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AUDITOR GENERAL

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Auditor General DePasquale Applauds Decision by DHS to Withhold Certain Payments from Alternative Abortion Provider Real Alternatives

HARRISBURG – Auditor General Eugene DePasquale today commended a decision by the Department of Human Services to disapprove certain payments to Real Alternatives because of the continuing refusal by the abortion alternative group to allow public review of how it uses 3 percent its \$30.2 million state grant.

“I applaud the decision by the Department of Human Services (DHS) to refuse to pay 3 percent of the grant which is equal to the amount which Real Alternatives has continually blocked from review by both my department and DHS,” DePasquale said, noting that the abortion alternative group filed a lawsuit in Commonwealth Court March 15 in attempt to seek court approval to block a public review of the tax dollars it has received.

“We are talking about nearly \$1 million in tax dollars just over the life of current five-year contract. I strongly believe that no entity — government agency or grantee — has the right to block public scrutiny of state tax dollars,” DePasquale said. “I believe DHS is well within its right to withhold payment of this 3 percent ‘program development and advancement fee’ that Real Alternatives withholds from its providers at least until such time this group comes clean and opens up their books for review.”

DePasquale has previously said Real Alternatives, by its own admission, uses the 3 percent fee, funded by Pennsylvania taxpayers, to subsidize its expansion in other states, reducing the funds available for services for Pennsylvania women and families. The 3 percent fee is over and above a more than \$3 million administrative services payment Real Alternatives already receives over five years under the state grant agreement.

“The citizens of the Commonwealth of Pennsylvania demand and deserve accountability regarding how and where their tax dollars are spent,” DePasquale said.

Real Alternatives currently has a \$30.2 million five-year grant from DHS, which expires June 30, 2017. The grant was made through DHS’ Alternative to Abortion Services Program, which provides pregnancy testing, counseling, and other assistance to Pennsylvania women experiencing a crisis pregnancy. The grants have been awarded to Real Alternatives since 1997.

Last September, [DePasquale started a performance audit](#) of a DHS grant to Real Alternatives after a DHS audit revealed that Real Alternatives deducts an additional 3 percent fee from state reimbursements to its service providers beyond what is provided for in its grant agreement. Real Alternatives had refused to provide expenditure documentation to allow DHS auditors to review reimbursements from the three percent fee or to provide any details on how the funds are used.

Earlier this month, in a response to the Real Alternatives lawsuit, the Department of the Auditor General and the Department of Human Services supplied justification that:

- The Department of the Auditor General and DHS have the authority to audit all funds distributed to Real Alternatives under a DHS grant and compel the production of expenditure documentation as part of their audits of Real Alternatives;
- The Department of the Auditor General also has the power to demand the expenditure documentation for funds distributed to Real Alternatives even after the funds may have been comingled with other funds in a corporate account through a writ;
- Real Alternatives may not shield a portion of the grant funds from review and audit by characterizing them as offset payments, depositing them into a corporate account, and asserting a constitutional right to privacy.

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