subsidies to selected businesses.

"Stay Warm PA" is a program which, among other things, reminds unaware Pennsylvanians that using energy costs money. The governor touts the "Stay Warm PA" program, which promises an additional \$30 million this winter for low-income energy assistance with \$18 million in state funds,⁴⁵ creates a toll-free number that one can call for advice on how to reduce energy consumption, and funds various billboards and websites directing individuals how to reduce energy consumption.

The Small Business Advantage Grant Program provides a matching grant of up to \$7,500 to businesses encouraging the implementation of equipment or processes to reduce energy consumption and prevent pollution. The grant program also allows for increased profitability for small businesses as taxpayers help underwrite the company's operating expenses.

Within this program, 183 grants totaling more than \$1 million have been given to small businesses to buy new equipment or implement new processes that will conserve energy. For example, Welsh Cleaners of Philadelphia was fortunate enough to receive \$7,500 to purchase and install upgraded dry-cleaning equipment that will reduce hazardous waste generation.⁴⁶ Likewise, Nealy/Rine Enterprises in Shippensburg was awarded \$6,068 to purchase and install high-efficiency mower equipment.⁴⁷

⁴³ See Commonwealth Education Organization, "Education Advocate," Vol. 6, No. 6, November/December 2005, <http://www.ceopa.org>.

⁴⁴ Pennsylvania Governor's Office of the Budget, *2006-2007 Governor's Executive Budget*, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371>.

⁴⁵ Pennsylvania Department of Environmental Protection, "Governor Rendell's Stay Warm PA Initiative," <http://www.staywarmpa.com/initiative.asp>.

⁴⁶ Office of Pennsylvania Senator Michael Stack, Press Release, December 19, 2005, "Welsh cleaners reduces pollution with state grant," Capitolwire.com Article Search, <http://www.capitolwire.com>.

⁴⁷ Office of Pennsylvania Senator Patricia Vance, Press Release, December 21, 2005, "Vance announces Shippensburg businesses awarded Small Business Advantage Grant," Capitolwire.com Article Search, <http://www.capitolwire.com>.

The Pennsylvania Energy Development Authority (PEDA) is an off-budget funding program designed to “help Pennsylvania companies that are developing new technology in clean energy fields to get those products on the commercial market as quickly as possible.”⁴⁸ These grants are funded through Growing Greener II debt, which will borrow \$625 million over five years—\$105 million in FY 2005-06—by issuing general obligation bonds. This past year, PEDA awarded \$8.5 million in grants and loans for 25 projects. A list of projects funded, by county, can be found on the DEP’s website.⁴⁹

PEDA grants and the Small Business Advantage Program are examples of corporate welfare in the state budget. Distributing taxes collected from individuals and competing businesses to a select few is nothing more than legalized plunder. The powers of government should not be used to offer financing for preferred businesses out of taxes paid by everyone.

Fish and Boat Commission

Pork Spending (FY 2005-06) = \$25.2 Million

The Fish and Boat Commission is responsible for enforcing fishing and boating laws and regulations. In addition to monitoring boating licenses, the Fish and Boat Commission is responsible for administering the \$25 million Fish Fund to stock fish in Pennsylvania’s rivers and streams. Increasing the success rate of fishing trips is not a proper use of tax dollars. The Fish Fund is a program that should be gutted.

Historical and Museum Commission

Pork Spending (FY 2005-06) = \$11.4 Million

As the official agency of the Commonwealth for the conservation of Pennsylvania’s historic heritage, the Commission is “responsible for the care of historical manuscripts, public records, and objects of historic interest, museums, archeology, publications, historic sites and properties, historic preservation, geographic names, and the promotion of public interest in Pennsylvania history.”⁵⁰

In addition to the duties described above, the Commission awards museum assistance grants, historical education and museum grants, and support for regional history centers. These generous donations from the Commission, funded by taxpayers, amounted to \$11.4 million in FY 2005-06.

Museums should operate entirely off the support of private contributions and admission charges, just like those already being accepted by the Commission. There is no need for taxpayers to unknowingly donate anymore than they choose.

Among the initiatives of this department, its role in archiving official state documents represents the only appropriate function of a government body—a function that would be more appropriately coordinated by the Executives Offices. It is time to put the Historical and Museum Commission out of commission.

⁴⁸ Pennsylvania Governor’s Office of the Budget, *2006-2007 Governor’s Executive Budget*, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371>.

⁴⁹ Pennsylvania Department of Environmental Protection, Press Release, “Governor Rendell Announces \$8.5 million for Clean Energy Projects,” January 11, 2006, <http://papress.state.pa.us/parelease/data/1060111.007.htm>.

⁵⁰ Pennsylvania Governor’s Office of the Budget, *2006-2007 Governor’s Executive Budget*, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371>.

Department of Insurance

Pork Spending (FY 2005-06) = \$559 Million

In 2002, the Medical Care Availability and Reduction of Error (MCARE) Fund was established to “to ensure reasonable compensation for persons injured due to medical negligence in this Commonwealth.”⁵¹ The program pays for damages awarded above and beyond basic insurance coverage in medical liability lawsuits. In other words, whenever a lawsuit results in an award above what insurance will cover (\$1,000,000 in the most basic cases) the state will pick up the tab. MCARE participation is mandatory for most hospitals, nursing homes, and other health care providers, who must pay the state to ensure that exorbitant lawsuits get paid off.

By spending almost \$559 million, this fund allows state lawmakers to ignore the need for medical liability reform. In addition to providing trial lawyers with a guaranteed source of revenue for major payoffs, MCARE indirectly increases the cost of health care by mandating charges to hospitals, which will only be passed down to consumers. Instead of curtailing lawsuit abuse and rising medical costs, the MCARE Fund is, in fact, encouraging these very trends.

Department of Labor and Industry

Pork Spending (FY 2005-06) = \$50.5 Million

The Department of Labor and Industry (DLI) has the principal function of “administering Unemployment Compensation, Worker’s Compensation, and related federal employment and unemployment programs.”⁵² Outside of this scope, but still funded through DLI, are training and assistance programs for job-seekers and current employees of companies. DLI contributes to Governor Rendell’s “Job Ready PA” program.

DLI was appropriated \$17 million in FY 2005-06 for Job Training Initiatives, allowing the state to provide funding to companies, businesses and organizations to train workers. Another \$5 million was granted through the Industry Partnership Program to help industries work together in “closing workforce gaps.” It hardly seems justifiable to require taxpayers to pay for training workers already on the job, while their employers avoid covering the cost. Put in the best light, these programs are misguided efforts to remedy the failings of the state’s public school system, which did not prepare graduates to enter into the workforce. At their worst, these programs represent another example of corporate welfare, with officials in Harrisburg selecting individual companies to receive funds out of the wallets of Pennsylvania’s workers. Like the DCED job training programs, these grants only benefit selected recipients, while representing a drain on the overall economy through higher taxes for all.

Liquor Control Board

Pork Spending (FY 2005-06) = \$410.4 Million

The Liquor Control Board (LCB) controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the Commonwealth. State liquor stores are the only major institution (save for a handful of exceptions, including certain wineries) allowed to sell bottled wine and hard liquor in the state. Pennsylvania is the one of few states in the union which operates such a monopoly over liquor sales.

The LCB owns and operates 637 state liquor stores. These stores charge Pennsylvania consumers more than \$1.5 billion annually (\$410 million of which appears in the Commonwealth operating budget). It is unknown which political philosopher first argued that selling booze was a critical

⁵¹ Idem.

⁵² Idem.

function of state government. Certainly liquor sales can be left to the private sector—as is customary in nearly every other state and nation. In fact, a 1997 Commonwealth Foundation study found that state-owned liquor stores have almost no benefit in terms of reducing incidents of drunk driving or public intoxication.⁵³

Additionally, LCB has been taking the initiative in making state stores more competitive with liquor stores in the bordering states of New York, New Jersey, Delaware, West Virginia, Ohio, and Maryland.⁵⁴ While the Commonwealth Foundation applauds efforts by state government to apply experiences from the private sector to its own operations and to make the business climate more competitive with other states, this is not the best case study of either. Pennsylvanians should find it troubling that their state government is doing all it can to run out of business small stores in Ohio and New Jersey, where alcohol sale and distribution are not government functions.

Milk Marketing Board

Pork Spending (FY 2005-06) = \$2.7 Million

The Milk Marketing Board is a special fund agency that “regulates the milk industry by establishing trade control and marketing practices, and setting minimum prices paid to farmers, and charged to retail and wholesale customers and consumers.”⁵⁵ The Milk Marketing Board determines adequate prices for milk, though admittedly, it has the luxury of setting prices based on market rates in neighboring states. While milk is generally considered a dairy product, with a general operating budget of \$2.7 million in FY 2005-06, the Milk Marketing Board qualifies as pork in the state’s budget.

Public Television Network

Pork Spending (FY 2005-06) = \$12.2 Million

The Public Television Network (PTN) Commission promotes and encourages government-subsidized television in Pennsylvania. The network facilities provide services to eight public television stations and one affiliated station.

Taxpayer-subsidized television is both unnecessary and dangerous. As David Boaz of the Cato Institute writes, “If anything should be kept separate from government and politics, it’s the news and public affairs programming that informs Americans about government and its policies.”⁵⁶ Additionally, public television sponsorship represents a subsidy of television for the rich. Given that public television viewers are predominantly affluent, upper class individuals,⁵⁷ this represents a “reverse Robin Hood” effect. Between the general government operations of PTN and the station grants that it gives out, the PTN spends more than \$10 million. There is no need to continue this significant waste of taxpayers’ money.

⁵³ Commonwealth Foundation, “Privatization of Liquor Stores: No Threat to Public Safety,” August 1997, <http://www.heartland.org/pdf/65774e.pdf>.

⁵⁴ Hoffman, Mark, “Pennsylvania Liquor Stores Get More Competitive,” July 14, 2003, www.stateline.org.

⁵⁵ Pennsylvania Governor’s Office of the Budget, *2006-2007 Governor’s Executive Budget*, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371>.

⁵⁶ Boaz, David, “Free PBS,” Cato Institute, August 19, 2005, http://www.cato.org/pub_display.php?pub_id=4248.

⁵⁷ See *Baltimore Sun*, “Defund PBS,” June 27, 2005; Sponsorship Group for Public Television website: http://www.sgptv.org/why_sponsor.html.

Revenue Department

Pork Spending (FY 2005-06) = \$30 Million

The Revenue Department includes a program for Lottery Advertising, which spends \$30 million each year to promote the state lottery. While any type of marketing of state services is wasteful spending, lottery advertising is particularly disconcerting. Other unnecessary advertising expenditures cited in this study are well-intentioned efforts to encourage desired behaviors, but lottery advertising is aimed at deceiving the public and manipulating them into believing they have strong odds of winning the lottery. Pennsylvanians would be much better off investing in their retirement than buying lottery tickets, as a Tax Foundation study found that for every dollar spent each month on lottery tickets, participants lose an estimated \$1,444 in retirement savings over a 40-year period.⁵⁸

State Department

Pork Spending (FY 2005-06) = \$25.1 Million

The Department of State is responsible for overseeing and enforcing “standards of ethics and competence in a variety of areas.”⁵⁹ While overseeing approval of charitable organization status, collecting campaign finance information, and handling voter registration are among the legitimate functions of the department, there are many areas in which the department oversteps appropriate areas for oversight and engages in unnecessary regulatory burdens.

The State Athletic Commission is a \$400,000 annual program charged with monitoring boxing, kickboxing, and setting rules governing professional wrestling.

The Bureau of Professional and Occupational Affairs provides “administrative, logistical and legal support services to the 27 professional and occupational licensing boards and commissions.”⁶⁰ Each of these boards has its own statute governing its powers and functions, and within each of the 27, there are several types of licenses offered. Even with costly charging fees to the licensees, the Bureau still operates on a budget of almost \$25 million provided annually by taxpayers.

While many of the professional licensing boards are justifiable, given the theory of imperfect information—as in the cases of nurses, doctors, and attorneys—many professionals face needless burdens imposed upon them by the excessive licensing mandates, including the following examples:

- The State Board of Auctioneer Examiners issues and controls auctioneer, apprentice auctioneer, auction house, and auction company licenses.⁶¹ It is unclear whether the state tests for talking fast.
- The State Board of Barber Examiners awards licenses to become a barber, manager-barber or barber-teacher, requiring an endorsement examination consisting of both theory and practical information.⁶² This regulation could only be justified if consumers were unable to determine whether or not they received a satisfactory haircut.
- The State Board of Cosmetology regulates cosmeticians, manicurists and cosmetologists, teachers of cosmetology, cosmetology shops (salons), and schools in the Commonwealth.⁶³

⁵⁸ Tax Foundation, “Lottery Taxes Divert Income from Retirement Savings,” *Fiscal Facts*, January 19, 2006, www.taxfoundation.org.

⁵⁹ The General Assembly is not one of the areas where ethics and competence are enforced.

⁶⁰ Pennsylvania Governor’s Office of the Budget, *2006-2007 Governor’s Executive Budget*, <http://www.governor.state.pa.us/governor/cwp/view.asp?a=1101&q=445371>.

⁶¹ Pennsylvania Bureau of Professional and Occupational Affairs, Professional Licensing Boards and Commissions, <http://www.dos.state.pa.us/bpoa/cwp/view.asp?a=1104&Q=432596&bpoaNav=l>.

⁶² *Idem*.

⁶³ *Idem*.

- The State Board of Funeral Directors licenses funeral directors and sets regulations for the “proper conduct of the profession of funeral directing.”⁶⁴

Aside from being a waste of taxpayers’ money, many of these licensing boards reduce the ability of competitors and entrepreneurs to enter the marketplace. More powerful and protective of the public than these myriad boards are the dual threats of competition and litigation. The best protection for consumers is a dynamic marketplace where choice and competition are the rule, and where consumers have recourse from fraudulent behavior or misconduct.

State Legislature

Pork Spending (FY 2005-06) = \$31.7 Million

Being a state legislator has its benefits, including taxpayer funding for re-election efforts. More than \$65 million of the \$340 million annually budgeted for General Assembly operations is put into leadership accounts for party leaders to dole out to members at their discretion. This money funds such items as regular mailings, radio and television advertisements, and other things that increase name identification for incumbent legislators. These “incumbency protection plans” are historically employed immediately prior to elections.⁶⁵

The Pennsylvania Senate, in addition to the \$1.3 million awarded for Senators’ Mileage and Other Expenses, received a budget allocation of \$3.3 million for Incidental Expenses. Similarly, the Pennsylvania House of Representatives receives a budget allocation of \$5.1 million for Representative Expenses and more than \$8.8 million for Incidental Expenses.

Additionally, each branch of the legislature receives \$24,000 to purchase flags each year. While representing only a small portion of the total budget, buying flags to decorate lawmakers’ offices or for lawmakers to give as gifts to friends and supporters are not the best use of tax dollars.

Under the Legislative Branch are a number of special projects which have nothing to do with assisting lawmakers in their constitutional duties. These miscellaneous legislative projects—which include “capitol restoration,” “rare books conservation,” and “colonial history”—receive \$7.1 million annually, which should be funded through private means, not taxpayer dollars.

Pennsylvania Judiciary

Pork Spending (FY 2005-06) = \$1.6 Million

The wasteful spending in the Commonwealth’s judiciary brings this branch of government in line with the other two as spending by judges and justices has come under scrutiny. The Pennsylvania Supreme Court received \$237,000 in FY 2005-06 for judges’ expenses. An additional \$143,000 was appropriated to the Commonwealth Court for judges’ expenses.

The seven state Supreme Court Justices billed taxpayers more than \$53,000 for food, travel and other expenses from July to December 2005. Some of the charges include 95 meals (most of them greater than \$100); trips to conferences in Alaska, Puerto Rico and South Carolina; \$5 tips to doormen; \$6 bags of peanuts and sodas from hotel honor bars; 34 car washes; \$85 bottles of wine; and stays in posh hotels.⁶⁶

⁶⁴ Idem.

⁶⁵ See Office of Pennsylvania Representative Greg Vitali, Press Release, March 22, 2004, “House rejects renewed effort to limit incumbent PSAs,” which cites \$1.7 million spent by party leaders in 2002 on “Public Service Announcements” promoting 70 House incumbents.

⁶⁶ Murphy, Jan, “Justices still running up the public tab,” *The Patriot News*, March 5, 2006, www.pennlive.com.

This is the result of government out of control, and represents a breach of the trust granted by voters. But these jurists are beginning to be held accountable for their spending, as evidenced by Justice Russell Nigro being voted out of office in 2005. However, before becoming the first Pennsylvania Supreme Court justice ever to fail to achieve re-election, he charged taxpayers with a \$318 bill for dinner. He still didn't seem to get the message from voters, however, as he charged another \$124 meal to taxpayers the night after losing the election. Supreme Court Chief Justice Ralph Cappy noted "it's true a person making minimum wage might not have lunch in a place where you might take the dean of the law school to lunch," but he forgot that the average minimum wage worker isn't charging his meal to other minimum wage workers—he's spending his own money.⁶⁷ Unfortunately, this type of luxurious living at taxpayer expense is not the exception, but has become the rule in Harrisburg.

Pennsylvania Higher Education Assistance Agency

Pork Spending (FY 2005-06) = \$342.4 Million

The Pennsylvania Higher Education Assistance Agency (PHEAA) is a massive entity which offers and services student loans, administers Pennsylvania's higher education grants programs, and offers administrative services for other lenders. PHEAA "manages more than \$56.5 billion in individual student loans and serves millions of students and thousands of schools nationally through its state grant, guaranty, servicing, and financial aid processing systems."⁶⁸ Operating revenues for the PHEAA (not including student grants awarded from the General Fund budget) will reach an estimated \$342 million in FY 2005-06.

In fact, this publicly chartered agency did so well during 2005, by increasing the number of loans by 34 percent and its financial portfolio by 2 percent, that the CEO and vice presidents of PHEAA received huge pay increases. PHEAA's CEO will receive \$464,011 in base salary for the year, making him Pennsylvania's highest-paid state worker.⁶⁹ While this salary is certainly commonplace among CEOs of large financial institutions earning millions of dollars in revenue from student loans, those executives are not state government employees and are not afforded protections from the risks of the competitive marketplace.

In addition to extending the long arm of state government into a highly profitable area, PHEAA undermines its private sector competitors. PHEAA lobbied Congressman Tim Holden(D, PA) to introduce a bill in Congress that would impose a \$300 million annual fee on Sallie Mae, PHEAA's chief competitor. While admitting that the bill is unlikely to go anywhere, PHEAA members and supporters hope that it sends a message to Sallie Mae to "back off" its interest in managing PHEAA's portfolio of loans.⁷⁰ Any time state government undercuts privately-owned businesses, it has clearly surpassed its proper role. The loan operations of the PHEAA should be contracted out, if not privatized entirely.

Jonas Salk Legacy Fund

Pork Spending (FY 2006-07) = \$250 Million

New to the budget for FY 2006-07 is a program proposed by Governor Ed Rendell designed to improve medical research in Pennsylvania. The Jonas Salk Legacy Fund would be a non-operating budget program that would spend \$250 million a year to "accelerate medical research in

⁶⁷ Idem.

⁶⁸ Pennsylvania Higher Education Assistance Authority, "About Us," <http://www.pheaa.org>.

⁶⁹ Murphy, Jan, "Executives at PHEAA get raises totaling 6 percent," *The Patriot News*, January 17, 2006, www.pennlive.com.

⁷⁰ Lieberman, Brett "Holden takes aim at rival of PHEAA," *The Patriot News*, January 15, 2006, www.pennlive.com.

Pennsylvania by attracting a talented, diverse workforce.”⁷¹ The fund will operate through two tracks, including facilities and research infrastructure, which would invest in new facilities, and “Starter Kits” to purchase equipment for new faculty at colleges and universities.

The fund will issue bonds to finance these grants, with repayment tied to the Tobacco Settlement Fund. Governor Rendell’s statement that the Jonas Salk fund will “tackle tomorrow’s medical issues today” should include the fact that through programs like this, the government continues to spend today with the hope and intention to pay tomorrow, or the next day, or the next.⁷²

Conclusions and Recommendations

Pennsylvania lawmakers increased inflation-adjusted state per-capita spending by more than 25 percent since FY 1990-91 in a misguided and futile effort to improve the state’s economy. From 1991 through 2005, Pennsylvania ranked 43rd in job growth, 47th in state personal income growth, and 48th in population growth.⁷³ Even as Governor Rendell touts his record of job “creation” in introducing his FY 2006-07 budget, Pennsylvania remains slower than the rest of the nation in job growth. If Pennsylvania employment grew at the rate of the rest of the nation⁷⁴ during the Rendell Administration (December 2002-December 2005), the state would have 50,000 more jobs.

The only path to economic growth is to enhance Pennsylvania’s attractiveness to residents and businesses by cutting wasteful spending, lowering taxes, and reducing unnecessary burdens on residents and businesses. Harrisburg officials need to reexamine their priorities, focus on improving the business climate and overall competitiveness of the state, and cut senseless waste out of state government.

This analysis of the Pennsylvania operating budget identifies \$2 billion in government waste in the propose FY 2006-07 operating budget. An additional \$2.3 billion of waste buried within the capital budget or spent by “independent agencies” further extends the intrusion of government into the daily lives of Pennsylvanians. These cuts from the budget would reduce the size and burden of government on Pennsylvania residents, move the state government closer to its proper role, and decrease the cost of Pennsylvania’s government by \$675 annually for each family of four.

With a host of hearings, meetings, and votes on the FY 2006-07 budget over the next several months, the Pennsylvania General Assembly has the opportunity to address these most egregious examples of government waste. Rather than rubber-stamp every proposal coming from the Governor and the various departments, legislators need to consider the average taxpayer, respect the core functions of government, and focus spending only on those programs which truly provide for the “general good” of Pennsylvania residents.

Additional savings could be made by improving efficiency in the core functions of state government. Reducing costly regulations, eliminating prevailing wage laws, cutting overhead and administrative costs, streamlining, and privatizing and contracting services could save taxpayers additional millions, if not billions, each year in unnecessary costs. While the *Pennsylvania Piglet Book 2006* identifies only wasteful programs to eliminate, elected and appointed officials should continue to seek out ways to reduce and deliver core government services more efficiently.

In addition to eliminating the programs outlined above, Pennsylvania needs to enact a Constitutional Amendment limiting the growth of state spending. This requires the General Assembly to pass identical amendment language in two consecutive sessions and voter approval through referendum. History demonstrates that lawmakers will not restrain their spending by their

⁷¹ Pennsylvania Office of the Governor, Press Release, 2/16/2006, “The Jonas Salk Legacy Fund: Accelerating Medical Research in Pennsylvania,” http://www.governor.state.pa.us/governor/lib/governor/salk_pointsfaq.pdf.

⁷² Idem.

⁷³ Bureau of Labor Statistics, “December Seasonally Adjusted State Employment,” www.bls.gov; Bureau of Economic Analysis, “State Quarterly Income Analysis,” www.bea.doc.gov; Bureau of the Census, “Annual Population Estimates,” www.census.gov.

⁷⁴ Excluding data from Mississippi and Louisiana, due to the employment affects of Hurricane Katrina.

own accord. Voters and elected officials need to insist upon legal barriers to curb profligate spending—barriers to control the size of state government and to force lawmakers to address wasteful programs. At the time of publication of the *Pennsylvania Piglet Book 2006*, both the Pennsylvania House and Senate have passed statutory spending limits, but that legislation sits idly by in committees while another excessive budget is debated. Government must be made to live within its means, contain costs, spend efficiently, and limit itself to core functions.

Furthermore, the state budget must be made more transparent to Pennsylvania taxpayers. Focusing discussion only on the General Fund hides a major portion of total spending from public scrutiny. Bonds should be issued only for traditional capital projects—such as highways and public buildings—rather than for pork-barrel projects. By using bonds, particularly through so-called independent authorities, lawmakers feign restraint in the operating budget, but substantially increase the outstanding liability for taxpayers in future years.

Service on general obligation debt (which does not include transfers to independent agencies) has doubled in two years—from \$400 million in FY 2004-05 to a proposed \$852 million in FY 2006-07, and is estimated to reach \$1.2 billion by FY 2010-11 (assuming no new debt-financed programs). While debt service on bonds already issued cannot be immediately cut, reducing the amount of bonds issued is needed to free up tax dollars for use in core government functions.

Finally, independent agencies should be included in official budget reports and documents. These agencies, which are allowed to issue bonds to fund their operations and, in most cases, receive tax dollars to pay off this debt, are merely a tool for hiding additional state spending from the public eye by keeping them “off budget.”

Pennsylvania’s state government has long ago exceeded Jefferson’s “sum of good government” and entered into programs and services which are far from its proper role. The *Pennsylvania Piglet Book 2006* is an attempt to identify potential cuts in the state budget and bring both attention to these wasteful undertakings and a new focus on the proper functions of state government.

Appendix: Identified Waste

Waste, WAMS, & Corporate Welfare
Operating Budget

Program	Category*	FY 2005-06	Percent of Dept. Budget	FY 2006-07	Percent of Dept. Budget
Executive Offices					
Rural Development Council	3	\$188,000	0.03	\$209,000	0.04
Latino Affairs Commission	3	\$212,000	0.04	\$235,000	0.04
African-American Affairs Commission	3	\$318,000	0.05	\$329,000	0.06
Asian-American Affairs Commission	3	\$139,000	0.02	\$144,000	0.03
Commission for Women	3	\$273,000	0.05	\$285,000	0.05
Council on the Arts	2	\$1,138,000	0.19	\$1,197,000	0.22
Grants to the Arts	2	\$14,500,000	2.48	\$15,225,000	2.79
Total Proposed Cuts:		\$16,768,000	2.86	\$17,624,000	3.23

Auditor General					
Municipal Pension Aid	4	\$201,880,000	77.20	\$225,000,000	79.03
Total Proposed Cuts:		\$201,880,000	77.20	\$225,000,000	79.03

Treasury					
Tuition Account Program Advertising	3	\$1,000,000	0.12	\$1,000,000	0.10
Total Proposed Cuts:		\$1,000,000	0.12	\$1,000,000	0.10

Department of Aging					
Legal Advocacy for Older Pennsylvanians	3	\$600,000	0.06	\$0	0.00
Total Proposed Cuts:		\$600,000	0.06	\$0	0.00

Department of Agriculture					
Farmers' Market Food Coupons	3	\$2,000,000	0.86	\$2,000,000	0.65
Agricultural Research	3	\$3,000,000	1.29	\$2,100,000	0.68
Agriculture Promotion Education and Exports	3	\$1,286,000	0.55	\$1,186,000	0.39
Hardwoods Research and Promotion	3	\$780,000	0.33	\$598,000	0.19
Animal Health Commission	3	\$5,250,000	2.25	\$5,250,000	1.71
Animal Indemnities	3	\$20,000	0.01	\$20,000	0.01
Trans to State Farm Products Show Fd.	2	\$3,000,000	1.29	\$3,000,000	0.98
Payments to Pennsylvania Fairs	2	\$4,400,000	1.89	\$4,400,000	1.43
Livestock Show	2	\$225,000	0.10	\$225,000	0.07
Open Dairy Show	2	\$225,000	0.10	\$225,000	0.07
Junior Dairy Show	2	\$50,000	0.02	\$50,000	0.02
4-H Club Shows	2	\$55,000	0.02	\$55,000	0.02
Food Marketing and Research	3	\$3,000,000	1.29	\$3,000,000	0.98
Product Promotion and Marketing	3	\$850,000	0.36	\$850,000	0.28
Future Farmers	3	\$104,000	0.05	\$104,000	0.03
Agriculture and Rural Youth	3	\$110,000	0.05	\$110,000	0.04
Total Proposed Cuts:		\$24,355,000	10.43	\$23,173,000	7.54

* Category: 1=Corporate Welfare; 2=Private Goods; 3=Paternalistic Programs; 4=Perverse Incentives

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Program	Category*	FY 2005-06	Percent of Dept. Budget	FY 2006-07	Percent of Dept. Budget
Department of Community and Economic Development					
International Trade	3	\$5,734,000	0.67	\$5,734,000	0.80
International Marketing	3	\$1,700,000	0.20	\$0	0.00
Interactive Marketing Health Care	3	\$2,040,000	0.24	\$2,040,000	0.28
Marketing to Attract Tourists	3	\$15,100,000	1.76	\$13,600,000	1.89
Marketing to Attract Business	3	\$3,985,000	0.47	\$3,985,000	0.55
Regional Marketing Partnerships	3	\$4,500,000	0.53	\$5,000,000	0.69
Marketing to Attract Film Bus.	3	\$600,000	0.07	\$600,000	0.08
Business Retention and Expansion	1	\$12,276,000	1.43	\$3,476,000	0.48
Land Use Planning Assistance	1	\$3,321,000	0.39	\$3,321,000	0.46
Transfer to Munic. Fin. Rec. Revolv. Fund	1	\$1,500,000	0.18	\$1,500,000	0.21
Transfer to Indstl. Sites Environ. Assess. Fund	1	\$500,000	0.06	\$500,000	0.07
Transfer to Ben Franklin Tech. Dev. Authority Fund	1	\$50,000,000	5.84	\$50,000,000	6.95
Transfer to Commonwealth Fin. Authority	1	\$8,294,000	0.97	\$36,939,000	5.13
Infrastructure Development	1	\$22,500,000	2.63	\$22,500,000	3.13
Opportunity Grant Program	1	\$49,000,000	5.73	\$49,000,000	6.81
Keystone Innovation Zones	1	\$2,000,000	0.23	\$2,000,000	0.28
Customized Job Training	1	\$30,000,000	3.51	\$30,000,000	4.17
Workforce Leadership Grants	1	\$4,050,000	0.47	\$4,050,000	0.56
Housing and Redevelopment Assistance	1	\$30,000,000	3.51	\$30,000,000	4.17
Family Savings Accounts	1	\$1,000,000	0.12	\$1,000,000	0.14
New Communities	1	\$18,000,000	2.10	\$18,000,000	2.50
PA Industrial Development Assistance	1	\$4,150,000	0.48	\$3,150,000	0.44
Local Development Districts	1	\$5,050,000	0.59	\$4,050,000	0.56
Small Business Development Centers	1	\$6,750,000	0.79	\$6,750,000	0.94
Tourist Promotion Assistance	3	\$11,000,000	1.29	\$10,450,000	1.45
Rural Leadership Training	1	\$210,000	0.02	\$250,000	0.03
Flood Plain Management	1	\$60,000	0.01	\$60,000	0.01
Comm. Conservation and Employment	1	\$15,000,000	1.75	\$25,000,000	3.47
Tourist Product Development	3	\$2,000,000	0.23	\$2,000,000	0.28
Industrial Resource Center	1	\$15,200,000	1.78	\$15,200,000	2.11
Early Intervention for Distressed Munic.	1	\$750,000	0.09	\$750,000	0.10
FayPenn	1	\$600,000	0.07	\$0	0.00
Tourism Accredited Zoos	3	\$2,000,000	0.23	\$0	0.00
Community Revitalization (WAMs)	1	\$48,300,000	5.64	\$0	0.00
Urban Development	1	\$7,000,000	0.82	\$0	0.00
Community and Business Assistance	1	\$2,500,000	0.29	\$0	0.00
Market Development	1	\$10,000,000	1.17	\$0	0.00
Minority Business Development	1	\$2,000,000	0.23	\$0	0.00
Manufacturing and Business Assistance	1	\$2,500,000	0.29	\$0	0.00
PennTap	1	\$300,000	0.04	\$0	0.00
Agile Manufacturing	1	\$750,000	0.09	\$0	0.00
Powdered Metals	1	\$100,000	0.01	\$0	0.00
Regional Development Initiatives	1	\$400,000	0.05	\$0	0.00
Infrastructure&Facilities Improvement Grants	1	\$5,000,000	0.58	\$15,000,000	2.08
Municipal Code Training	1	\$250,000	0.03	\$0	0.00
Community Development Bank Grants	1	\$2,000,000	0.23	\$0	0.00
Digital and Robotic Technology	1	\$1,500,000	0.18	\$0	0.00
Worldtrade PA	3	\$0	0.00	\$15,000,000	2.08
Total Proposed Cuts:		\$411,470,000	48.08	\$380,905,000	52.94

* Category: 1=Corporate Welfare; 2=Private Goods; 3=Paternalistic Programs; 4=Perverse Incentives

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Program	Category*	FY 2005-06	Percent of Dept. Budget	FY 2006-07	Percent of Dept. Budget
Department of Conservation and Natural Resources					
Heritage and Other Parks	2	\$5,350,000	1.38	\$1,950,000	0.63
Forest Pest Management	3	\$2,111,000	0.54	\$2,111,000	0.68
Total Proposed Cuts:		\$7,461,000	1.92	\$4,061,000	1.30

Department of Education					
Pennsylvania Accountability Grants	2	\$200,000,000	1.71	\$250,000,000	2.04
Head Start Supplemental Assistance	2	\$30,000,000	0.26	\$45,000,000	0.37
SSHE Recruitment of Disadvantaged Students	3	\$430,000	0.00	\$430,000	0.00
SSHE Affirmative Action	3	\$1,111,000	0.01	\$1,111,000	0.01
PSU Agricultural Research	3	\$23,094,000	0.20	\$23,044,000	0.19
PSU Recruitment of Disadvantaged Students	3	\$434,000	0.00	\$434,000	0.00
Pitt Recruitment of Disadvantaged Students	3	\$423,000	0.00	\$423,000	0.00
Pitt Rural Education Outreach	3	\$1,742,000	0.01	\$1,401,000	0.01
Temple Recruitment of Disadvantage Students	3	\$423,000	0.00	\$423,000	0.00
Lincoln Recruitment of Disadvantage Students	3	\$296,000	0.00	\$305,000	0.00
Total Proposed Cuts:		\$257,953,000	2.22	\$322,571,000	2.64

Department of Environmental Protection					
Small Business Pollution Prevention Program	1	\$1,267,000	0.19	\$500,000	0.07
Environmental Education Fund	3	\$607,000	0.09	\$1,120,000	0.17
Grants for Cleanup of Scrap Tires	1	\$2,750,000	0.42	\$0	0.00
Small Business Advantage Grant Program	1	\$1,000,000	0.15	\$0	0.00
Total Proposed Cuts:		\$5,624,000	0.85	\$1,620,000	0.24

Fish and Boat Commission					
Fish Fund	3	\$25,509,000	48.86	\$27,822,000	50.03
Total Proposed Cuts:		\$25,509,000	48.86	\$27,822,000	50.03

Gaming Control Board					
Local Law Enforcement Grants	3	\$5,000,000	100.00	\$5,000,000	100.00
Total Proposed Cuts:		\$5,000,000	100.00	\$5,000,000	100.00

Department of General Services					
Capitol Fire Protection	4	\$1,020,000	0.69	\$1,020,000	0.66
Total Proposed Cuts:		\$1,020,000	0.69	\$1,020,000	0.66

Historical and Museum Commission					
Maintenance Program	2	\$1,000,000	1.59	\$2,000,000	3.82
Museum Assistance Grants	2	\$5,135,000	8.16	\$4,135,000	7.91
Historical Education and Museum Grants	2	\$2,225,000	3.54	\$0	0.00
Regional History Centers	2	\$550,000	0.87	\$0	0.00
University of PA Museum	2	\$231,000	0.37	\$231,000	0.44
Carnegie Museum of Natural History	2	\$231,000	0.37	\$231,000	0.44
Carnegie Science Center	2	\$231,000	0.37	\$231,000	0.44
Franklin Institute Science Museum	2	\$699,000	1.11	\$699,000	1.34
Academy of Natural Sciences	2	\$428,000	0.68	\$428,000	0.82
African American Museum in Philadelphia	2	\$326,000	0.52	\$326,000	0.62
Everhart Museum	2	\$42,000	0.07	\$42,000	0.08
Mercer Museum	2	\$178,000	0.28	\$178,000	0.34
Whitaker Center for Science and Arts	2	\$128,000	0.20	\$128,000	0.24
Total Proposed Cuts:		\$11,404,000	18.14	\$8,629,000	16.50

* Category: 1=Corporate Welfare; 2=Private Goods; 3=Paternalistic Programs; 4=Perverse Incentives

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Program	Category*	FY 2005-06	Percent of Dept. Budget	FY 2006-07	Percent of Dept. Budget
Department of Insurance					
Medical Care Availability & Reduction	4	\$558,903,000	52.19	\$344,721,000	38.27
Total Proposed Cuts:		\$558,903,000	52.19	\$344,721,000	38.27

Department of Labor and Industry					
Occupational and Industrial Safety	1	\$11,626,000	0.79	\$12,334,000	0.85
Entrepreneurial Assistance	1	\$955,000	0.06	\$955,000	0.07
Supported Employment	1	\$1,039,000	0.07	\$1,039,000	0.07
Centers for Independent Living	1	\$2,250,000	0.15	\$1,600,000	0.11
Training Activities	1	\$17,025,000	1.16	\$17,025,000	1.17
Assistive Technology	1	\$801,000	0.05	\$801,000	0.06
Industry Partnerships	1	\$5,000,000	0.34	\$5,000,000	0.34
Self Employment Assistance	1	\$2,500,000	0.17	\$0	0.00
Employment Services	1	\$9,200,000	0.62	\$0	0.00
Beacon Lodge Camp	1	\$105,000	0.01	\$105,000	0.01
Total Proposed Cuts:		\$50,501,000	3.43	\$38,859,000	2.67

Liquor Control Board					
Liquor Control	2	\$410,447,000	100.00	\$474,868,000	100.00
Total Proposed Cuts:		\$410,447,000	100.00	\$474,868,000	100.00

Milk Marketing Board					
General Operations/Marketing Fund	3	\$2,737,000	100.00	\$2,737,000	100.00
Total Proposed Cuts:		\$2,737,000	100.00	\$2,737,000	100.00

Department of Probation and Parole					
Improvement of Adult Probation Services	3	\$19,279,000	16.77	\$19,279,000	16.77
Total Proposed Cuts:		\$19,279,000	16.77	\$19,279,000	16.77

Public Television Network					
General Government Operations	2	\$3,429,000	28.22	\$5,019,000	41.78
Public Television Station Grants	2	\$8,721,000	71.78	\$6,994,000	58.22
Total Proposed Cuts:		\$12,150,000	100.00	\$12,013,000	100.00

Department of Revenue					
Lottery Advertising	3	\$30,000,000	3.95	\$30,000,000	3.74
Total Proposed Cuts:		\$30,000,000	3.95	\$30,000,000	3.74

State Police Department					
Liquor Control Enforcement	3	\$20,958,000	3.01	\$23,322,000	3.00
Total Proposed Cuts:		\$20,958,000	3.01	\$23,322,000	3.00

Department of State					
State Athletic Commission	3	\$416,000	0.21	\$423,000	0.26
Bureau of Prof. and Occupational Affairs	3	\$24,648,000	12.19	\$28,574,000	17.28
Total Proposed Cuts:		\$25,064,000	12.39	\$28,997,000	17.54

Department of Transportation					
Rural Transportation Assistance	1	\$1,000,000	0.02	\$1,000,000	0.02
Rail Freight Assistance	1	\$8,500,000	0.16	\$10,500,000	0.19
Total Proposed Cuts:		\$9,500,000	0.18	\$11,500,000	0.21

* Category: 1=Corporate Welfare; 2=Private Goods; 3=Paternalistic Programs; 4=Perverse Incentives

PENNSYLVANIA PIGLET BOOK 2006

Program	Category*	FY 2005-06	Percent of Dept. Budget	FY 2006-07	Percent of Dept. Budget
Legislature					
Senate Incidental Expenses	4	\$3,226,000	0.93	\$3,226,000	0.93
Senate Mileage and Expenses	4	\$1,329,000	0.38	\$1,329,000	0.38
Senate Flag Purchase	4	\$24,000	0.01	\$24,000	0.01
Various House Committee and Contingent Expenses	4	\$761,000	0.22	\$761,000	0.22
House Incidental Expenses	4	\$8,845,000	2.55	\$8,845,000	2.55
Expenses - Representatives	4	\$5,133,000	1.48	\$5,133,000	1.48
House Flag Purchase	4	\$24,000	0.01	\$24,000	0.01
Joint State Government Commission	4	\$1,795,000	0.52	\$1,795,000	0.52
Local Government Commission	4	\$1,159,000	0.33	\$1,159,000	0.33
Jnt. Legsl. Air&Water Pollution Control Comm.	4	\$498,000	0.14	\$498,000	0.14
Independent Regulatory Review Commission	4	\$1,850,000	0.53	\$1,850,000	0.53
Capitol Restoration	4	\$4,150,000	1.19	\$4,150,000	1.19
Capitol Preservation Committee	4	\$900,000	0.26	\$900,000	0.26
Flag Conservation	4	\$60,000	0.02	\$60,000	0.02
Colonial History	4	\$197,000	0.06	\$197,000	0.06
Capitol Centennial	4	\$250,000	0.07	\$250,000	0.07
Rare Books Conservation	4	\$400,000	0.12	\$400,000	0.12
Center For Rural Pennsylvania	4	\$1,100,000	0.32	\$1,100,000	0.32
Total Proposed Cuts:		\$31,701,000	9.12	\$31,701,000	9.13

Judicial					
Unified Judicial System Security	2	\$1,058,000	0.34	\$1,058,000	0.34
Supreme Court Justices Expenses	4	\$180,000	0.06	\$180,000	0.06
Superior Court Judges Expenses	4	\$237,000	0.08	\$237,000	0.08
Commonwealth Court Judges Expenses	4	\$143,000	0.05	\$143,000	0.05
Total Proposed Cuts:		\$1,618,000	0.52	\$1,618,000	0.53

Total Operating Budget:		\$2,142,902,000	3.95	\$2,038,040,000	3.76
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* Category: 1=Corporate Welfare; 2=Private Goods; 3=Paternalistic Programs; 4=Perverse Incentives

Non-Operating Budget

Program	Category*	FY 2005-06	Percent of Dept. Budget	FY 2006-07	Percent of Dept. Budget
Capital Budget					
Redev. Assist. Gen. Obligation Bond Issues	1	\$165,000,000	19.10	\$230,000,000	26.63
Growing Greener General Obligation Bond Issues	1	\$105,000,000	12.16	\$105,000,000	12.16
Total Proposed Cuts:		\$270,000,000	31.26	\$335,000,000	38.78

Pennsylvania Higher Education Assistance Agency					
Operating Revenue	2	\$342,404,000	100.00	\$342,404,000	100.00

Jonas Salk Legacy Fund					
Bond Issues	1	\$0	0.00	\$250,000,000	100.00

Commonwealth Financing Authority					
Bond Issues	1	\$187,500,000	100.00	\$187,500,000	100.00

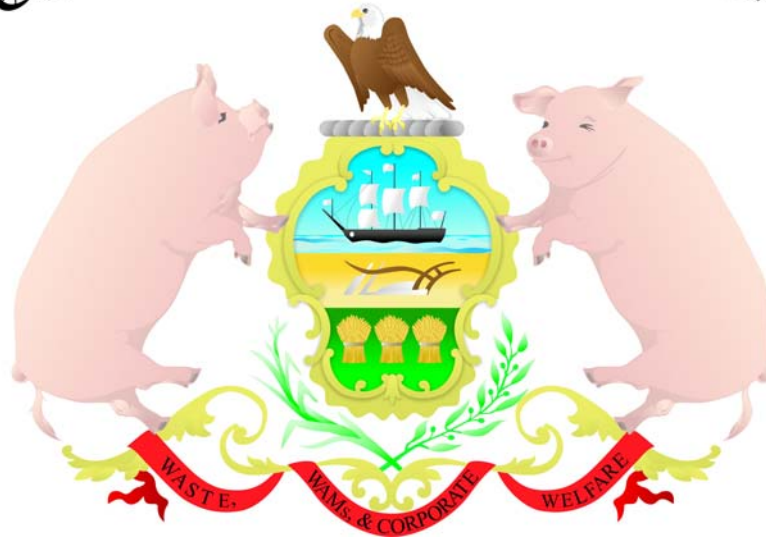
State Liquor Stores					
Non-Operating Budget Expenditures	2	\$799,078,000	100.00	\$1,166,655,000	100.00

Total Non-Operating Budget:		\$1,598,982,000	NA	\$2,281,559,000	NA
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Programs listed in order appearing in Governor's Executive Budget

Commonwealth of Porksylvania



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