



Pennsylvania Department of the

AUDITOR GENERAL

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News for Immediate Release

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Auditor General DePasquale Files Response to Lawsuit by Real Alternatives; Outraged at ‘Skimming’ of Tax Dollars

Financial gimmick used to prevent auditors from tracking nearly \$1 million in PA taxpayer funds

HARRISBURG – In announcing his official response to a lawsuit filed by Real Alternatives against his department and the Department of Human Services, Auditor General Eugene DePasquale said he hopes Commonwealth Court will rule against the abortion alternative provider’s efforts to block access to records showing how and where it spent nearly \$1 million in state funds.

“It is my sincere expectation that Commonwealth Court will see this action by Real Alternatives for what it is: an effort to obstruct two state agencies from gaining access to documents that will show Real Alternatives’ illegal and secretive skimming of public tax dollars,” DePasquale said regarding a lawsuit filed March 15 by a Philadelphia law firm representing Harrisburg-based Real Alternatives.

“In the lawsuit, Real Alternatives is attempting to block the auditor general from obtaining records of the 3 percent of the state grant money the group distributes to a network of abortion alternative providers for which there is no transparency and zero accountability,” he said, noting this is the first time he has been sued for requesting necessary audit documentation.

DePasquale 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. “By filing this lawsuit, Real Alternatives seeks court approval to receive tax dollars, but prevent access to a public review of the expenditures. That is ludicrous.”

In the “Response in Opposition to the Application for Summary Relief (106 MD 2017),” 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.

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.

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