



# Legislative Budget and Finance Committee

A JOINT COMMITTEE OF THE PENNSYLVANIA GENERAL ASSEMBLY

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## Volunteer Fire Company and Volunteer Ambulance Service Grant Program

Conducted Pursuant to Act 2007-10

October 2011

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## **I. Introduction**

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Act 2007-10 extended the Volunteer Fire Company and Volunteer Ambulance Service Grant Act of 2003 until June 30, 2012. Act 10 also required the Legislative Budget and Finance Committee to conduct a performance audit of the program prior to the program's termination.

### **Scope, Objectives, and Methodology**

This report provides information on grant awards from FY 2006-07 through FY 2010-11. Our review of the OSFC's grant award procedures and compliance with the requirements of the Volunteer Fire Company and Volunteer Ambulance Service Grant Act focused on grants awarded in FY 2008-09 and FY 2009-10.

We met with the State Fire Commissioner and his staff to hear their perspective and recommendations with regard to the program. We also obtained input from staff of the House and Senate Veterans Affairs and Emergency Preparedness Committees as well as the Firemen's Association of the State of Pennsylvania and the Pennsylvania Fire and Emergency Services Institute.

### **Acknowledgements**

We appreciate the assistance we received from State Fire Commissioner Edward Mann and his staff and the others we contacted during this project.

### **Important Note**

*This report was developed by Legislative Budget and Finance Committee staff. The release of this report should not be construed as an indication that the Committee or its individual members necessarily concur with the report's findings and recommendations.*

*Any questions or comments regarding the contents of this report should be directed to Philip R. Durgin, Executive Director, Legislative Budget and Finance Committee, P.O. Box 8737, Harrisburg, Pennsylvania 17105-8737.*

## II. Volunteer Fire Company and Volunteer Ambulance Service Grants

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Act 2003-17, the Volunteer Fire Company and Volunteer Ambulance Service Grant Act, provides for grant funding to Pennsylvania’s volunteer fire, rescue, and ambulance companies. This act was subsequently amended by Act 2007-10, which extends the program until June 30, 2012. The program is administered by the Office of the State Fire Commissioner, a separate office within the Pennsylvania Emergency Management Agency.

For the five-year period FY 2006-07 through FY 2010-11, the Office of the State Fire Commissioner has awarded approximately \$125 million in grants to over 2,700 volunteer fire, rescue, and ambulance companies across Pennsylvania. The program has been funded through the state Fiscal Code, which has annually provided that \$25 million be transferred from the State Gaming Fund to the General Fund and then appropriated to PEMA for the VFCVAS grants.

Table 1

<b>Volunteer Fire Company and Volunteer Ambulance Service Grants</b>		
(\$000)		
	<u>Authorized</u>	<u>Expended and Committed (as of 6/30)</u>
FY 2006-07 and FY 2007-08 <sup>a</sup> ..	\$50,000	\$48,627
FY 2008-09 .....	25,000	25,116
FY 2009-10.....	25,000	22,030
FY 2010-11.....	25,000	27,458

<sup>a</sup> Because Act 2006-10 was not signed until June 28, 2007, the FY 2006-07 and FY 2007-08 grants were combined and awarded in FY 2007-08.

Source: Office of Budget Financial Reports.

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Act 10 provides that appropriations must be allocated such that 88 percent (\$22 million) is used for volunteer fire company grants and 12 percent (\$3 million) goes to volunteer ambulance company grants. Act 10 also requires that fire companies must have responded to at least one fire or rescue emergency during the previous year (discussed below) and must agree to actively participate in the Pennsylvania Fire Information Reporting System.

Under Act 10, grants can be used for the following purposes:

- Construction: Construction and/or renovation of the fire company’s primary structure facility and purchase or repair of fixtures and furnishings

necessary to maintain or improve the capability of the company to provide fire, ambulance, and rescue services.

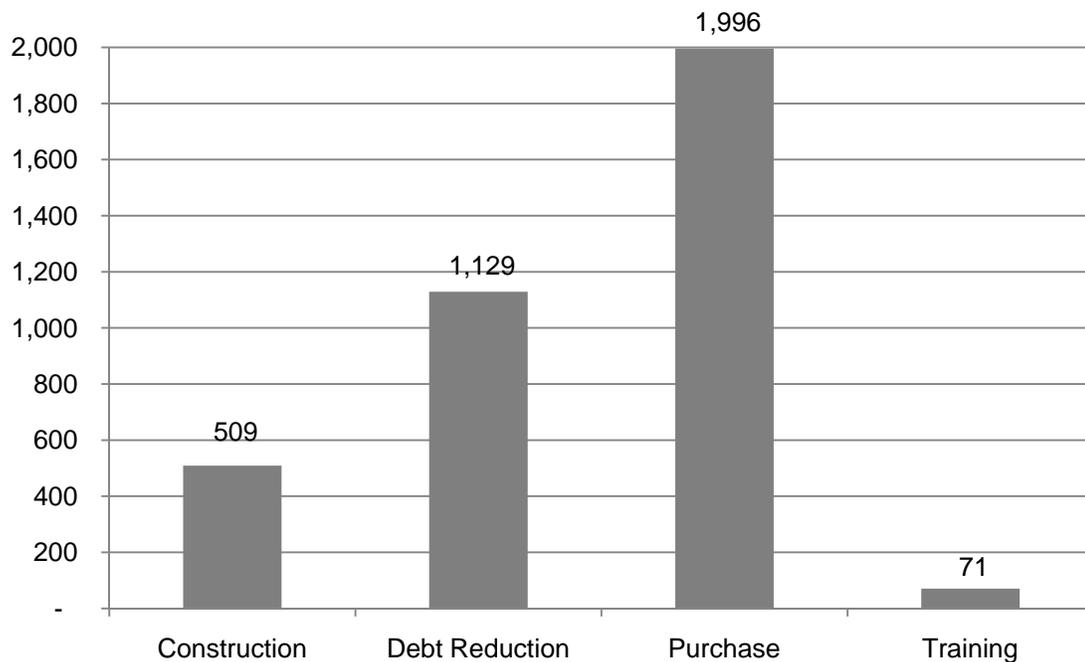
- Debt Reduction: Debt reduction associated with already completed eligible projects.
- Equipment: Purchase of firefighting, ambulance, or rescue equipment or repair thereof.
- Training: Training and certification of members.

Of the 13,400 projects that have received a grant award through FY 2010-11, 1,597 (12 percent) have been construction projects, 4,506 (34 percent) for debt reduction, 7,083 (53 percent) for equipment purchases, and 214 (2 percent) for training. Associated dollar amounts are not included because the reporting system used by the OSFC is currently unable to aggregate spending in the various categories because a grant can be used for projects in more than one category, and the system does not prorate the amounts separately.

Exhibit 1

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**Volunteer Fire Company and Volunteer Ambulance Grants by Project Type**  
FY 2006-07 and FY 2007-08



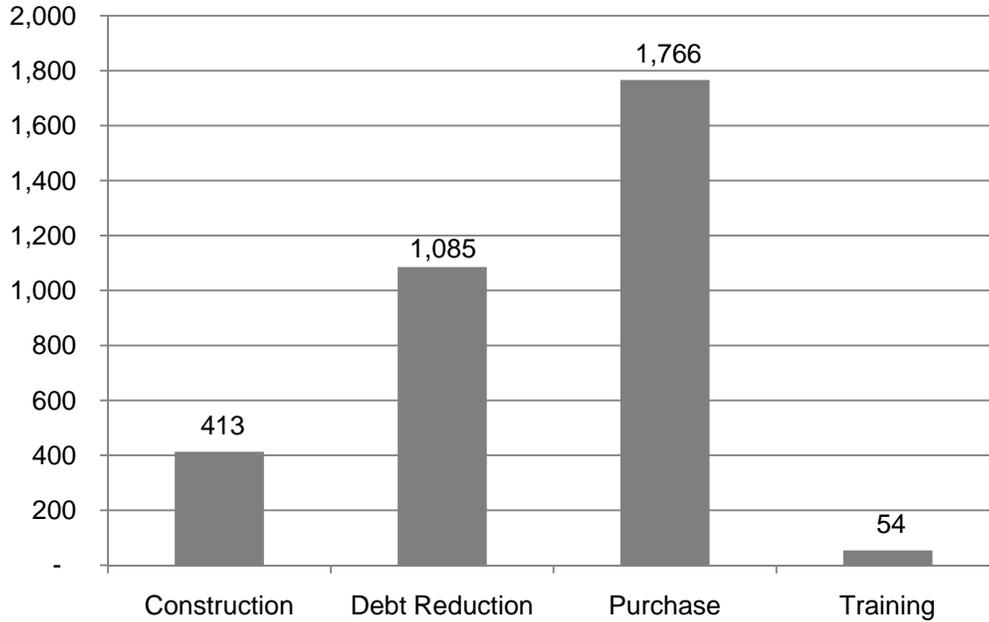
Source: Office of the State Fire Commissioner.

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Exhibit 2

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**Volunteer Fire Company and Volunteer Ambulance Grants by Project Type**  
FY 2008-09



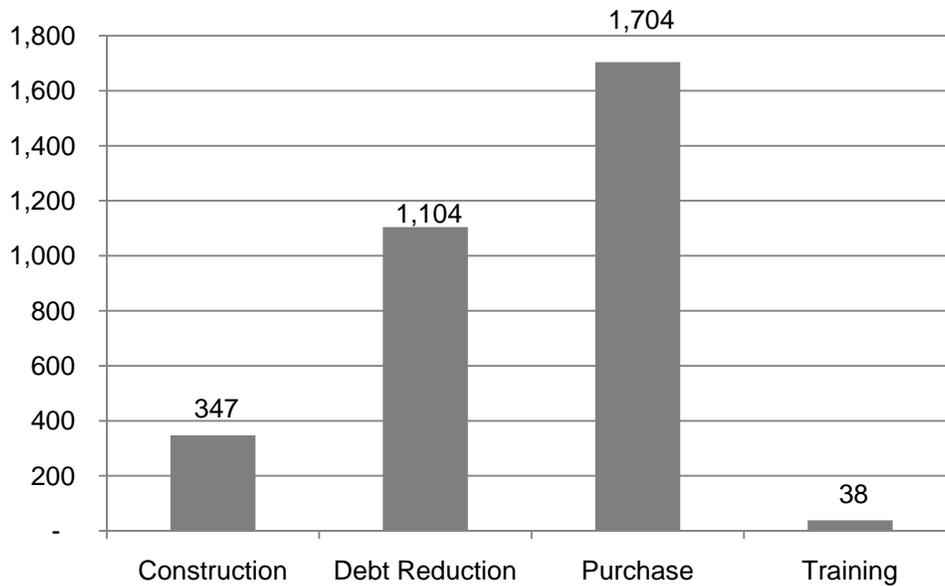
Source: Office of the State Fire Commissioner.

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Exhibit 3

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**Volunteer Fire Company and Volunteer Ambulance Grants by Project Type**  
FY 2009-10



Source: Office of the State Fire Commissioner.

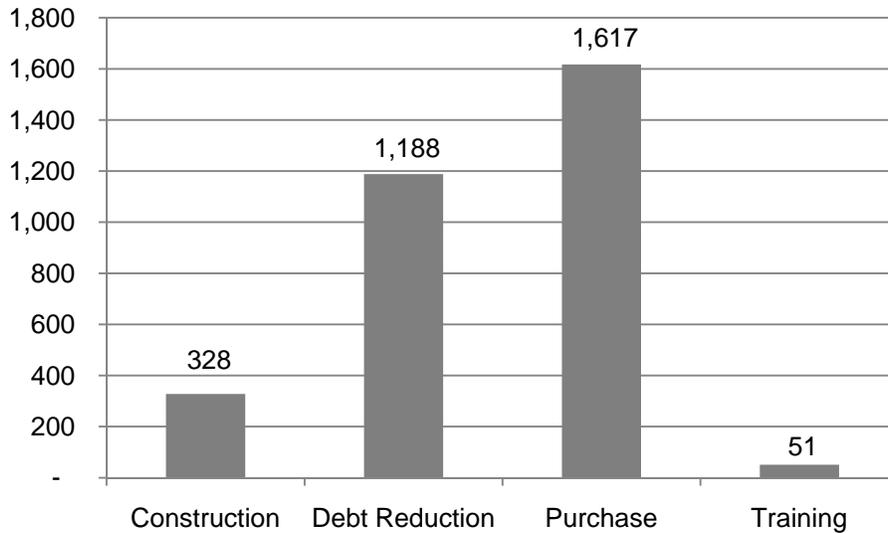
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Exhibit 4

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**Volunteer Fire Company and Volunteer Ambulance Grants by Project Type**  
FY 2010-11

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Source: Office of the State Fire Commissioner.

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### **Office of State Fire Commissioner (OSFC) Grant Administration**

Volunteer fire, rescue, and ambulance companies must apply for a VFCVAS grant annually. Under Act 10, fire and rescue companies cannot receive more than \$15,000 annually, and an ambulance company cannot receive more than \$10,000. The OSFC posts applications on its webpage ([www.osfc.state.pa.us](http://www.osfc.state.pa.us)) and strongly encourages applicants to make application through its e-Grant application process. If insufficient funds are available to award the full grant amount, the grants are prorated among all eligible recipients, with additional funds available up to the maximum allowed in law based on bonus points (explained below). In FY 2010-11, for example, grant requests totaled \$36.75 million, but only \$25 million was available for distribution. So a fire company that requested the maximum amount of \$15,000 received only \$9,500 if it had no bonus points.

### **OSFC Grant Procedure**

Grant applications are due in the fall, with the application period beginning in early September and the applications due within 45 days (mid to late October). Organizations that received a grant in a prior year must complete any outstanding Final Reports for those years to be eligible for another grant. Applicants must show the category of project (i.e., construction, debt reduction, purchase of equipment, or training), itemize how the funds will be spent, and describe the benefits to be realized from the project.

The OSFC calculates grant awards to volunteer fire companies by first calculating the “basic award,” then providing for additional funds based on bonus points. In recent years, the basic award has been \$9,500 for volunteer fire companies. Additional grant funds are awarded for bonus points, up to a maximum of 15 points, as follows:

- 5 points are awarded to an eligible fire or rescue service that uses the grant to perform a regional or joint project,<sup>1</sup> and
- 1 point is awarded for each person currently certified,<sup>2</sup> up to a maximum of 10 points.

Volunteer ambulance service grants are determined by dividing the total funds available by the total amount of funds requested so that all grant awards do not exceed the total grant funds available. For FY 2010-11, this amount was \$5.332.49. Once the grants are approved, checks are electronically deposited to the recipients’ accounts, typically in February. Final Reports are due five months after the end of the fiscal year. The Final Reports are to list how the funds were spent and include copies of cancelled checks to verify payee and the amount spent. (The Office of the Fire Commissioner is currently exploring the feasibility of having on-line Final Reports to expedite administration of the program for both the grant recipients and the OSFC.)

To prevent the grant program from discouraging mergers, Act 10 provides that if two or more volunteer fire or ambulance services merge, for five years the consolidated company is eligible to receive the same grant amount as if the companies had not consolidated.

## **LB&FC Review of the OSFC Grant Procedure**

We selected 20 awarded grants at random (10 from FY 2009-10 and 10 from FY 2008-09) to review to determine whether:

- the application had been reviewed by an OSFC staff member,
- the proposed expenditures listed on the grant application qualified under one of the four categories of allowable expense,
- any outstanding Final Reports had been submitted prior to the awarding of the grant, and

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<sup>1</sup> A regional or joint project is a cooperative agreement wherein any combination of three or more separately chartered fire or rescue companies agree to use all or any portion of their respective grant request to jointly complete any project that qualifies under the act.

<sup>2</sup> Defined as any member of the fire or rescue company who is certified at a minimum level of Fire Fighter 1 by the National Professional Qualifications Board or by the International Fire Service Accreditation Congress and verified by the Pennsylvania State Fire Academy.

- the Final Report was submitted, reviewed by an OSFC staff member, and included the appropriate supporting documentation (i.e., the cancelled checks).

All the grants we reviewed were in order, the funds were used for qualified projects, and we found no problems or deficiencies with how the applications were reviewed or the documentation included in the Final Reports.<sup>3</sup>

## **OSFC Concerns/Recommendations Regarding the VFCVAS Grant Program**

In discussions with the State Fire Commissioner and his staff, they noted several concerns and areas for enhancement with the current VFCVAS grant program:

***The program expires on June 30, 2012, unless reauthorized by the General Assembly.*** The State Fire Commissioner expressed concern that if the VFCVAS grant program is not reauthorized by February 2012, it could affect their ability to process the FY 2012-13 grants in a timely manner. In particular, they noted the act requires that notice of the grant program be published in the *Pennsylvania Bulletin* by August 8. This notice must be prepared in June, submitted for approval through their legal counsel, and then forwarded to be prepared for publication. The OSFC also requires time to prepare and send letters to the fire and ambulance companies outlining the grant timeframes and any changes to the upcoming grant application process. If the new legislation required substantial changes to the grant application or the application process, the OSFC indicated that it might be difficult to process those changes if the program is not reauthorized prior to February 2012.

***The act provides no administrative support funds.*** Act 10 prohibits any of the funds authorized for the program from being used for administrative costs. The State Fire Commissioner estimates it costs about \$377,500 annually in personnel and operating costs to administer this program. Because the program provides no administrative funds, the Commissioner reported that they have had to transfer a staffer who had worked primarily on the Volunteer Fire Company loan program to work full-time on the VFCVAS grant program, resulting in both the loan program and the grant program being understaffed. The Commissioner also noted that during the fall application period (September to November) it requires four full-time staff and two annuitants to work strictly on the grant program, with the Office's six other staff also having to be available to answer questions and assist with the applications. (Rather than simply denying applications that are not complete, the Fire

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<sup>3</sup> In one file we reviewed, a FY 2009-10 grantee had not yet filed a Final Report. This grantee did not apply for a grant in FY 2010-11. The OSFC noted that it sends email and letters to organizations who have not filed final reports from previous year, and they will not qualify for a grant until the OSFC receives the final report.

Commissioner noted that their staff tries to work with the companies to resolve any problems with the applications.)

***\$25 million is insufficient to meet the allowable award limits.*** Even with the limits imposed by Act 10 (e.g., no volunteer fire company can receive more than \$15,000 annually), the \$25 million annual authorization is adequate to meet only about 70 percent of the amount requested. The State Fire Commissioner also noted that he would also like to provide grants to the approximately 70 career (i.e., paid) fire companies in the Commonwealth, as these companies also have financial needs. This would require an amendment to the current legislation and, presumably, a higher annual authorization.

***Act 10 requires the company to have responded to only one fire or rescue emergency.*** Act 10 states that “to receive grant funds under this act, a volunteer fire company shall have actively responded to one or more fire or rescue emergencies during the previous calendar year....” This wording, however, requires the Fire Commissioner to provide grants to not only fire companies with very low activity, but even to a fire company that has been decertified by its municipality. The Fire Commissioner believes companies that have been decertified by their municipalities should not be eligible for a VFCVAS grant.

***Volunteer fire companies have been slow to participate in the Pennsylvania Fire Information Reporting System.*** Act 10 requires that to be eligible for a VFCVAS grant, fire companies must sign an agreement to actively participate in the Pennsylvania Fire Information Reporting System. The OSFC has not been aggressive in enforcing this requirement, in part due to their inability to provide adequate training to the volunteer fire companies. The OSFC now believes the on-line reporting system is sufficiently user-friendly that they can begin enforcing the reporting requirement. The OSFC plans to do this in two steps: beginning in the FY 2011-12 grant year, require the fire companies to register on the PFIRS and as a condition of the FY 2012-13 grants, require that the companies begin reporting.

***Move to electronic Final Reports.*** Virtually all applicants now use the OSFC on-line e-Grant application process. The OSFC is now exploring the feasibility of also allowing Final Reports to be completed electronically. This would allow the OSFC to use the information from the application to complete much of the information on the Final Report for the companies. Though this may mean it no longer routinely receives invoices or cancelled checks to verify purchases, the State Fire Commissioner notes that opportunities could be built in for on-site verification of expenditures as part of OSFC staff visitations. The OSFC could also require paper documentation from a small sample of companies as part of an audit procedure.

## Recommendations<sup>4</sup>

We recommend that if the Volunteer Fire Company and Volunteer Ambulance Service Grant program is reauthorized:

1. **The General Assembly consider allowing the Office of the State Fire Commission to use a portion of the grant funds to cover the actual costs to administer the program, but not to exceed 2 percent of the grant amount.** The OSFC currently spends about \$380,000 to administer the VFCVASG program, which is equivalent to about 1.5 percent of the \$25 million grant program. We also noted that the Pennsylvania Emergency Management Agency is permitted to retain up to 2 percent of the E-911 wireline funds it collects for administrative purposes.
2. **The General Assembly consider prohibiting volunteer fire companies that are decertified by their municipalities from receiving VFCVAS grants.** While not a common occurrence, the OSFC reported that on occasion volunteer fire companies that have been decertified by their municipalities have continued to receive VFCVAS grants.

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<sup>4</sup> We have not made recommendations regarding the continuation of the program, the amount that should be authorized if the program is continued, or whether paid (career) fire companies should be included as these are public policy decisions outside the scope of a staff performance audit.



**III. APPENDIX**  
**Response to This Report**



# pennsylvania

OFFICE OF THE STATE FIRE COMMISSIONER

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October 6, 2011

Philip Durgin  
Executive Director  
Legislative Budget and Finance Committee  
Room 400 Finance Building  
613 North Street  
Harrisburg, Pennsylvania 17105-8737

Dear Mr. Durgin:

I have reviewed the report of the performance audit your office conducted relative to the Volunteer Fire Company and Volunteer Ambulance Service Grant Program (VFCVASGP).

I wholeheartedly concur with the findings contained in the report and appreciate your effort in honestly conveying your findings to the committee. I especially want to thank you for addressing our concerns and recommendations related to improving the grant program.

I look forward to meeting with the committee on October 19<sup>th</sup> when you present the report to the members of the General Assembly.

Thank you,

Sincerely,

Ed Mann  
State Fire Commissioner