

**C. Alan Walker testimony Senate Community, Economic and Recreational Development Committee  
Tuesday, Dec. 13, 2011**

Chairwoman Earll, Chairman Fontana and committee members thank you for inviting me today to talk about the Liberty Financing Authority.

In his first speech to the general assembly nine months ago, Governor Corbett addressed the need to clear the tangle of programs within D-C-E-D. We had and continue to have funds to direct toward new job growth. The bureaucracy, though, has been so daunting that some employers have been discouraged.

The governor spoke of the need for a Sherpa Guide to help people through the confusion. Well, I hope 2012 is the year I add Sherpa Guide to my resume.

For too many years, political leaders have been fighting for a bigger slice of the pie. They haven't noticed that it has already been divvied up so many times that there's more tin pan than pastry to the thing. It's time for a concerted, properly centered effort.

The administration is convinced that consolidating the various funding lines gives us a large accountable bloc of funding with which to leverage other funds, be it federal or private sector, into maximum business investment. The great thing about this idea is that the funds are all off-budget. This isn't something for which the legislature will be seeking out funds every year. It is a consistent, reliable source of funds from which to grow jobs.

What the Liberty Financing Authority would do is combine six existing authorities and funds into a single block and a Commonwealth Financing Authority program that directly serves businesses:

- The Pennsylvania Industrial Development Authority.
- The Pennsylvania Minority Business Development Authority.
- The Machine and Equipment Loan Fund and
- The Small Business First Fund
- The Export Finance Program
- The Community and Economic Development Loan Program
- The First Industries Fund

Combined this single fund – the Liberty Financing Authority – would total more than \$1 billion dollars. That’s a good, round figure from which to leverage job growth. And combined in a single authority, it provides the flexibility to move funds as needed. In some years machine and equipment might be a less pressing need than growing jobs in the minority community. Other years small businesses might need a bit more.

Now, we all understand that there is a sticking point. If the authority is to expand lending, it must have funds. Right now we have a half billion dollars in unencumbered assets. That is a start – but it isn’t all we can do.

Since 1994, PIDA was asked to sell bonds and turn back the money to the general fund. The effect has been to slow the performance of PIDA ... because what could have been money to leverage into loans instead went to debt service: When you have less you lend less.

To understand what this means consider what we know from our PIDA successes. A million dollars lent to job creation doesn’t merely buy a million dollars worth of jobs. It ripples out attracting other investment ultimately building into a sort of critical mass far out of proportion to the original investment.

Over the past four years PIDA has loaned an average of \$48 million dollars in economic development loans. Mind you this is money paid back to the state. In the current fiscal year alone, PIDA loans will help to retain 3,788 jobs and to create 1,134 new ones.

In many cases the PIDA money is a small fraction of the company’s over-all business investment. Sometimes we are that one-bit-extra that last piece of the puzzle that brings a job creating project together. And we get the money back.

We should do this while incurring the least debt possible. Bond rates have continued to drop, a taxable bond, floated by the Liberty Financing Authority would inevitably give us a better rate –meaning more to lend. Now is the time to act when rates are low. I remain convinced that bonding authority is essential to allowing the Liberty Financing Authority to build not only in the here-and-now, but in the future.

Even in the worst of times we need to plan ahead to make the most. We need to be creative to develop our own source of funds rather than constantly go to the taxpayers with our hand out. I visit a good many small towns in this state. Often, I am impressed when I find a wide street lined with trees. These streets are a lovely thing to see.

When I see this, I think two things: The first is that those trees were planted thirty, forty, fifty or more years ago. The second is that the people who planted them aren’t there to enjoy them right now. They were content to build for the next generation.

That's how we need to think as we approach the creation of the L-F-A. We need to realize that we are getting some results in the short term, but that the real measure of success comes in how clearly we see past the immediate present. We must plan for a future we might not see, but have it within our power to give.

Forming the Liberty Financing Authority gives us our start. Bonding authority gives us our future. The goal is to be flexible knowing that whatever benefits a given sector ultimately helps everyone. It is a very simple principle. We combine our resources for maximum impact and minimum bureaucracy.

Madam Chairwoman, there are no Republican jobs or Democratic jobs. Every man and woman in Pennsylvania, whatever their politics, deserves a good-paying job and we need to make that possible. We have a moral obligation to succeed at this.

We have limited resources. Experts in Washington are telling us the recession is over. Well, it's not over for a half million Pennsylvanians. When you don't have a job and need one you are in your own personal recession. You don't want to hear a debate. You want to hear two words, "You're hired."

This fund is one part of the solution. We are not interested in making a handful of people wealthy. We are interested in making a workforce whole. We have the makings of success.

In October of this year, unemployment dropped in every one of Pennsylvania's 67 counties. That is only the seventh time this has happened in 40 years. That tells me that better times are not only possible but within sight. We have the momentum. We have a clear lane. It's time to hit the accelerator.

I'm happy to take your questions about how we can come together and make this work.