

2020 House Appropriations Committee Budget Hearing

February 19, 2020

Testimony of Secretary Kathy Boockvar

Pennsylvania Department of State

Fiscal Year 2020-2021 Budget

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

Good morning. Thank you for your invitation to appear before the Committee to discuss the Department of State's 2020-21 budget. Joining me today are Jonathan Marks, Deputy Secretary for Elections and Commissions; Kalonji Johnson, Acting Commissioner of the Bureau of Professional and Occupational Affairs, and Kimberly Mattis, Director of Finance and Operations.

I am pleased to have this opportunity to update you on the significant strides DOS has made in the past year on election modernization, professional licensing reform, customer service improvements, and other critical aspects of our mission.

As you know, DOS's missions include ensuring the integrity of Pennsylvania's electoral process, encouraging economic development through business registrations, enforcing the charitable solicitation law and protecting public health and safety by licensing certain professions and occupations.

Ensuring Electoral Integrity and Security

The Deputate of Elections and Commissions comprises the Bureau of Campaign Finance and Civic Engagement, Bureau of Election Security and Technology, and Bureau of Election Services and Notaries. These bureaus oversee the commonwealth's electoral process, working closely in conjunction with all 67 counties, including voter registration, election security, campaign finance and lobbying disclosure, voting systems, and civic engagement initiatives, as well as overseeing commissions and notaries public, processing legislation, and issuing certifications and apostilles for documents requiring authentication.

I am pleased to announce that as of December 31, all 67 Pennsylvania counties have taken official action toward acquiring new voting systems, which will be implemented by the primary election in April. Every voter across the Commonwealth will be voting on voting systems that have successfully completed penetration testing, access-control testing, and testing to ensure that every access point, software and firmware are protected from tampering. All voters will be using systems that produce a verifiable, auditable paper record with plain text so they can verify their choices before casting their ballot. Thanks to the dedication of county commissioners and election officials, all Pennsylvania voters can go to the polls in this critical election year with increased confidence that their votes will be counted accurately and securely.

As you know, Act 77, which passed with bipartisan support in the legislature and was signed into law by Governor Wolf last fall, will make the most significant improvements to PA's election code in more than 80 years. These changes, as well as

the progress made on many fronts of our election security initiatives, will make voting easier, more accessible, and more secure for all eligible citizens. As you also know, Act 77 additionally allocates \$90 million to reimburse counties for up to 60 percent of their costs for new voting systems. The Pennsylvania Economic Development Financing Agency (PEDFA) is actively working on issuing this bond, and the majority of counties have submitted their initial paperwork for PEDFA to proceed soon to issuance. These bond funds are in addition to \$14.15 million in 2018 federal funding that Gov. Wolf allocated for counties acquiring new voting systems, and most counties have already received or are in the process of seeking their distributions under the federal grant.

Act 77 ushers in an exciting new era of voting modernization in Pennsylvania and will make voting easier and more accessible to millions across the commonwealth. Among the highlights of Act 77 are a longer voter registration window, mail-in voting, extended deadlines to return mail-in and absentee ballots, and permanent mail-in and absentee voting lists.

Recognizing that these changes are coming in a presidential election year when turnout is expected to be very high, as soon as Act 77 was signed, DOS began working immediately with county election directors, officials, and the County Commissioners Association of Pennsylvania (CCAP), to plan and prepare collaboratively to implement these important changes most effectively. In addition, DOS has launched multiple resources to help inform and educate voters. For example, web pages are now live on votesPA.com for mail-in and absentee ballots, including information about each type of ballot, who is eligible, and links to apply for each type of ballot. We expect that the

success of our online voter registration system – which has been used by over 1.5 million Pennsylvania voters – is a strong bellwether for these new applications. In the coming months, DOS will be providing additional informational resources to both the counties and to the public, so that all Pennsylvanians can go to the polls – or vote by mail-in ballot or absentee – and know what to expect from these new processes.

Throughout 2019, Pennsylvania continued to strengthen its cybersecurity defenses to ensure that our elections are resilient and secure. Pennsylvania was the first state to undergo a U.S. Department of Homeland Security (DHS) vulnerability assessment in 2016, and has partnered with DHS and other experts to conduct hundreds of comprehensive vulnerability and other cyber assessments of the Commonwealth's cybersecurity posture, and these continue into 2020 and beyond. The Commonwealth utilizes multiple layers of protection, including 24/7 continuous network monitoring, firewalls, encryption, password protection, multi-factor authentication, and continuity of operations (COOP) planning, among other controls to protect our systems. DOS has also provided counties with security training, including in-depth tabletop and mock election exercises, anti-phishing protection and many other resources at no cost to them.

Thanks to our strong partnerships, Pennsylvania has become a nationally recognized, award-winning leader in cybersecurity. Our Interagency Workgroup on Election Security and Preparedness, banding together experts from DOS, Homeland Security, Emergency Management Agency, Information Technology, State Police, National Guard, the Inspector General, and the Department of Military and Veterans

Affairs, continues to actively collaborate to prepare for this year's elections. Last year we and our partners monitored elections from PEMA's headquarters, where state-of-the-art facilities and technology enhanced communication, collaboration and preparedness among the Commonwealth's federal, state and local election security partners, and we plan to continue this joint enterprise for the 2020 elections.

In 2019, Pennsylvania was also one of the first states in the nation to pioneer pilots of the risk-limiting audit, which is a scientifically designed procedure using statistical methods to confirm whether reported election outcomes are correct and to detect possible interference. Robust post-election audits have been recommended by the U.S. Department of Homeland Security, the U.S. Senate Select Intelligence Committee, and many other experts as one part of a strong and resilient election infrastructure. Audits can confirm that the voting systems tabulated the paper ballots accurately enough that a full hand count would produce the same outcome. Philadelphia and Mercer County successfully completed post-election audits last November, and many other counties have expressed interest in performing these audit pilots this year.

DOS continuously looks for other ways to streamline its processes and make more of its services available online. In the last fiscal year, 42 percent of submitted campaign finance reports were submitted online. Likewise, we continue to see an increase in online notary applications. During the last fiscal year, 82 percent of the more than 26,000 notary applications received were filed electronically.

Encouraging Economic Development Through Business Registration

DOS's Bureau of Corporations and Charitable Organizations (BCCO) maintains a database of more than 3 million registrations relating to businesses in the commonwealth. In 2019, BCCO processed 254,046 records. These filings generated more than \$37 million in revenue, with more than \$29.8 million of that total going to the General Fund.

Act 135 of 2016 enables DOS to waive start-up filing fees for small businesses owned by veterans and reservists. The number of veterans and reservists who have benefitted from that provision continues to grow. DOS waived \$381,005 in fees for 3,358 businesses under the act last year, and assisted 478 veterans in registering their own businesses, saving them an additional \$61,940 compared to 2018.

Preventing Charities Fraud

One of the important services DOS provides to Pennsylvanians is the registration of charitable organizations, professional solicitors and fundraising counsels under the Solicitation of Funds for Charitable Purposes Act. Registration helps prevent fraud and supplies the public with financial information about charities soliciting in the commonwealth.

For fiscal year 2018-19, there were 13,488 charitable organizations registered in Pennsylvania. Charity registration generated \$3 million in revenue for the General Fund, an increase of over \$100,000 from the previous fiscal year. In July 2019, BCCO successfully developed an internal application to process charitable applications more efficiently. The integration of charities into the existing Pennsylvania Licensing System (PALS) has created an enhanced online search capability for all charitable

organizations registered in Pennsylvania. An external online filing system will be available this spring.

The Office of Chief Counsel's Prosecution Division and the Bureau of Enforcement and Investigation (BEI) enforce the Charitable Purposes Act. In FY 2018-19, enforcement resulted in 48 consent agreements with civil penalties totaling \$247,250 and 73 new cease-and-desist orders. BEI completed 245 investigations of charities suspected of violating the act. In 2019, BEI achieved a 10-year low in time needed to complete an investigation.

Regulating Professions

DOS's Bureau of Professional and Occupational Affairs (BPOA) oversees 29 boards and commissions that license and regulate more than 130 occupations and professions. Additionally, BPOA regulates education programs, continuing education providers, and issues provisional, volunteer and temporary practice permits as well as other credentials related to professional licensing.

Throughout 2019 and continuing, we have directed extensive efforts to improve the occupational license process in Pennsylvania. We have assembled a cross-sector leadership team that is conducting, for all professions, a comprehensive review of license processing from the moment the license application is first made to the final decision on the application. Our team has already begun to implement changes on all fronts to improve the license application process, including process improvement, providing training and additional resources to staff, restructuring roles, adding additional personnel, increasing stakeholder outreach, advancing technology, improving usability

and communications of the PALS system, providing increased information and transparency on the licensing process and processing times, and more. Our new leadership at BPOA is working to deploy all technical and operational solutions available to improve processing times and provide additional transparency into the process.

We have also directed attention to strengthening customer service and outreach to DOS stakeholders. Our collaborations with stakeholders and the legislature resulted in two pieces of successful legislation that will support improvements for licensees in Pennsylvania: Act 68 and 69, which amended the relevant practice acts to better define the scope and liability of credentialing delegation authorized by practitioners, as well as Act 41, which will improve portability of licenses from other states into Pennsylvania. Beginning August 29, 2019, BPOA implemented PALS functionality for Act 41, and has been working diligently with the boards to draft regulations for full implementation. This law will improve portability of licenses from other states and countries. It will be especially helpful for members of the military and their spouses who frequently move from state to state but often find it difficult and time-consuming to obtain licensure in their new state. We are proud that Pennsylvania is one of the first states to implement such a law.

We are also proud to be one of only a handful of states across the country providing full transparency into the entire licensure process from start to finish. In fall 2019, DOS launched an innovative new license processing guide to help Pennsylvanians know what to expect when applying for a professional license. The PALS Navigator Guides, which offer a detailed and transparent look into Pennsylvania's

licensing processes, identify and define the three distinct phases of the application process and provide suggestions and tips for minimizing delays in the license process.

In addition, the Bureau recently added a new telephone system, which will better integrate with PALS records, and will allow for improved customer service such as providing the ability to actively monitor calls in real-time, so that a supervisor can assist if a call-center employee is not providing satisfactory service. Furthermore, we added a voicemail system and restructured the BPOA phone system, which has resulted in caller wait times across all professional boards being reduced to three minutes on average.

Last, we are very pleased to have launched a Veterans' Licensure Survey as part of a broader study the department is conducting pursuant to a three-year U.S. Department of Labor grant. One of the biggest obstacles facing service members and veterans is how to translate the skills and education they received in the military into civilian employment, and we are very pleased to be partnering with the PA Department of Military and Veterans Affairs (DMVA) to ease these difficulties. Survey questions focus on license portability, license reciprocity policies among states, and occupational licensing assessment needs. Survey data will be used to make recommendations regarding streamlining occupational licensure regulation in the commonwealth. DOS is also developing a military occupational crosswalk in collaboration with the DMVA, which is a framework for converting military duties, skills, training and certifications to fulfill Pennsylvania's occupational licensing requirements. The 29 licensing boards and commissions of DOS' BPOA will use the crosswalk as a tool to create a consistent transition from military to civilian occupational life.

Overseeing Athletics in Pennsylvania

Finally, DOS's diverse portfolio also includes the State Athletic Commission (SAC). 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. In 2019, the commission was once again one of the most active athletic commissions in the country, having regulated 560 events, the largest number ever held by the SAC. In FY 18-19, the commission generated \$758,000 in revenue and issued 2,454 licenses.

As you can see, DOS had a busy and productive 2019, accomplishing some major milestones, especially in election modernization and professional licensing. This year promises to be even busier as all counties and dedicated DOS staff implement Act 77 election reforms and prepare for the 2020 elections.

We look forward to working together with the legislature to implement these and other important changes and continuing to partner on all aspects of DOS enterprises.

Thank you for your time and for this opportunity to appear before you.