

WHISTLE-BLOWER PROTECTION

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PENNSYLVANIA HOUSE LABOR RELATIONS COMMITTEE

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Good morning. I'm Katrina Currie, a Research Fellow for the Commonwealth Foundation. I am joined by my colleague Elizabeth Bryan. The Commonwealth Foundation is an independent, nonpartisan public policy research and educational institution based in Harrisburg. Thank you for the opportunity to testify today.

Taxpayers deserve to know when their money is being wasted and used for illegal acts, and whistleblower protection laws help ensure transparency and accountability. Misuse of taxpayer funds is not limited to public agencies.

Increasingly, taxpayer funds have been awarded to private companies and nonprofit agencies in the form of grants for "economic development" and contracts for services rendered. All too often, however, these funds are misappropriated.

Some recent examples of misuse of taxpayer dollars by private vendors include:

- Aramark, which received a contract to run the cafeteria in this very complex, was found with numerous health code violations, after avoiding inspection for many years.
- Bonusgate: several companies were paid taxpayer money to provide voter data information and communications, allegedly for political purposes, according to the ongoing investigation.
- Citizens' Alliance for Better Neighborhoods used WAMs steered its direction by former Sen. Vince Fumo, these funds were used for Mr. Fumo's personal gain, including buying 19 vacuum cleaners. Mr. Fumo was convicted on 137 counts of fraud.
- Both Sen. Dave Argall and Rep. Dwight Evans have directed state funds to nonprofits they founded. These funds were than used for the financial benefit of political friends.
- In previous years, grants were awarded to companies whose employers were the spouses of cabinet members. This has since been found to be an ethics violation.
- Auditor General Jack Wagner found a lack of competitive bidding in the Rendell's administration technology contracts, resulted in a cost-overruns of several hundreds million dollars.

In addition to expanding the coverage of whistleblower protections, the strengthening of penalties for violation of whistleblower protection is much needed. A penalty of \$500 is little more than a slap on the wrist, and does little to discourage intimidation of potential whistleblowers.

Eighteen states have whistleblower laws that protect the private sector. In addition to these states, Colorado protects contractors for state agencies; Georgia protects healthcare

workers who report Medicaid false claims, and South Carolina goes a step further to reward whistleblowers up to \$2,000 if their information saves taxpayers money.

The Commonwealth Foundation supports a similar approach to South Carolina, rewarding those who save public funds.

We also recommend improving this legislation by removing the line in the definition of employer reading: "to perform work or provide services". Removing this line would include those who receive public funds, even without promising a service to government. This would ensure whistleblower protection for organizations that receive grants in the forms of WAMs, stimulus funding, and corporate welfare.

I thank you for the opportunity to testify, and look forward to answering any questions.