



**2023 House Appropriations Committee Hearing
March 29, 2023**

**Testimony of Acting Secretary AI Schmidt
Pennsylvania Department of State
Fiscal Year 2023-2024 Budget**

Good morning. Thank you for the invitation to appear before the Committee to discuss the Governor's Executive Budget for the Department of State's 2023-2024 fiscal year. Joining me today are Deputy Secretary Kalonji Johnson; Deputy Secretary Jonathan Marks; Bureau of Finance & Operations Director Kim Mattis; and Acting Commissioner Arion Claggett.

As you know, the Department's mission includes ensuring the integrity and accuracy of Pennsylvania's electoral process, supporting economic development through business registrations, and protecting public health and safety by licensing certain professions, facilities, and occupations. I am honored to have served as Acting Secretary since January 17, 2023.

I am pleased to have this opportunity to provide you with an overview of the Department's work in administering free, fair, and secure elections and its work to improve our response to and support for licensed professionals, businesses, charities, and other stakeholders across Pennsylvania.

Ensuring Electoral Integrity and Security

We are very proud of the Department's and the counties' efforts to administer the 2022 elections across the Commonwealth of Pennsylvania. Over 5.4 million Pennsylvanians cast their vote in 247 races, including Governor, US Senator, Representative in Congress, and Senator and Representative in the General Assembly. Nearly 4.2 million voters decided to vote in-person on Election Day, and 1.2 million voters decided to vote by mail.

Efforts to modernize the Statewide Uniform Registry of Electors (SURE) continue. The Department is working closely with the counties to ensure the new system best serves election administration needs in Pennsylvania, while also ensuring elections are fair and accurate. Twenty-three counties helped the Department evaluate and identify remaining gaps in SUREVote earlier this year, and there will be additional opportunities for county personnel to test SUREVote until its implementation. It is important that the Department deploy a new system only after it is certain that our county partners are supported and comfortable with it. In the interim, it is essential that the existing SURE system functions to support counties, and the budget recommends increased funding to ensure our current system is stable and secure for the upcoming elections. This budget includes \$660,000 for maintenance to the existing Commonwealth County Network and will have bolstered much of that funding with federal funds earmarked specifically for election security.

The Department is also working to update the Bureau of Notaries and Commissions, whose database shares infrastructure with the professional licensing database. To that end, we are working to replace our current notaries system in parallel with that of our occupational licensing system (more on that below). The budget

includes \$1.75 million in funding to ensure Pennsylvania can keep pace with other states and continue to provide our notary community with the service they need.

Encouraging Economic Development

On January 31, 2023, Governor Shapiro signed Executive Order 2023-07 to improve the Commonwealth's licensing, permitting, and certification processes, beginning a comprehensive review of how long it takes agencies to process applications and how workers and businesses apply online. This Executive Order will help to establish a date-certain for each license, permit, or certificate by which applicants will hear back; if applicants do not receive a response by that date, the agency responsible will refund their application fee.

The Department welcomed EO 2023-07, and I was proud to join the Governor for the signing ceremony. We have been working to streamline our processes and help the Commonwealth's workers and businesses get back up to speed at our Bureau of Professional and Occupational Affairs (BPOA) and our Bureau of Notaries. These Bureaus currently issue more than 900 different types of licenses, certificates, and permits for a variety of occupations: from crane operators to cosmetologists, from new licenses to renewals to reactivations or transfers of address.

The Department is working with the Governor's Office and other Commonwealth agencies to pick up the pace for issuing these critical licenses, certifications, and permits. To support that goal, the budget includes an increase of \$395,000 to support seven positions specifically for occupational licensing by the State Board of Nursing. As Governor Shapiro mentioned, and as the Department has heard again and again, the

delays in processing nursing licensing applications in the Commonwealth are unacceptable. Our current Board of Nursing professionals are working hard to correct the delays but are simply understaffed. The Department is confident that by increasing the complement and funding the Board of Nursing appropriately we can reduce many of these concerning delays.

Regulating Professions

Beyond EO 2023-07, the Department is proud of another initiative that has been in the works for some time: the Occupational Crosswalk. With Maj. Gen. Mark Schindler, Pennsylvania's Acting Adjutant General and head of the Department of Military and Veterans Affairs, the Department unveiled a military occupational crosswalk to assist veterans and service members in translating their work experience into civilian jobs within the Commonwealth. The crosswalk is a series of charts for each occupation licensed by the Department that compares the licensing requirements with the typical duties, training, qualifications, and related credentials associated with military occupations.

The crosswalk compares qualification details from nearly 300 military occupations to the initial requirements for Department licensure for related professions. It is a tool that helps determine which military occupation qualifications are "substantially equivalent" to the Commonwealth's requirements for licensure and helps identify gaps between civilian occupational licensure requirements and a veteran's current knowledge, skills, education, and training. The crosswalk is a resource to educate the General Assembly, licensing boards and commissions, the veteran community, and

employers on how military training and experience align with civilian education and work experience.

The Department is proud of this program and its implementation. We have received requests from the federal government for more information on this program in the hopes of replicating it throughout other government agencies. The occupational crosswalk is just one example of the ways the Department is continuously trying to break down barriers to licensure.

The Department is also currently completing a Request For Proposal (RFP) for an entirely new e-licensing system to replace the current Pennsylvania Licensing System (PALS). The budget includes an increase of \$10 million to fund this effort over the next year. We are working with stakeholders, internal and external, to ensure we are hearing from all affected parties as the Department works to find a great partner to help design the future of occupational licensing in the Commonwealth. We hope to have the RFP completed as soon as possible and begin the incorporation of a newer, better, and more user-friendly system for the Commonwealth.

Improving Business Registration

The Department's Bureau of Corporations and Charitable Organizations (BCCO) maintains a database of more than 4,074,774 registered businesses in the Commonwealth. Last fiscal year, BCCO processed 283,900 records, with an average processing time of 29 days. BCCO has processed 69,963 filings in the new business filing system since October 24, 2022. In FY2021-22, these filings generated more than \$55 million in revenue, with more than \$43 million of that total going to the General

Fund. For fiscal year 2021-22, there were 14,980 charitable organizations registered in Pennsylvania. Charity registrations generate approximately \$3.4 million in revenue for the General Fund each year. Average processing time for charities' filings was two days.

As with BPOA, BCCO has been working to pick up its pace so we can move at the speed of business. With support from Department staff – who have been working mandatory overtime to catch up – we have begun to reduce filing backlogs. The Department will continue to work to improve this system and welcomes partners across the General Assembly to reach out to discuss what improvements can and should be made.

Keeping Pennsylvanians Safe

The Bureau of Enforcement and Investigation (BEI) has assisted law enforcement and other state agencies while continuing to keep Pennsylvanians safe. In 2022, BEI investigators closed 6,953 cases (4,913 FY 2022 to date) and served several compliance letters and immediate temporary suspensions. Inspectors conducted 26,979 facility inspections (16,538 FY 2022 to date), including 3,571 (2,678 FY 2022 to date) for new businesses that would have had to delay opening if not for the inspectors' response during the pandemic closure period. Pharmacy and mortuary inspections continued without interruption.

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, and professional wrestling, and it licenses athletes, agents, and promoters in these sports who transact business in the Commonwealth.

Despite the pandemic, the SAC, in consultation with the Governor's Office and the PA Department of Health, safely sanctioned 353 professional wrestling events, 30 pro-am mixed martial arts events, 40 pro boxing events, 9 kickboxing/muy thai events, and 71 amateur boxing events in 2022. The Department looks forward to continuing all of these efforts in the upcoming fiscal year.

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