

**2017 House Appropriations Committee
Budget Hearing
February 21, 2017**

**Testimony of Secretary Pedro A. Cortés
Pennsylvania Department of State
Fiscal Year 2017-2018 Budget**

Chairman Saylor, 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 2017-2018 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 responsibilities and accomplishments. These responsibilities are deeply rooted in the Department's mission: to ensure the integrity of the electoral process, to support business start-ups and economic development and to protect the public through professional licensure and charitable registration.

We fulfill our mission while always keeping in mind that Pennsylvanians seek assurance that as government officials we serve as good stewards of taxpayer money, continually seek greater efficiencies to improve services and conduct our operations ethically. I can attest that the entire Department of State staff works hard every day to implement best practices, foster innovations and increase productivity.

Accordingly, we believe the Department's 2017-2018 budget will allow us to build on our efforts to provide quality services for Pennsylvania residents and uphold the public trust. The

Commonwealth's fiscal challenges are no secret and we have made every effort to develop the most prudent spending plan that will help us to successfully meet our responsibilities.

Ensuring the Integrity of the Electoral Process

The Department, through its Bureau of Commissions, Elections and Legislation (BCEL), brings about the highest levels of efficiency, honesty and uniformity in the elections process, voter registration, campaign finance disclosure and lobbying disclosure.

BCEL ensures compliance with a wide range of election-related legislative mandates, including the National Voter Registration Act, the Help America Vote Act and the Pennsylvania voter registration law. We also educate the electorate, enhance accessibility, and increase voter registration and turnout.

One of the core functions of the Department is to encourage all eligible citizens to exercise their right to vote. Our Online Voter Registration (OVR) system, launched in 2015, allows Pennsylvanians to easily and conveniently apply for a new registration or update their existing registration. We continued to enhance OVR in 2016 and became the first state in the nation to introduce a digital signature upload feature so that all eligible voters can complete their voter registration applications entirely online. County election officials have confirmed our expectation that OVR improves accuracy, reduces time-consuming data entry and yields cost savings. In 2016 alone, 858,985 individuals registered to vote online, including 548,419 new applicants.

In support of our commitment to increase the accuracy of voter registration rolls, the Department joined the Electronic Registration Information Center (ERIC). We have been using ERIC data to remove duplicate records and voters who have died while confirming address changes for voters who have moved both inside and outside of Pennsylvania.

To ensure a fair and safe 2016 General Election, the Department worked closely with numerous partners including the U.S. Department of Homeland Security, the Federal Bureau of Investigation, Office of Attorney General, U.S. Attorneys, the Pennsylvania Emergency Management Agency, State Police, Office of Attorney General and the Office of Administration's Office of Information Technology. This collaboration and coordination with federal and state colleagues effectively addressed threats to the electoral process, including cyber threats. The result was a voting experience with minimum disruptions.

BCEL is also charged with receiving and making public campaign finance reports and lobbying disclosures. 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. We hope to accomplish this by the end of 2017.

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 June 30, 2016, there were a total of 3,185 registrants, including lobbyists, principals and firms. In 2015, the Lobbying Division completed an analysis of the expense threshold for registration and reporting. Effective January 2017, the threshold was raised from \$2,500 to \$3,000. This marks the first time the figure has been raised since the Lobbying Disclosure Act went into effect in 2007.

Supporting Business Startups and Economic Development

The Department also supports economic development in the state through the business registration services of the Bureau of Corporations and Charitable Organizations (BCCO). Currently, there are 2.8 million companies registered to do business in Pennsylvania. To assist

companies in 2016, we published the updated “A Guide to Business Registration in Pennsylvania,” which had not been updated since 2011. It is now available in hard copy and electronically.

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 \$1.56 million in additional revenue in FY 2015-16, \$500,000 more than the previous fiscal year.

In 2017, we are pleased to implement Acts 135 and 170 of 2016. Act 135 fully exempts veterans and reservists from all business fees while Act 170 modernizes Pennsylvania partnership laws and we have worked diligently to comply with the law’s requirements.

Safeguarding Citizens from Charities Fraud

The Charities division of BCCO is responsible for the administration and enforcement of the Solicitation of Funds for Charitable Purposes Act (10 P.S. § 162.1 et seq.) and serves as the repository for registration information under the provisions of the Institutions of Purely Public Charities Act (10 P.S. § 371 et seq.). Title 10 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, 2016, there were 11,024 registered charities and 427 professional solicitors and professional fundraising counsels. In 2017, the Charities division anticipates moving

toward even greater efficiency and productivity as it makes necessary technical upgrades to its database system.

The Charities Special Investigations and Audits Section, a division of the Bureau of Enforcement and Investigation (BEI), closed 276 cases in 2016, an increase of 19%, with 83 cases referred for administrative prosecution. In July 2016, the BEI Charities Investigation Unit began using a new database system which allows for better and more timely tracking and monitoring of all charity investigations and audits.

Protecting the Health and Safety of the Public

The Department takes great pride in its responsibility to protect the health and safety of all Pennsylvanians through its professional licensure system. To uphold high standards of ethical conduct and safe practices, the Bureau of Professional and Occupational Affairs (BPOA) administers 29 boards that cover 255 different occupations, from doctors and nurses to accountants and funeral directors.

There are currently 986,562 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.

To better serve its licensees, BPOA launched the first module of its new online Pennsylvania Licensing System (PALS) in October, 2016, greatly increasing efficiency and cutting down on initial licensing and renewal processing times. The project will continue through 2017 and reach completion with a fully online and modernized process for ensuring that qualified professionals are licensed with ease.

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 FY 2016, the BPOA legal team received the highest number of complaints ever, 16,374, a 19% increase over 2015, and closed 14,533 cases, an 8% increase.

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 licenses the athletes and agents doing business in the Commonwealth. At the close of 2016, the number of licensees stood at 2,593. Last year, Pennsylvania ranked fourth in the nation in the number of boxing events held.

In conclusion, the Department of State is proud of its accomplishments in 2016. With your support and the dedicated commitment and hard work of the Department's employees, we are able to deliver high quality services to Pennsylvania's taxpayers. We will continue to strive for excellence and value your role in helping the Department discharge its duties with fidelity.

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