

**2025 House Appropriations Committee Budget Hearing
February 25, 2025**

**Testimony of Secretary of the Commonwealth Al Schmidt
Pennsylvania Department of State
Fiscal Year 2025-2026 Budget**

Good morning. Thank you for your invitation to appear before the Committee to discuss the Department of State's (Department) 2025-2026 Budget. Joining me today are Deputy Secretary Kalonji Johnson; Deputy Secretary Jonathan Marks; Bureau of Finance & Procurement Director Kim Mattis; and Acting Commissioner of the Bureau of Professional and Occupational Affairs Arion Claggett.

As you know, the Department's mission includes ensuring the integrity and security of Pennsylvania's electoral process, supporting economic development through business registrations, and protecting public health and safety by licensing certain professions, facilities, and occupations.

Ensuring Electoral Integrity and Security

We are very proud of the Department's and the counties' success in administering safe and secure elections across the Commonwealth of Pennsylvania. Over 7 million Pennsylvanians cast their vote in the 2024 General Election, a 77% turnout of eligible voters. Over 5 million voters decided to vote in-person on Election Day, and nearly 2 million voters decided to vote by mail. In 2024, the Department implemented a year-long voter education initiative and a directive building on our mail ballot envelope re-design to require counties to preprint the full year on mail ballot return envelopes. These efforts led to a 57% decrease in the percentage of mail ballots

rejected in the November general election from the number rejected in the April primary. Of the returned mail ballots, 1% were rejected, which was a significant decrease compared to the April primary, when 2.4% were rejected. Although we believe no eligible voter should be disenfranchised by having their mail ballot rejected for meaningless errors, we are encouraged by these improvements.

The Department continues to work to support our county partners. In 2024, we hired a veteran county election official to lead a team dedicated to training and supporting staff in all county election offices. Our team conducted nearly 20 trainings with election officials in 2024 and is in the process of planning an additional dozen for 2025. These trainings covered topics such as list maintenance, voter registration and mail ballot applications, logic and accuracy testing for voting systems, overseas and military voters, and election night reporting. The team also prioritized outreach to new election directors, helping ensure they were prepared for the unique challenges of a presidential election. Together with the Department's extensive collaboration with local, state, and federal law enforcement and other operational partners, these efforts played a critical role in delivering a free, fair, safe and secure 2024 election. The Department intends to continue this outreach and to work with all stakeholders and the General Assembly to address any needs or challenges that were illuminated by the increased turnout and voter participation we saw in the general election.

Regulating Professions

The Shapiro Administration is committed to making the process for obtaining and renewing a professional license in Pennsylvania the most efficient in the nation. The Department's Bureau of Professional and Occupational Affairs (BPOA) has continued to reduce the average wait times for license issuance, renewal, and reactivation for BPOA's over one million licensees. Since the beginning of the Shapiro Administration, the average processing times for an initial application for pharmacists, vehicles salespersons, barbers, and cosmetologists has been reduced to a day or less from 10 to 25 days.

The Shapiro Administration also has made significant progress on the implementation of multi-state licensure compacts. In April 2024, we received pre-approval from the FBI of draft legislative language authorizing the Department to receive the results of FBI criminal history checks which are needed to fully implement licensure compacts. The General Assembly then passed that legislation with that substantive language and it was signed into law as Act 79 of 2024. The passed legislation was then resubmitted to the FBI for final approval which was received in November. Currently we are awaiting channeling approval from the FBI and then we can begin to build the necessary connections between Department of State, Idemia (Pennsylvania's vendor for digital fingerprint and electronic federal criminal background check services), and the FBI. Once those steps are completed and we can receive the results of FBI checks, we can then begin issuing compact licenses to Pennsylvania residents. While waiting for this final FBI approval, the Shapiro Administration took steps to increase access to healthcare by partially implementing the Interstate Medical Compact. This allows a physician with a letter of qualification from the compact to apply

for expedited licensure in Pennsylvania. We welcome collaboration with our colleagues on either side of the aisle at the state or federal level to assist in receiving this final FBI approval.

And we continue making progress on modernizing our licensing system. The Governor's Budget provides \$7 million for the PALS modernization project. The Department has entered into a contract to replace the current PALS system used by our 29 occupational licensing boards and commissions. We anticipate having the first phase of the replacement in place in early 2026. The Department remains committed to working with stakeholders, including licensees, trade organizations, hospitals and health systems, educational institutions, and our respective oversight committees in the General Assembly to ensure that the final product meets the needs of the Department, its boards, and our licensees and public, who will all interact with the system.

Improving Business Registration

The Department's Bureau of Corporations and Charitable Organizations (BCCO) maintains a database of more than 4 million registered businesses in the Commonwealth. Last fiscal year, BCCO processed over 425,000 records. In FY 2023-24, these filings generated more than \$57 million in revenue with almost \$45 million of that total going to the General Fund. Since eliminating an eight-week, 30,000-filings backlog at the beginning of the Shapiro Administration, BCCO has maintained a 2-4 business day processing time for all of 2024 due to the hard work and dedication of the Bureau staff.

Beginning in 2025, most businesses registered with BCCO will have to file an annual report which, pursuant to Act 122 of 2022, replaces the previously required decennial filing. More frequent reports will help clean up the Department's more than three million records and allow us to maintain up-to-date information. To raise awareness, the bureau has engaged in outreach efforts with various sister agencies, chambers of commerce, and the public. It has also enacted a marketing campaign. The bureau also conducted trainings with legislative district staff in January, so they are aware and able to assist your constituents with questions they may have.

Keeping Pennsylvanians Safe

One of the Department's key responsibilities is keeping Pennsylvanians safe by investigating and adjudicating complaints against practitioners and businesses. Our Professional Compliance Office, within the Department's Office of Chief Counsel, reviews each complaint that comes in. If an investigation is warranted, cases may be provided to our Bureau of Enforcement and Investigation (BEI) and an investigation will be completed and provided to Prosecuting Attorneys for review. In FY 2023-24, BEI investigators closed 7,288 cases (4,126 cases closed in FY 2024-25 to date). Inspectors conducted 28,176 facility inspections during FY 2023-24 (14,525 inspections in FY 2024-25 to date). As the number of investigative cases continues to increase, there is need for additional staff to handle these cases and ensure the investigations are completed timely. The Governor's Budget includes five additional positions for BEI.

Overseeing Athletics in Pennsylvania

Finally, the Department's diverse portfolio also includes the State Athletic Commission (SAC). The SAC regulates professional boxing, kickboxing, mixed martial arts (MMA), and professional wrestling and licenses 2,331 professional and amateur individuals in these sports who transact business in the Commonwealth.

SAC regulated or sanctioned 532 events in 2024. This includes 43 pro-boxing events, 26 professional/amateur MMA events, 13 professional/amateur kickboxing events, 382 professional wrestling events and 68 amateur boxing events. These include a wildly successful Wrestlemania XL held in April in Philadelphia which generated nearly \$2.1 million in gross receipts tax for the Department of State. Additionally, last month the Commission sanctioned the first bare-knuckle fighting event in the Commonwealth which had a sold-out crowd.

The Department is committed to working with the General Assembly and the Governor to improve services for our clients and customers and the citizens of the Commonwealth. Thank you for your time and attention and the opportunity to appear before you.