

Testimony of Carolyn Boser Newhouse

Before the
Pennsylvania Senate Community Economic
Recreational Development Committee
on
Creation of the
Pennsylvania Tourism Partnership

November 19, 2013

Chairwoman Ward, Chairman Fontana and members of the Committee, thank you for the opportunity to be here today. My name is Carolyn Newhouse. Prior to taking this position, I had spent 25+ years in the private sector - first in 'Corporate America' and then as a serial entrepreneur having started 4 diverse companies. Last year I was appointed to the position of Deputy Secretary for Pennsylvania's Office of Innovation and Investment in the Department of Community and Economic Development. In this role I oversee the state's 70+ economic development programs including the state's Tourism Office. Governor Corbett placed tourism within this new deputate, as an integral part of our overall economic development efforts - recognizing the important role tourism plays in the commonwealth's economy.

Economic Impact

Tourism bolsters the economy in a variety of direct and far-reaching ways. Domestic and international travelers inject \$38B into Pennsylvania's economy. Tourism generates \$3.8B in state and local tax revenue annually. Pennsylvania is a prime destination. PA hosts 182 million US domestic travelers, 2 million Canadians travelers, and 1 million international visitors annually (2011). Tourism and its resulting impacts are providing job sustainability across the state. In Pennsylvania, 450,000 jobs are supported by tourism.

Marketing

One of my first initiatives when I began last year as Deputy Secretary was to first understand the role of our state Tourism Office – particularly as it relates to meeting the needs of the industry. The mission of the state tourism office is to market the *entire* commonwealth as a premier destination for leisure, business, and international travel. The state Tourism Office fulfills this mission through a number of critical initiatives which our Executive Director of Tourism, Diane McGraw, will be covering.

Since that first assessment last year, three major initiatives have been underway to effectuate change. New leadership has been implemented in the state tourism office with renewed focus on working closely with our tourism partners and industry stakeholders, including the 51 tourism promotion agencies (“TPAs”) across the state, all of our Destination Marketing Organizations, especially our strong partner, the Pennsylvania Association of Travel and Tourism (PATT), which represents a coalition of 23 trade associations, and the Pennsylvania Restaurant & Hotel Association. That leadership was initially with Deb Bowman as Executive Director of Tourism and more recently Diane McGraw in the position as Deb’s additional responsibilities in DCED economic development marketing grew. Both of these ladies have extensive tourism experience and continue to work together promoting tourism across the commonwealth.

As a second initiative, the Tourism office has renewed its focus on marketing the entire state through varied social media outlets, adding new mediums and dramatically increasing the traffic, visibility, and viability of visitpa.com. We have recorded impressive gains in these campaigns which will be presented later.

Every conversation that I have involves funding – whether its our own department, one of our partners, or one of the many businesses in the private sector. Tourism is no different. We are and will continue to compete against other states and other countries. Someone will always have a larger budget. Other states have addressed their funding issue in a number of ways and what is clear is that Pennsylvania’s solution will need to be unique to Pennsylvania, involve the private sector, and be flexible enough to take on any challenges that may arise as our economy rebounds from the Great Recession and regardless of the state’s financial picture.

I appreciate that our tourism industry has stepped forward and is an integral part of the solution. We all realize it is time for us to embrace a new paradigm in the way we structure and fund our tourism marketing operations, both at the state and local levels.

With this in mind, the third initiative lead by the Corbett Administration is the engagement with our tourism partners and industry stakeholders across the state to define a public/private partnership model to strengthen and reinvigorate Pennsylvania's competitive position as a domestic and international destination. That model is now a reality with the Pennsylvania Tourism Partnership, a P3 that we reference as the "PTP".

The road has not been a straight path, yet what destination ever is? I have been told countless times that talks about public/private partnerships or privatization efforts started 10/15/20/25 years ago. Under this Administration and in the last 22 months, we have made substantial progress in making this P3 a reality. I would like to thank Representative Stern and his staff for the long-term efforts that helped pave the way for this public/private partnership to get off the ground. We have a defined structure, a strong and committed team of partners (here today), and the plan for moving forward. With that, I would like to finish up by presenting an overarching model of the PTP (see Diagram), introduce each of our PTP partners, and then turn it over to each of our PTP partners to discuss their roles in more detail.

Panelists

- Diane McGraw is here today representing the state Tourism Office, which is responsible for and will continue supporting state-wide tourism initiatives. Moving forward those initiatives will be as prioritized by the marketing plan developed under the PTP.

- Matt Zieger from Team PA is here today. Team PA Foundations is serving as the incubator for the P3 as a 501c (3) allowing for private-sector donations, as well as, playing a strong support role bringing extensive and successful P3 model experience to the table.
- Rob Fulton, the Executive Director for PATT is here today. PATT provides the industry representation and has and is playing a pivotal role in bringing the industry to the table.
- Lynn Burkholder has been hired to serve as the PTP Project Director under Team PA Foundation and is leading the overall effort forward.

Conclusion

Moving forward, the PTP is highest priority. To support this initiative, DCED committed \$150,000 last fiscal year for seed money related to hiring a Project Director and up to \$1million was set aside for a 1:1 match with private industry to fund and launch the new PTP.

Everyone here at this table recognizes the stakes for this venture to succeed are extremely high and we are committed to getting it right. Earlier on I spoke about the statistics surrounding the industry. And while the economic impact of tourism is large, it is also primarily an industry comprised of small businesses. As an entrepreneur and small business owner, I am committed to getting it right because I know first-hand the challenges and struggles they face. In my current position in DCED, I have heard from the outfitters, the restaurant owners, the B&B operators and a host of other small businesses that rely on tourism for their livelihood that they support us and that they are counting on us getting it right.

It is now my pleasure to introduce Diane McGraw who is the Executive Director of DCED's Office of Travel, Tourism & Film. Diane will be testifying on the state tourism office's current marketing efforts and goals going forward. Thank you for providing me the opportunity to comment on this vitally important issue.