

Office of Administration House Appropriations Committee Testimony
Michael Newsome, Secretary of Administration
February 16, 2022

Chairman Saylor and Chairman Bradford, thank you for the opportunity to appear before this Committee.

The Office of Administration (OA) is responsible for human resources, information technology, equal employment opportunity, continuity of government, and records management for agencies under the Governor's jurisdiction. We also provide services and support to several independent boards and commissions.

It has been three years since I last appeared before this committee to testify, and it goes without saying that a great deal has transpired during this time. Today, I would like to provide updates on several key areas of accomplishment.

Becoming a Premier Employer

Over the last seven years, the Wolf administration has strived to make the Commonwealth of Pennsylvania a premier employer, with benefits and policies to support workers that keep up with changes in the private sector. In 2021, we were named one of the best employers in the nation for new graduates in an annual survey conducted by Forbes and market research company Statista. This is the first time the Commonwealth of Pennsylvania has ever made the rankings, which focus on a variety of criteria, including compensation, opportunities for advancement, effectiveness of diversity and inclusion efforts, and company image.

One of the most significant initiatives undertaken by OA during the Wolf administration is to modernize the recruitment and hiring process for commonwealth employees. In order to provide the level of service by state government that Pennsylvanians expect and deserve, we need to effectively compete with the private sector, other states, and the federal government to attract and retain high quality talent.

In 2018, with the unanimous bipartisan support of the General Assembly to update Pennsylvania's merit hiring law covering 70 percent of positions, OA was able to transform the application process to be more modern, responsive, and user friendly. We also significantly improved communication and collaboration with agencies and hiring managers to understand their specific challenges with recruitment and retention to better meet their needs.

In tandem with changes made through civil service reform legislation, OA performed end to end hiring process standardization and, more recently, consolidated recruitment into one central organization to maximize resources and deliver direct recruitment for hard-to-fill and critical vacancies, diversify candidate pools for underrepresented jobs, and coordinate on-site recruitment events. We also created targeted programs to provide paths from college to careers, and increase opportunities for individuals with disabilities. OA also administers merit hiring for many county governments across the state, and they too have seen improvement under our modernization efforts.

Additionally, OA has led or supported new policies and programs to make the commonwealth a premier employer for Pennsylvanians, including:

- Raising the state employee minimum wage.

Office of Administration House Appropriations Committee Testimony
Michael Newsome, Secretary of Administration
February 16, 2022

- Implementing an enterprise telework policy and program for commonwealth employees that has increased productivity.
- Providing six weeks of paid parental leave to mothers and fathers following the birth, adoption, or foster care placement of a child.
- Redesigning state employment website and application process for civil service and non-civil service jobs.
- Transitioning from evaluation of candidates based on test scores to evaluation based on experience and training, enabling a fully online application process for most jobs.
- Implementing vacancy-based postings to increase transparency to applicants and improve candidate pools.
- Supporting the Employment First executive order and legislation to provide competitive integrated employment opportunities for people with disabilities.
- Adding voluntary self-identification for disability to the commonwealth's online onboarding tool as of June 2021, to be able to compile aggregate data for statistical purposes.
- Expanding the internship program for students with disabilities with the goal of placing up to 25 interns in Harrisburg and up to 10 placements in Philadelphia and Pittsburgh each.
- Piloting a "customized employment" process to achieve competitive, integrated employment through the development of a personalized job position to meet the needs of both the employee and the employer.
- Establishing a nursing parents rooms policy to provide a private space and time for parents who need to express milk at work.
- Offering health care and dependent care flexible savings accounts that allow employees to set aside pre-tax earnings for covered expenses.
- Establishing a Fair Chance Hiring Policy prohibiting questions about criminal history on most commonwealth employment applications.
- Establishing an equal pay policy prohibiting inquiries about a job applicant's current compensation or compensation history at any stage during the hiring process.
- Strengthening workplace policies against discrimination based on sexual orientation, gender identity and gender expression.

The Governor's proposed budget includes funding for two new childcare options to help our employees balance career and family.

In 2020, we established the Office of Equal Employment Opportunity (EEO) within OA to consolidate EEO functions performed by HR and other staff across state agencies. Under this new model, disability and religious accommodation requests, EEO policy, appeals, investigations, and other key issues are managed by dedicated staff who specialize in these matters. This approach helps to ensure greater consistency in the delivery of these critical services to employees.

Transforming How Pennsylvanians Interact with the Commonwealth

OA continues to support the goals outlined in the Governor's 2018 executive order to transform how Pennsylvanians interact with state government and obtain services. This includes creating a single online destination for online services, enabling secure access to services through a single set of credentials, delivering a consistent user experience across all services, consolidating and streamlining websites and domains, fostering continuous improvement through customer feedback, and offering a single phone

Office of Administration House Appropriations Committee Testimony
Michael Newsome, Secretary of Administration
February 16, 2022

number to connect people to the services they need. In each of these areas, we have made meaningful progress reflected in improved customer experiences or undertaken foundational work to support the realization of the vision of the executive order.

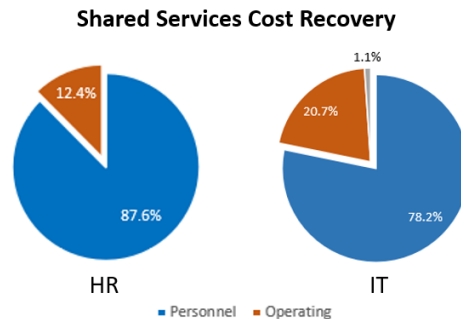
Increasing Efficiency, Reducing Costs, and Improving HR and IT Service Delivery

OA continues to refine the shared services delivery model for HR and IT that began in 2017 as part of a broad set of opportunities to streamline costs and improve efficiency. Through this initiative, agency-run IT and HR departments under the Governor’s jurisdiction were consolidated into delivery centers supporting multiple agencies with similar missions or functions. The current shared services initiative builds on decades of work by OA to centralize and consolidate IT and HR services and functions.

Over the past four and half years, the new delivery model has reduced the need for over \$123 million in additional funding, and IT costs have remained flat for three consecutive fiscal years which is well below the rate of inflation. Since FY 2015-16, aggregate IT spending is over \$600 million less than the Consumer Price Index for All Urban Consumers (CPI-U) trend.

FY	Actuals IT Expenditures	CPI-U (US Annual Avg Mid-Atlantic City)	Over / (Under)
2009-10	940,136,215		
2010-11	993,682,819	955,178,394	38,504,424
2011-12	1,038,398,485	985,744,103	52,654,382
2012-13	1,042,996,865	1,006,444,729	36,552,135
2013-14	1,059,143,781	1,021,541,400	37,602,381
2014-15	1,143,564,698	1,037,886,063	105,678,636
2015-16	1,039,517,481	1,141,674,669	(102,157,188)
2016-17	1,088,112,386	1,156,516,440	(68,404,053)
2017-18	1,027,792,386	1,180,803,285	(153,010,899)
2018-19	1,110,506,722	1,209,142,564	(98,635,842)
2019-20	1,126,933,611	1,230,907,130	(103,973,519)
2020-21	1,169,694,375	1,245,678,015	(75,983,640)
			(331,173,183)

The lion’s share of IT and HR shared services costs are for personnel. In FY 2020-21, personnel expenditures represented over 78 percent of recovered IT costs. Operating and fixed asset expenditures represented the remaining 22 percent. Personnel expenditures represented about 88 percent of recovered HR costs and the remainder is operating expenses.



Office of Administration House Appropriations Committee Testimony
Michael Newsome, Secretary of Administration
February 16, 2022

Enhancing Cybersecurity Through Increased Collaboration

Cybersecurity is a paramount concern and a major priority for OA. Pennsylvania is frequently recognized as a leader among states for information technology and cybersecurity. Since 2015, OA has received 28 information technology and cybersecurity awards.

Under Governor Wolf's leadership, OA has enhanced its cybersecurity program through an emphasis on collaboration to improve the level of cybersecurity across multiple branches and levels of government.

OA's collaboration with local governments enables them to leverage our security awareness training and anti-phishing exercise capabilities while we help to absorb some of their costs for these services. We are also helping counties increase their information security capabilities through the deployment of Center for Internet Security (CIS) network security monitoring and management services. This solution, referred to as Albert sensors, is already deployed in 42 counties. The estimated cost to deploy sensors in the remaining 25 counties is between \$400,000 and \$600,000.

OA collaborates on cybersecurity matters with the General Assembly through its IT leadership, counties through our partnership with the County Commissioners Association of Pennsylvania (CCAP), academia through our partnership with Harrisburg University, and newly established partnerships with several cities and Intermediate Units. OA provides the General Assembly's IT leadership with enterprise cybersecurity advisories and awareness of existing cybersecurity solutions. OA has also engaged with the General Assembly's IT leadership through the Enterprise Technology Security Council (ETSC) Security Governance Workgroup. The group provides direction on strategy, investment, and policy matters to optimize spending, allocate resources appropriately, and minimize risk.

We have also developed a detailed incident response procedure (IRP) that outlines the respective roles and responsibilities of each organization in response to an IT security incident. The IRP covers all phases of an incident, from discovery to triage to investigation to remediation, and establishes the mobilization of the business, IT, communications, and legal teams needed to effectively respond to the incident.

Building on this collaborative approach, we strongly recommend the creation of a Cybersecurity Coordination Board as contemplated in HB 1362. Such a board would be a new, effective, and cost-efficient way to enhance cybersecurity collaboration across the public and private sectors.

The complexity of managing the second largest workforce in Pennsylvania and a billion-dollar IT portfolio to enable the effective and efficient delivery of state agency programs and services requires exceptional leaders and a dedicated team. I am continuously impressed by people who serve in the Office of Administration for their experience, teamwork, drive, and commitment to public service. The work they have accomplished and that I have described in this testimony are helping Pennsylvania continue to navigate this persistent and unpredictable pandemic and position our commonwealth for even greater success in the future.

On behalf of the OA staff, we thank all of you for your time and attention. We appreciate the opportunity to appear before this Committee.

*** END OF TESTIMONY ***