

Testimony on the Consolidation of the Legislative Service Agencies

Senate Intergovernmental Operations Committee

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I would like to express my appreciation to Senators Smucker and Blake and the Members of Committee for permitting me to offer comments on Senate Bill 1080 and its effect on the current duties and responsibilities specifically as it pertains to the Local Government Commission. I would also like to thank Senator Greenleaf and Gregg Warner of his staff for allowing us to provide commentary on the contents of Senate Bill 1080 during its drafting stage.

Initially I must state for the record that our participation in the formulation of the consolidation proposal was treated identical to any other request by a Member of the General Assembly for assistance, as a staff priority with the intent on providing commentary in a constructive manner. As you might imagine, it is not to be considered an endorsement or an official position on the bill by the Members of the Local Government Commission.

The provisions of the bill relating to local government commencing on page 55, line 19, through page 56, line 20, reflect alterations that we suggested to Mr. Warner. The

language includes provisions from our 1935 enabling law, duties imposed on the Commission by the Intergovernmental Cooperation Act, and other routine responsibilities currently undertaken by our staff. The effective date of the bill was changed to July 1, 2011, or immediately, whichever is later, per our suggestion. However, Sections 16 and 17 of the proposal related to the transfer of personnel, equipment, obligations, allocations, contracts, etc., and their relationship with the effective date in Section 18, have led us to envision issues from an existing organizational standpoint that may be problematic. If this proposal is effective at the beginning of the next fiscal year and the transition committee has not appointed an interim director, lines of authority in the existing service agencies will be ended immediately upon repeal of the enabling statutes. In other words, who is in charge of the administration of the employees? If this scenario were to occur and the agencies eliminated, could payroll and expenses be processed through the state treasury when the agencies no longer exist? In effect, would this not result in the immediate termination of employment for the existing legislative staff of the service agencies? Would the appropriation numbers given by Treasury to each agency for reserved non-lapsing funds from prior fiscal years still be valid after June 30? In terms of a transfer of “obligations,” would the new agency be obligated to provide the same health benefits and pay for accrued sick and vacation leave that may be, arguably, vested rights of employees attained through employment with the existing agencies? In terms of unemployment compensation for those not retained, would enough funding be provided to the PA Office for Research and Public Policy as the successor agency and potential obligor to provide for benefits, depending on the type of reimbursement method that would apply to the agency?

We do understand that this proposal would likely run concurrently with the FY 2011-12 state budget. Thus, we would suggest it may be more plausible to repeal the enabling statutes of the legislative service agencies incorporated into the PA Office for Research and Public Policy 60 or 90 days after the transition committee appoints the interim director. This would serve the purpose of enabling the interim director to begin the process of integrating staff and policy procedures while at the same time providing for less organizational chaos of the existing agencies. At that time, line item appropriations of the existing service agencies would then be transferred to the new consolidated agency. We believe our suggestion in this regard will provide at least some continuity and prudent logistics that will permit the consolidated agency to fulfill its statutory requirements in the transition year.

The task of agency consolidation will no doubt be immense. Among other things, recruitment and selection of staff, records and database management, developing uniform organizational policies, including implementation of a personnel policy, performance evaluation standards, salary schedule, and medical benefits and providing suitable office space while concurrently completing current work responsibilities of all these agencies no doubt will weight heavily on the interim director. These issues may involve other transitional costs not directly associated with the consolidated agency's duties and responsibilities. These costs are not directly visible and may be not sufficiently accounted for by simple transfer of a portion of line item appropriations of the assimilated agencies.

Finally, although the contents of Senate Bill 1080 have been discussed by our Members, discussion was limited to the alternative prospect of a systematic program evaluation of all the legislative service agencies including the Local Government Commission over a period of a year that would permit the Members of the General Assembly to thoroughly evaluate the impact of consolidation together with an examination of the conclusions of the Senate Government Management and Cost Study Commission 2010 report as it relates to the “merits and potential costs savings of merging some staff functions currently conducted on a partisan basis.”¹ Such an evaluation, which could be conducted concurrently with the transition period that would have to be implemented by June 30, 2012, would permit a cost benefit analysis that would in the long-term serve the best interests of the General Assembly and taxpayers. The Members were also cognizant that elimination of the Local Government Commission may have an adverse impact on other stakeholders of this legislation – municipal government officials and their residents, who should be afforded a greater opportunity to respond.

Rather than fully discussing with you in detail the merits of retaining the Commission in its current form, we have provided you with a copy of the 2009 report of the Local Government Commission to the General Assembly which identifies our workload over a 5 year period from the last issuance of its predecessor in 2004. It describes in some depth ongoing assignments, period work products, recent and current Commission and cooperative projects, and prospective activities.² The 5-year reports, although not required by law, were conceived by our Members eight years ago in an effort to fully

¹ Senate Government Management and Cost Study Commission, Final Report, June 28, 2010, p. 21.

² Report to the Pennsylvania General Assembly, Local Government Commission, July 2009. The report is also available on the Commission’s website at www.lgc.state.pa.us.

notify the Legislature on the duties and responsibilities of our staff that was both timely and informative.

Since this issuance of this last report less than two years ago, specific items discussed have evolved and new tasks assigned. The County Officer and Employee Fiscal Security Working Group completed its work which resulted in the introduction of Senate Bill 1155 of last session. Although the bill passed both chambers, it was not considered on concurrence in House amendments due to the inclusion of the severance tax. It is Senate Bill 834 of this session and it is currently in the Senate Appropriations Committee (its counterpart being House Bill 1438.) The Third Class City Code modernization effort was introduced in 2010 and is Senate Bill 874 of this session. A recodified Borough Code will be presented to our Members in June with expected introduction into the House of Representatives soon thereafter. The Consolidated County Assessment Law after many years of effort was enacted last year as Act 93. We are also staffing the Senate Resolution 323 Task Force on estimating the cost of state mandates placed on local governments³ and have just begun the process of working with county officials on drafting a modern County Code and consolidating all counties other than Philadelphia and Allegheny under its provisions. If the Commission was to continue in existence, another progress report would be due in 2014. We have delineated these tasks not to voice opposition to Senate Bill 1080 but rather to assist the Committee in fully comprehending what duties would need to be assimilated into the local government unit of the PA Office for Research and Public Policy if the Local Government Commission

³ The mandate report is due October 15, 2012.

staff is fully integrated into consolidated agency. Thank you for allowing me to testify and I would be happy to respond to your questions.