



*General Assembly of the Commonwealth of Pennsylvania*  
**Joint State Government Commission**  
Room 108 Finance Building, 613 North Street  
Harrisburg, PA 17120  
717-787-4397

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*Written comments for Senate Intergovernmental Operations Committee*

*Hearing on Senate Bill 1131 of 2020 (Pr's. No. 1671)*

*October 9, 2020*

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Thank you, Mr. Chairman and members of the committee for inviting us to participate at this hearing on Senate Bill 1131. I am Glenn Pasewicz, Executive Director of the Joint State Government Commission. Along with me is our Agency Counsel, Yvonne Hursh.

For purposes of background, I will give a quick overview of the Commission.

**Overview**

The Joint State Government Commission is the primary nonpartisan public policy and legislative research agency for the Pennsylvania General Assembly. In practical terms, its role is to report on nearly any topic that any member of either chamber feels is important enough to warrant the legislature's consideration. Examples of recent reports include one on broadband Internet access across Pennsylvania, the shortage of mental health care professionals in the commonwealth, and converting unused state properties into drug and alcohol treatment centers. Examples of current projects we are working on include services to veterans, return on investment of afterschool programs, and services to victims of sexual assault.

In general, each project starts as draft legislation, nearly always as a resolution, that then goes through the legislative process from committee to adoption on the floor. The resolutions essentially serve as outlines, directing the specifics that the House or Senate want us to report on. Reports often include recommendations. If there is a suggested legislative remedy for any particular problem, our staff drafts it and includes it in the report for the General Assembly's consideration.

Many of the resolutions direct us to establish advisory committees of experts in the field, which convene to discuss the topics at length. Advisory committees typically have between 20 and 30 members. The members of each advisory committee are invited to volunteer their time and resources from across the spectrum of experiences that they bring around the commonwealth. Depending on the topic, an advisory committee might have doctors, lawyers, educators, parents, technology experts, people who have recovered from substance use disorder, people who had been incarcerated, law enforcement, you name it. At times, we've had between 350 and 400 people serving on advisory committees.

Each advisory committee meets several times over the course of a year or two during the project. Our staff handles the background research, the writing, and the meeting facilitation. The advisory committee members talk, share ideas with each other and with us, and make recommendations. In the end, we release a report that reflects the general consensus of the advisory committee members.

At present, the Commission has 12 employees, five of whom are analysts and five of whom are attorneys. The Commission has more than a dozen projects ongoing at this time.

### **Senate Bill 1131**

The bill provides the governor with the option of entering into an MOU with the Commission to develop a strategic plan that would detail the merger of the Department of Community and Economic Development, the Department of Labor & Industry, and the Department of State.

This plan is to include provisions to:

- reduce administrative costs by 20 percent
- identify and consolidate redundant programs and regulations
- improve job training and economic development
- improve and assist regulatory compliance
- consolidate administration of business permitting

The plan is to develop clear management directives for workforce development and business related tax credits. On the technology side, the plan is supposed to detail development of an online portal to track the status of permit applications. The merger is expected to transfer personnel, appropriations, equipment, and materials as needed.

The strategic plan is due within 210 days of enactment, although the bill includes a 60 day period during which the governor's office would enter into an MOU with either the Commission or contract with a qualified third party consultant. If the full 60 days would elapse the parties would have five months rather than seven to complete the project.

### **Examples of Mergers**

With regard to previous mergers and consolidations of departments, Commission staff has come up with the following examples related to how this has been handled statutorily.

The Reorganization Act of 1955 provides for the governor to develop plans for merging and moving functions from one department to another. The act serves six purposes:

- promote better execution of laws
- reduce expenditures
- increase operational efficiency
- consolidate agencies according to major purpose
- abolish inefficient functions
- eliminate duplication of effort

Under the Act, such a plan can:

- change an agency's name
- appoint and compensate officers
- transfer records
- transfer funds
- enumerate acts to be suspended upon reorganization

A plan cannot:

- transfer all functions from an administrative department
- extend an agency beyond its pre-existing legal tenure
- authorize an agency to exercise new functions
- increase a term of office

The Act requires that the governor transmit his plan to the General Assembly and gives each house 30 days to consider it.

The first reorganization plan occurred in 1955, and there have been numerous plans since then. We count almost three dozen reorganization plans that have become effective. The most recent one was in 1990 when the powers and duties of the Pennsylvania Conservation Corps were transferred from the Department of Environmental Resources to the Department of Labor & Industry.

Another mechanism for merging departments and transferring duties is through a straight enactment outside of the Reorganization Act of 1955. The Department of Community and Economic Development was created from the Departments of Commerce and Community Affairs by the Community & Economic Development Act of 1996. There were five primary reasons for the merger of the two departments:

- "Community development and economic development are inextricably linked."
- to provide for more efficient delivery of local services
- to effect the maximum feasible coordination of community and economic development resources
- to maximize community and economic development resources
- to provide "a one-stop agency to carry out the community and economic development programs."

The functions of the Department of Community Affairs were transferred to:

- the Department of Community and Economic Development
- the PA Historic and Museum Commission
- PEMA
- PennDOT

A third way that powers and duties have been consolidated is simply through the governor's authority. For example, over the past several years, executive branch Information Technology and Human Resources functions were consolidated under the Office of Administration. In fact, OA's website has a guidance for reorganizations.

## The Commission's Role

Naturally, there are a couple questions that arise when considering the Commission's experience and potential role in SB1131. One question is whether the Commission has seen a model that concentrates economic development programs in one agency in order to improve coordination and foster economic growth. Quickly looking through other states, we have not seen the model consolidation in SB1131 elsewhere. As mentioned previously in these comments, DCED was created to provide "a one-stop shop to carry out community and economic development programs because they are inextricably linked." The purpose was to more efficiently deliver local services and provide the "maximum feasible coordination of community and economic development resources."

Our own experience is limited. In January 2020 we released a report on a potential merger of PennDOT and the Turnpike Commission as directed by SR209 of 2017. The report took two years to accomplish because of staff changes at the Commission and executive branch departments were not prompt in replying to inquiries that were necessary to complete the assignment. The report took the form of a detailed synopsis of the duties and obligations of PennDOT and the Turnpike Commission. While it did provide a comprehensive dive into how the two agencies operate, how they relate to one another, and paid particular attention to the matter of revenues, expenditures, bond obligations, and other legal and fiscal matters, it was not a strategic plan for their merger. That report, as is the case with nearly all of our reports regardless of topic, relied heavily on the cooperation of the entities being studied.

The Commission serves an advisory role by developing findings and recommendations for the legislature's consideration; our sense is that SB1131 envisions the role of the consultant as being operational, rather than advisory, in nature.

More specifically, we do not have experience with large corporate mergers, with assisting mergers of government agencies in other states, or with designing and implementing continuous improvement process systems—the three criteria listed in section 4517(a)(2)(b) for the third-party organizations.

Section 4517(c) lists eight parameters to be detailed under the strategic plan. Our staff could assist with items (2) and (3), given enough time and the cooperation of the departments and by working with an advisory committee of experts in the areas of education, job training, business and industry, among others. Those items are:

- (2) The identification and consolidation of:
  - (i) redundant programs administered by the Department of Labor and Industry, the Department of Community and Economic Development and the Department of State, whose functions are transferred to the department; and
  - (ii) redundant regulations promulgated by the Department of Labor and Industry, the Department of Community and Economic Development and the Department of State, whose functions are transferred to the department.
- (3) Strategies to improve job training and economic development in this Commonwealth.

As always, Commission staff is available to discuss any questions or comments you may have.