

**2022 House Appropriations Committee Budget Hearing
March 1, 2022**

**Testimony of Acting Secretary Leigh Chapman
Pennsylvania Department of State
Fiscal Year 2022-2023 Budget**

Chairman Saylor, Chairman Bradford, and members of the House Appropriations Committee:

Good afternoon. Thank you for your invitation to appear before the Committee to discuss the Department of State's 2022-2023 Budget. Joining me today are Deputy Secretary Pam Iovino; Deputy Secretary Jonathan Marks; Bureau of Finance & Operations Director, Kim Mattis; and Acting Commissioner of the Bureau of Professional and Occupational Affairs (BPOA) Arion Claggett.

I am pleased to have this opportunity to update you on the Department's critical work in administering safe, secure, and fair elections and quickly responding to the needs of licensed professionals, businesses, charities, and other stakeholders across Pennsylvania during the COVID-19 pandemic.

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

Ensuring Electoral Integrity and Security

The Department's Elections and Commissions deputate oversees the commonwealth's electoral process, working closely with all 67 counties.

With an eye toward continuous improvement, the project to replace the Statewide Uniform Registry of Electors (SURE) moves steadily forward. We are working closely with the counties to form election process workgroups to ensure the new system best serves election administration needs in PA. The goal is to phase in the new system over the next year.

Election administration has changed significantly in the last 20 years and our election administrators and Bureaus need to reflect and move forward with those changes. Just as county election offices have made necessary investments in staff, staff training, and equipment to keep up with changes in election administration, the department too must upgrade the resources committed to supporting them. We need to fill gaps with trained and experienced project managers, customer service representatives, business analysts, GIS trained professionals, and administrative staff. As part of this restructure, the Department has requested 22 additional positions.

DOS has one of the smallest state election teams in the United States while attempting to serve one of the largest electorates in the country. This budget proposes adding fourteen new positions in the Bureau of Elections, the bulk of which are needed to support the role out of new IT systems which are being modernized to provide a more customer focused user experience. We have some of the skills in-house needed to run the internal help desk required for the new SURE system but need to expand staff in that area to allow for election professionals to address the needs and concerns of counties and voters. Five of these positions will supplement the current SURE help desk, in order

to support counties who are the primary users of the SURE system. County support needs related to SURE have increased in recent years, and with the implementation of the new SURE system, we anticipate the need for additional support to ensure county questions are answered efficiently.

We also requested five positions in the Bureau of Notaries, Commissions, and Legislation. Cuts to this team during previous administrations impacted this program's ability to keep processing times low for notary approvals, apostilles and certifications. We have seen a substantial increase in the workload and processing needs have increased substantially.

The Department also requested \$1,000,000 for the replacement of the current notaries system and \$400,000 to replace the current lobbying disclosure system. Like the SURE system, the Notaries database is more than a decade old, and it is becoming expensive to support, and lacks user-friendly features. By leveraging the SURE Modernization project to modernize the aging lobbying disclosure database, the Department will be able to reduce the overall cost of replacing the database. This will enable the Department to achieve efficiency in the short-term and it will reduce the long-term costs and overhead associated with supporting multiple databases.

Encouraging Economic Development Through Business Registration

The Department's Bureau of Corporations and Charitable Organizations (BCCO) maintains a database of more than 5,882,778 million registered businesses in the commonwealth. Last fiscal year, BCCO processed 276,721 records, with an average time of 29 days. On average, these filings generated more than \$38 million in revenue with more than \$30 million of that total going to the General Fund annually.

Act 135 of 2016 enables the Department to waive fees for small businesses owned by veterans and reservists. The number of veterans and reservists who have benefitted from that provision continues to grow. The Department waived \$411,760 in fees for 3,540 businesses under the Act last year.

BCCO has been working to excel even through the challenges presented by COVID, by cross-training staff to support all areas and operations. BCCO also recently contracted and is transitioning to a commercial off-the-shelf system to replace the Statewide Organization Registration Database (SWORD) system. This transition will allow businesses to register online, which will require less manual processing and improve processing times. Phase One will replace all corporate registration information and is expected to go live in October 2022. Phase Two will replace the current Charities system and has an anticipated implementation date of October 2023.

For fiscal year 2021-22, there were 13,622 charitable organizations registered in Pennsylvania. Charity registrations generate approximately \$3 million in revenue for the General Fund each year. Average processing time for charities' filings was two days.

Regulating Professions

The Department's Bureau of Professional and Occupational Affairs (BPOA) administers 29 boards and commissions that certify and issue 140 license types to professionals and facilities within Pennsylvania. In 2021, BPOA processed 82,334 new license applications and 376,388 renewals.

One of the overarching goals for the Department over the last six years has been technology improvement for users of Department of State services including the

implementation of a new SURE system and the modernization of the Pennsylvania Licensing System (PALS). The Department has requested \$5,000,000 to modernize PALS. Although we are in the early stages of the process and collecting information about the options that exist, we are planning for the future and look forward to implementing a new system that meets the needs of our customers and staff.

Since the beginning of the pandemic, the Department's policy and legal teams have led and collaborated with BPOA and the Governor's Office to make it easier for licensed professionals to serve Pennsylvanians during the COVID pandemic, by issuing waivers that, for instance, expand practice to allow more health professionals to administer vaccines and that allow recently retired health-care professionals to more easily return to practice. BPOA continues to implement about 40 of the over 90 COVID-19 waivers issued since March 2020. We worked internally to review and expire those that were no longer needed, as required by Act 21 of 2021. We continue to work with the Legislature to identify waivers that should be made permanent and appreciate the opportunity to continue those conversations.

In 2018, DOS secured a 3-year, \$422,000 grant from the U.S. Department of Labor in order to study the effects occupational licensing has on the Commonwealth's constituents. Grant funding was used to fund several research projects that identified barriers to occupational licensure and provided solutions to reduce excessive licensure requirements for all Pennsylvanians.

Year One of this grant enabled the Department to produce **50 State Comparison Report: A Comparison of State Occupational Licensure Requirements and**

Processes and **Occupational Licensure “Snapshots.”** Year Two of the grant featured the Veterans Licensure Survey, which allowed the Department to develop a report and recommendations to reduce barriers for veterans and military spouses. Many of those recommendations were adopted and led to House Bill 1868. We are excited about this bill and support your efforts to reduce barriers for this community.

We are pleased to announce that the Department recently issued the report generated from Year Three of the grant. Year Three enabled us to conduct a survey of New Pennsylvanians to identify and explore barriers to licensure. In early February, the Department issued the report generated from this survey, which includes several operational improvements and innovations to remove barriers to licensure for immigrants, refugees, and asylee communities.

Keeping Pennsylvanians Safe

The Bureau of Enforcement and Investigation (BEI) has assisted law enforcement and other state agencies throughout the pandemic. In 2021, BEI investigators closed 5,666 cases and served more than 40 compliance letters and immediate temporary suspensions. Inspectors conducted 22,033 facility inspections, including 3,705 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 and amateur boxing, kickboxing,

Mixed Martial Arts and professional wrestling, and licenses athletes and agents in these sports who transact business in the commonwealth.

Despite the pandemic, the SAC, in consultation with the Governor's Office and the Pennsylvania Department of Health, safely regulated 237 pro wrestling events, 23 pro-am mixed martial arts events, 32 pro boxing events and 63 amateur boxing events in 2021.

Agency Transformation and Ongoing Improvement Initiatives

The Department continues to adopt transformation efforts to ensure we are a healthy organization that provides value to our customers and maintains a positive environment and workplace culture for our employees. We are engaging with our customers to ensure their experience with us is a positive one. We are regularly reviewing our processes to ensure they are standardized and documented. And we are engaged in developing our leaders and empowering our employees to be decision makers and to approach our organization from a human-centered mindset.

We also are providing our workforce with the tools and training necessary to succeed in remote environments. We conduct assessments of our employees' level of engagement, our Department's strengths, and our opportunities to continue to grow in this transformation journey. The Department has also begun to adopt an enterprise-wide risk management framework to effectively identify, analyze, and respond to risks.

In 2020, the Department worked internally with each Bureau to identify areas for improvement. The Department analyzed all the recommendations received and identified short-, medium-, and long-term goals related to racial equity for staff as well as for

customers. These recommendations serve as a path forward for areas of focus for the newly established DOS workgroup on Diversity, Equity, and Inclusion (DEI). This includes the establishment of a workgroup comprised of staff members from all levels of our workforce and the development of racial equity initiatives to achieve “social, professional, and organizational excellence.”

Finally, we are in the process of our biennial review of our department-wide language access policy. We were the first agency to adopt a language access policy in 2018 and we have already seen the benefits of this initiative. We have expanded translation services and provided more opportunities for personalized service to all our customers. We continue to identify areas where we can improve the experience for our customers but are proud of the work we have done so far.

As you can see, the Department had a busy and productive 2021, accomplishing some major milestones across our bureaus during a global pandemic. We look forward to more innovation and achievement from the department’s dedicated staff in 2022.

Thank you for your time and attention and the opportunity to appear before you.

Leigh M. Chapman

Acting Secretary of the Commonwealth