

**2016 House Appropriations Committee  
Budget Hearing  
February 29, 2016**

**Testimony of Secretary Pedro A. Cortés  
Pennsylvania Department of State  
Fiscal Year 2016-2017 Budget**

Chairman Adolph, Chairman Markosek and members of the House Appropriations Committee:

Good afternoon. Thank you for the invitation to appear before the Committee to discuss the Department of State's 2016-2017 Budget. Joining me today to my right is Marian Schneider, Deputy Secretary for Elections and Administration. Sitting to my left is Justin Cowan, Director of the Bureau of Finance and Operations.

It is a pleasure to be with you to talk about the Department of State's wide range of duties and responsibilities. These responsibilities are deeply rooted in the Department's mission: to ensure the integrity of the electoral process, to provide the basic infrastructure for business start-up and economic development, to safeguard citizens from charities fraud, and to protect the health and safety of the public through professional licensure and oversight.

The Department's vision is to be the premier Department of State agency in the nation by consistently providing the highest level of accurate, courteous and timely service. With your support, the Department will continue to strive for those high standards.

We do this while always keeping in mind that Pennsylvanians rightly seek assurance that as government officials we are making the best use of taxpayer money, are continually seeking out greater efficiencies and are conducting our operations ethically. I can attest that the entire

Department of State staff works hard every day to develop its vision by implementing new business practices, fostering innovation and increasing productivity.

Accordingly, we believe the Department's 2016-2017 budget will allow us to build on that work.

We also understand that the Commonwealth faces a significant fiscal challenge. As such, we have made every effort to develop the most frugal spending plan that will allow us to successfully meet our core responsibilities.

We ask that the Legislature keep in mind the essential nature of administering elections, protecting the health and safety of Pennsylvanians through professional licensure, upholding the Commonwealth's charitable solicitation law, and processing registration filings for Pennsylvania businesses.

The Governor's budget is a fair and responsible one, a spending plan that, if fully funded, will allow us to continue to deliver essential services and promote the public trust.

## **Voting oversight in a presidential election year**

The Department, through its Bureau of Commissions, Election and Legislation (BCEL), is continually striving to bring about the highest levels of efficiency, honesty and uniformity in the elections process. BCEL ensures compliance with a wide range of legislative initiatives, including the National Voter Registration Act, the Help America Vote Act and the Pennsylvania voter registration law. Simultaneously, we educate the electorate, enhance accessibility, and increase voter registration and turnout.

This year, we are working to support the counties as they deal with the increased activity that accompanies each presidential election year.

BCEL is also charged with receiving lobbying disclosures and campaign finance reports and making those filings available to the public.

Under the provisions of Act 134 of 2006, the Lobbying Disclosure Act, the Department produces a biennial directory of registered lobbyists, conducts audits and provides administrative assistance to the Lobbying Disclosure Regulation Committee.

As of January 1, 2016, there were a total of 2,793 registrants, including lobbyists, principals and firms. In 2015, the Lobbying Division completed an analysis of the expense threshold for registration and reporting. The current \$2,500 figure has not been raised since the Lobbying Disclosure Act went into effect in 2007. Effective January 2017, the threshold will be increased to \$3,000.

BCEL continues its efforts toward greater transparency and a paperless environment with ongoing improvements to the online campaign-finance filing system. The division's goal is to make all filings available online, including independent expenditures and committee registration statements. Currently, independent expenditures can be viewed online but committee registrations cannot. The Bureau plans to post committee registrations online and to allow for online filing of independent expenditure reports by the end of 2017.

One of the core functions of the Department is to encourage all eligible citizens to exercise their right to vote. In keeping with that mission, in August 2015 we launched an Online Voter Registration (OVR) system that allows the public to easily and conveniently apply for a new registration or update their existing registration. This innovation was immediately embraced by the public, the counties and other stakeholders. On February 19, 2016, less than six months after being in operation, the OVR system logged its 100,000<sup>th</sup> user.

County election officials have confirmed our expectation that OVR improves accuracy, reduces time-consuming data entry and yields cost savings. Throughout the development and implementation process, we coordinated with the Department of Transportation's Bureau of Motor Vehicles to provide OVR users with a seamless application process.

The Department is also creating a voter education program that will include online and direct outreach components to encourage participation in the electoral process. We believe this initiative, coupled with the convenience and accessibility of OVR, will increase voter registration and, ultimately, turnout at the polls.

## **A bright environment for entrepreneurs**

The Department also provides the foundation for economic development and job creation in the state through the business registration services of the Bureau of Corporations and Charitable Organizations (BCCO). There are currently 2.6 million companies registered to do business in Pennsylvania.

BCCO's expedited corporate filing service, instituted in response to requests from the business community, continues to be highly popular. The expedited service, available for an additional fee in one hour, three hours or same day, generated \$1.16 million in additional revenue in FY 2014-15.

PENN File, our corporation document online filing system, now has 75 different forms available for customers to file online. In 2015, we added measures to reduce the rejection rate of online filings. Rejections have been reduced from 16% in 2014 to 9% as of December 31, 2015.

The Charities division of BCCO is responsible for the administration and enforcement of the Solicitation of Funds for Charitable Purposes Act and serves as the repository for registration information under the provisions of the Institutions of Purely Public Charities Act. The Act

requires most charitable organizations, professional solicitors and professional fundraising counsels to register with the Department prior to soliciting contributions in Pennsylvania.

The Charities division protects the public from fraud by promoting accountability and disclosure, as well as investigating and prosecuting individuals and organizations that violate the public trust in soliciting, spending or reporting charitable donations received from Pennsylvania residents.

As of December 31, 2015, there were 10,977 registered charities and 447 professional solicitors and professional fundraising counsels.

The Charities Special Investigations and Audits Section, a division of the Bureau of Enforcement and Investigation (BEI), closed 231 cases in 2015, with 25 cases referred for administrative prosecution. As part of its ongoing commitment to protect the public from charities scams, the Department recently assigned one of its attorneys to handle charity prosecutions full-time.

## **Licensing that safeguards the public**

The Department takes great pride in its responsibility to protect the health and safety of all Pennsylvanians through its professional licensure system. In order to uphold standards and guard against unethical conduct or unsafe practices, the Bureau of Professional and Occupational Affairs (BPOA) administers 29 boards that cover 255 different occupations, from doctors and dentists to accountants, engineers and cosmetologists.

There are currently 974,000 professionals licensed through BPOA. As a component of the licensing program, the Bureau regulates education and experience as demonstrated through written examinations or practice. Using continuing education requirements, the Department

ensures that licensees in Pennsylvania are knowledgeable in the latest developments and best practices for their professions and occupations.

New policies and procedures in 2015 provide improved notice of upcoming renewal dates and have improved licensees' ability to update their records for renewal. For example, the percentage of cosmetologists who renewed their license online in December 2015 was 94%, compared to 81% in the previous renewal period.

The Department also takes very seriously its responsibility to identify, sanction and, if necessary, prosecute licensees who have abused the trust of those who seek their professional services. During 2015, the BPOA legal team closed 13,272 cases, up from 12,957 in 2014. Final dispositions increased from 2,870 in 2014 to 3,315 in 2015.

In 2015, the Department strengthened its public safety role by adding a searchable online database which the public can use to download documents related to disciplinary actions taken against licensees.

Another valuable oversight unit of the Department is the State Athletic Commission, which regulates and monitors all professional and amateur boxing, kickboxing, Mixed Martial Arts and professional wrestling contests. The Commission also licenses the athletes and agents doing business in the Commonwealth. At the close of 2015, the number of licensees stood at 2,101. Last year, Pennsylvania ranked fifth in the nation in the number of boxing events held. Executive Director Greg Sirb was also named the most valuable person by the Middle Atlantic Association, a regional arm of USA Boxing.

## **Office for New Pennsylvanians**

This year, the Department will embark on a new venture with the goal of halting the population loss that Pennsylvania has experienced for decades. The Office for New

Pennsylvanians (ONP) is an office tasked with attracting, retaining and successfully integrating new Americans into the Commonwealth, as well as out-of-staters looking to relocate to Pennsylvania.

ONP will create a central clearinghouse where new Pennsylvanians can receive information about services provided through Commonwealth agencies and outside organizations.

ONP would refer new Pennsylvanians to the appropriate service provider based on the unique needs of the individual.

The office will serve immigrants, refugees and individuals relocating to Pennsylvania from other states. Some of the individuals ONP will serve include foreign students obtaining advanced degrees, individuals who need to obtain professional licenses, agricultural workers, and business owners considering relocation in Pennsylvania.

In conclusion, with your support and the talent, hard work and dedication of the Department's employees, we have become one of the premier Department of State agencies in the nation. We will continue to strive for excellence as we serve all the residents of Pennsylvania. We trust that you, the Legislature, will approve the funding required for the Department to fully meet its responsibilities and achieve its potential.

Thank you again for the opportunity to appear before you today.