

Testimony before the House Appropriations Committee
Curtis Topper, Secretary
Department of General Services
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Thank you, Chairman Saylor and Chairman Bradford for the opportunity to appear before the House Appropriations Committee today to discuss the Department of General Services' proposed budget for the coming fiscal year.

As you know, DGS works mostly behind the scenes. We make it possible for our customer agencies and local government organizations to achieve their missions more efficiently, effectively, and safely. The work we do is vital, but it is often invisible to most Pennsylvania taxpayers. So, as I have done customarily during these hearings every year, I would like to personally recognize and commend the many remarkably dedicated DGS employees who have continued to perform admirably through extraordinary challenges and situations.

While we have accomplished a lot over the past seven-plus years, I am excited about the challenges and opportunities that are still ahead of us. Although our customers' goals will always play a major role in determining our agenda, we have identified some focus areas the department has for future progress, and it is my pleasure to share some of them with you today.

As we look to revitalize the commonwealth's economy and infrastructure, our Public Works Deputate is poised to streamline the design, bidding and construction of Capital Projects through our design modernization initiative that focuses on using Lean design methods. We currently have 75 active projects with 175 more in the queue with a value of roughly \$2.4 billion, and we are looking to bring as many of these projects to the active/award phase as we can.

Continuing with the trend of progress and positive economic impact is our Bureau of Diversity, Inclusion, and Small Business Opportunities (BDISBO). The bureau supports the equitable contracting in the Commonwealth with small, small-diverse, and veteran-owned businesses. Their continued success can be observed in our most recent Annual Report (FY 2020-2021). As you know, the Wolf Administration has made significant strides in this area, and I am proud to announce that despite the recent economic challenges as a result of the pandemic, we have successfully grown the amount of spending conducted with small and small diverse businesses on Commonwealth contracts to unprecedented levels – more than \$850 million in expenditures and greater than 20 percent of our total spend. This success is something we can all be proud of, and I urge everyone to support SB900, which was recently introduced in the Pennsylvania Senate. This ground-breaking, bi-partisan legislation will create certainty for the future of the BDISBO program. It would ensure that the successful programs and policies we have established during the last seven years will remain in place well into the future, benefitting more than 5,000 small, diverse, and veteran owned businesses in Pennsylvania.

Energy conservation will continue to factor into the way we design, operate and renovate our commonwealth facilities. We are leading by example in the promotion of energy sustainability. We continue to work towards achieving the goals of Executive Order 2019-01 by reducing our energy consumption, reducing vehicle fleet fuel consumption, procuring Renewable Energy Credits (RECS), and incorporating high-performance building criteria into design and construction of new buildings.

Through the Guaranteed Energy Savings Act, or GESA, we have invested more than \$218 million into 16 projects that will deliver a minimum annual savings of \$10.7 million with an average payoff period of 18 years. These projects not only provide a financial benefit, but environmental ones as well. The energy savings are equivalent to planting 67,400 trees or taking more than 6,700 cars off the road each year. We have an additional three projects that we will award in the year ahead to add to our success and savings.

Speaking of success and savings, our Bureau of Procurement works every day to cut costs to our customer agencies, and ultimately Pennsylvania taxpayers. Our procurement staff work tirelessly to create efficiencies in the practice of procuring goods and services for the Commonwealth. We have consistently applied commercial best practices, including strategic sourcing and best value contracting across a wide range of materials and services contracts. Placing value on the entirety of a contract versus simply awarding based on lowest cost will put the Commonwealth in a better position to offer the best goods and services to our customers. We look forward to employing this approach in more procurements going forward, and in FY 2022-23 we anticipate a total cost-savings of \$50 million.

As we move towards a more human-centered approach to government, we must pay a tribute to our brave men and women of the Capitol Police Department (CPD). I would like to acknowledge Capitol Police for their ongoing efforts to assess and enhance security here in the capitol complex. With cooperation and assistance from the General Assembly, the Capitol Police have secured additional checkpoint equipment and security barriers, making us better prepared to keep everyone safe. As these measures are implemented in the year ahead, we will continue to work with the General Assembly to identify additional security measures to ensure the safety and well-being of those who work in and visit the Capitol Complex.

Over the longer term, the Commonwealth's implementation of a telework program for its workforce will continue to bring changes that will be evaluated over time. Our shift to a more mobile workforce will lead to positive changes for our carbon footprint, our capital program, and our real estate and parking costs. That said, I would caution the General Assembly against making assumptions this year about savings in these categories. Our space consumption patterns will continue to evolve over the next few years. Most of our parking and real estate costs are built into long-term agreements with commercial lessors across the state. We intend to continue reducing the size of our lease portfolio and maximizing occupancy in the buildings we own, but it will take time.

DGS has been at the center of the Wolf administration's successful efforts to reduce operating costs and to deliver greater value for citizens. We recognize that the expectations and needs of our client agencies will continue to evolve, and we welcome your support as we continue our work in transforming the agency. As the General Assembly reviews our budget and engages in its oversight responsibility with a view toward creating greater efficiencies across the commonwealth, I would ask respectfully that members continue to involve our agency in those discussions to gain a fuller understanding of what we do and how we do it prior to proposing legislative solutions that may have adverse impacts on our customer agencies and taxpayers.

Thank you. I'll be pleased to take your questions.