



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR

GREG THALL
SECRETARY
GOVERNOR'S OFFICE OF THE BUDGET

March 23, 2022

The Honorable Stan Saylor
245 Main Capitol Bldg.
PO Box 202094
Harrisburg, PA 17120-2094

The Honorable Matthew Bradford
512E Main Capitol Bldg.
PO Box 202025
Harrisburg, PA 17120-2025

Dear Chairmen Saylor and Bradford,

Please find additional information requested as follow up to the questions asked during the House Appropriations hearing related to the Governor's Executive Budget for Fiscal Year 2022-23.

Representative Culver: Can you please verify the expected revenues from the P3 bridge tolling project?

The Pennsylvania Department of Transportation's Major Bridge P3 initiative is currently considering 9 potential candidate bridges for the tolling program. The bridges are considered candidate bridges until the federal government provides approved environmental clearances, at which time, a bridge would move from a candidate bridge to a participating bridge in the program. The P3 program is anticipated to invest approximately \$2.2 to \$2.5 billion in the replacement and rehabilitation of these major bridges across the commonwealth. Funding these bridges with the proposed tolls would free up funds to complete additional infrastructure projects.

Representative Kinkead: Can you please get us an estimate of the cost avoidance from the vaccination incentive implemented by the Administration? What would the costs to the commonwealth be without the vaccine incentive?

First and foremost, this program is a public health and employee safety initiative. Commonwealth employees, like those in the private sector, have often worked on the front lines, dealing face-to-face with potential COVID-19 virus exposure. This program helped and continues to protect our employees, as well as those individuals that our employees interact with. Viewed another way, the commonwealth provides critical services to Pennsylvanian citizens. With a restricted labor market and competition with the private sector to recruit and retain workers, every sick day avoided as a result of the vaccine incentive has helped to ensure that customer service, as well as other critical services that are offered and on which Pennsylvanians rely, are not interrupted.

While this is primarily a public health and safety program, there is also a savings through cost avoidance. As mentioned in the hearing, unvaccinated employees will use an average of 3.41 more sick days as compared to vaccinated employees. Based on that information, this saves an estimated \$590 per employee in sick leave expenses by that employee being present and productive. Additionally, vaccines have proven effective against hospitalizations and deaths from the COVID-19 virus. The cost of a hospitalization due to COVID-19 is approximately \$42,000 per person. As such, with a reduction in hospitalizations because of vaccination of employees, the employer costs for health benefit claims are also reduced, and the hospital beds that were not occupied by vaccinated commonwealth employees were available to Pennsylvanians with COVID-19 and to Pennsylvanians with serious and life-threatening non-COVID-19 conditions.

Representative James: Have we received the projected \$25 million dollars from the Federal Infrastructure and Investment Jobs Act (IIJA) for abandoned and orphan well plugging? Will the professionals that are currently doing this work in Pennsylvania be eligible to receive those funds to plug more wells?

As of the date of this response, the commonwealth has not received the referenced funding related to the IIJA Well Plugging Program from the US Department of Interior (DOI). On December 23, 2021, the Department of Environmental Protection (DEP) submitted a Notice of Intent to apply for formula grant funding for the \$25 million initial grant. DEP is still awaiting draft federal grant guidance for the initial grant, which is expected to be published by the DOI for public review and comment within the next several weeks. After final guidance is released, states can request drawdown of the initial grant funds in accordance with the requirements outlined in the federal guidance. The deadline to request the \$25 million initial grant funding is May 13, 2022. After a request is submitted, the DOI has 30 days to distribute the funding to the requesting state.

DEP has conducted outreach and published a survey on their website to gather information from oil and gas well plugging and support companies that have expressed an interest in offering services to complete this work moving forward. These companies will be considered on a contractual basis when the dollars are ultimately deployed and will be done so through commonwealth bidding protocols in accordance with the Procurement Code and in accordance with federal law and guidance on the IIJA funding.

Representative Schroeder: Can you please tell us the total cost to modernize the Unemployment Compensation System?

As of the date of this response, the total amount of direct costs for benefits modernization has been \$40,210,179.20. This does not include the original contract on the modernization with IBM, which was an additional \$11,349,156.

Representative Owlett: Was providing a vaccination card a requirement to participate in the vaccination incentive?

In order to participate in the vaccination incentive, an employee had to verify and attest that they had received the required doses of vaccination within the allotted timeframe to qualify. This initial verification process did not require submission of a vaccination card. However, through an already established audit process, the Office of Administration has been selecting participants at random to review specific details of verification. Those audits include furnishing vaccination cards to ensure that vaccines were obtained within the eligible timeframes. To date, over 2,000 audits have been completed. Employees that falsify a verification as part of the vaccination program could be subject to disciplinary action and may be referred to the appropriate legal authorities.

Representative Wheeland: How will productivity and remote working be tracked in the future?

To begin, 70% of commonwealth employees under the Governor's jurisdiction worked in their offices and on-site locations throughout the COVID-19 pandemic and were never in remote or hybrid work status. A substantial portion of the remaining 30% of employees have worked throughout the pandemic in a hybrid status that combines both on-site and remote work. As to the employees under my purview, the employees of the Office of the Budget (OB) have worked in full remote work status since March 2020, and their performance has been exemplary. OB employees quickly and efficiently transitioned into remote work, adapting business processes to meet the needs of remote work and creating new business processes when necessary. OB employees also permanently replaced work processes that previously required the use of physical records with all-electronic processes that has resulted in streamlined office workflow and increased efficiency. Furthermore, during the pandemic, Office of the Budget staff:

- Wrote and issued the Governor's 2021-22 and 2022-23 Executive Budgets;
- Negotiated and implemented three enacted state budgets, including substantial amounts of new federal program funding;
- Worked with our commonwealth colleagues and federal program partners to receive, account for, disburse, and expend billions of federal COVID-19 relief funding via existing federal programs while also assisting agencies to stand-up new federal programs;
- Completed the Commonwealth's Annual Comprehensive Financial Reports and Single Audits for FYs 2019-2020 and 2020-2021;
- Worked with our colleagues in the Pennsylvania Treasurer's Office to ensure that money appropriated for programs enacted by the General Assembly continued to flow, ensuring there was no disruption to critical services due to payment issues and that our vendors continued to be paid on-time;
- Continued the uninterrupted processing of the thousands of contracts and payment requests required to sustain regular, everyday commonwealth operations; and,
- Worked daily to adjust to and address the various emergency needs of commonwealth citizens brought on by the pandemic.

This brief list barely touches upon the solid, competent work performed by Office of the Budget employees throughout the past two plus years. And all of it was completed via remote work, and accomplished professionally, efficiently, and on-time.

As has been mentioned in the appropriation hearings by myself and fellow cabinet secretaries, the hybrid work model is not something specific to public sector employment. Many private-sector employers have found that their employees desire hybrid, or even a fully remote, working environment. Many private employers have found that hybrid or remote work is key to retaining their existing staffs and to attracting new employees to their companies. Failing to adopt hybrid and remote work arrangements where they meet organizational work and productivity requirements would put the commonwealth at an even bigger disadvantage than it already experiences when competing with the private sector to obtain workers. Every agency that participates in remote work has established independent telework programs and agreements that ensure critical services continue to be provided by the commonwealth without interruption. Each agency is best equipped to decide how and when fully remote, hybrid, and fully on-site work arrangements can be implemented consistent with the requirement to provide timely services to their fellow Pennsylvanians. Each agency is also best equipped to gauge the productivity of its fully remote, hybrid, and fully on-site employees, and to tune the mix of working conditions to achieve the most efficient work output from its employees.

The employees at the Office of the Budget continue to meet their work requirements and should be praised for the work that they have been able to accomplish given the circumstances of the pandemic. We understand that we are all employees beholden of the taxpayers, and we are committed to continue providing the services that the citizens of the commonwealth rely on daily while providing the highest level of customer service.

Sincerely,

A handwritten signature in black ink that reads "Greg Thall". The signature is written in a cursive, slightly slanted style.

Gregory Thall
Secretary of the Budget