



**pennsylvania**

DEPARTMENT OF COMMUNITY  
& ECONOMIC DEVELOPMENT



**Senate Committee on Community,  
Economic and Recreational Development  
(CERD)**

April 8, 2014

# Current Economic Standing

Pennsylvania is home to  
nearly  
**13 million people**  
and is currently the

**6<sup>th</sup> largest**

state economy in the U.S.

Pennsylvania  
economy is ranked  
**21<sup>st</sup>** in the world

**\$600b**



Sweden \$525b

Norway \$499b

Poland \$489b

# DCED Mission

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## The mission of DCED is to...

- ✦ foster opportunities for businesses to grow;
  - ✦ help communities succeed and thrive in a global economy;
  - ✦ improve the quality of life for Pennsylvania citizens; and
  - ✦ assure transparency and accountability in the expenditure of public funds.
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## The Office of Innovation & Investment (I&I) supports the DCED mission by...

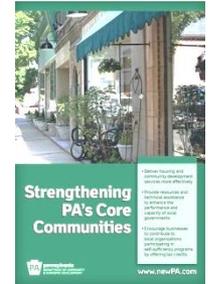
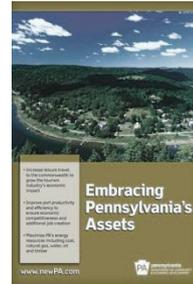
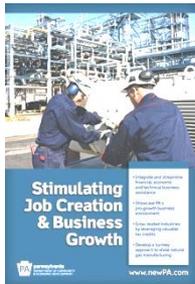
- ✦ providing funding, partnerships and technical assistance to stimulate and support economic development and job growth in Pennsylvania.



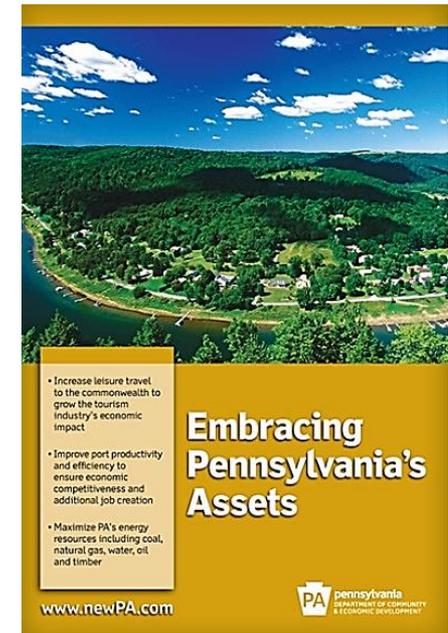
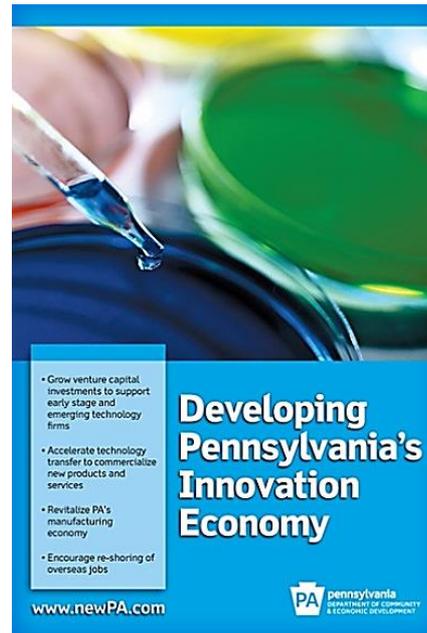
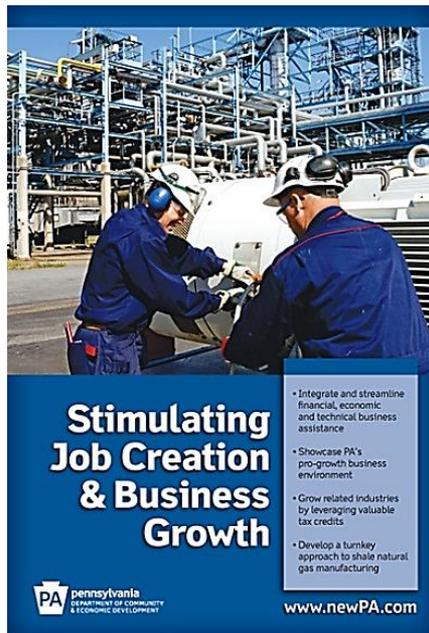
## In FY2012-13, under Gov. Corbett's leadership, DCED:

- ✚ Encouraged innovation that is both effective and well executed.
- ✚ Streamlined operations.
- ✚ Capitalized on technology.
- ✚ Improved communications and customer services.

# Policy Priorities Under the Corbett Administration



## Office of Innovation & Investment



# DCED Role / Value Proposition

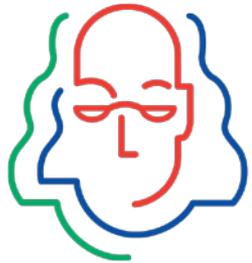
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## In FY2012-13, under Gov. Corbett's leadership, DCED:

- ❖ Helped create & retain 150,000 private sector jobs through its various business assistance programs (including jobs pledged to be created/retained).
- ❖ Told the story about Pennsylvania's improved tax climate and economic environment.
- ❖ Helped communities emerge from the recession to be vibrant centers of economic growth and quality of life.

# DCED Partners Recognized as National Leaders



Ben Franklin  
Technology PArtners



world trade PA

Keystone Opportunity  
Zones (KOZs)

Pennsylvania Community  
Development Bank Loan  
Program (PCD Bank)

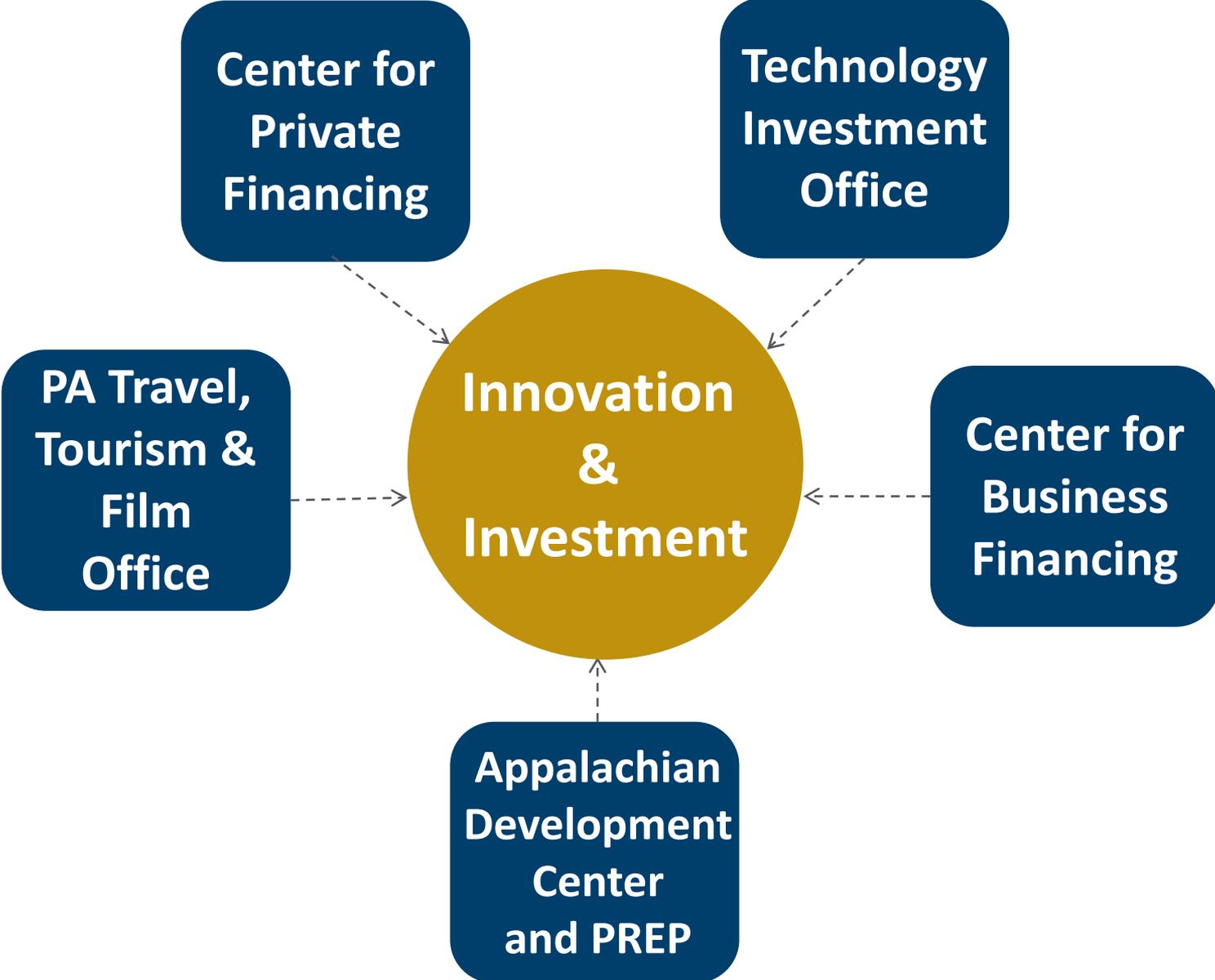
Life Science Greenhouses (LSGs)



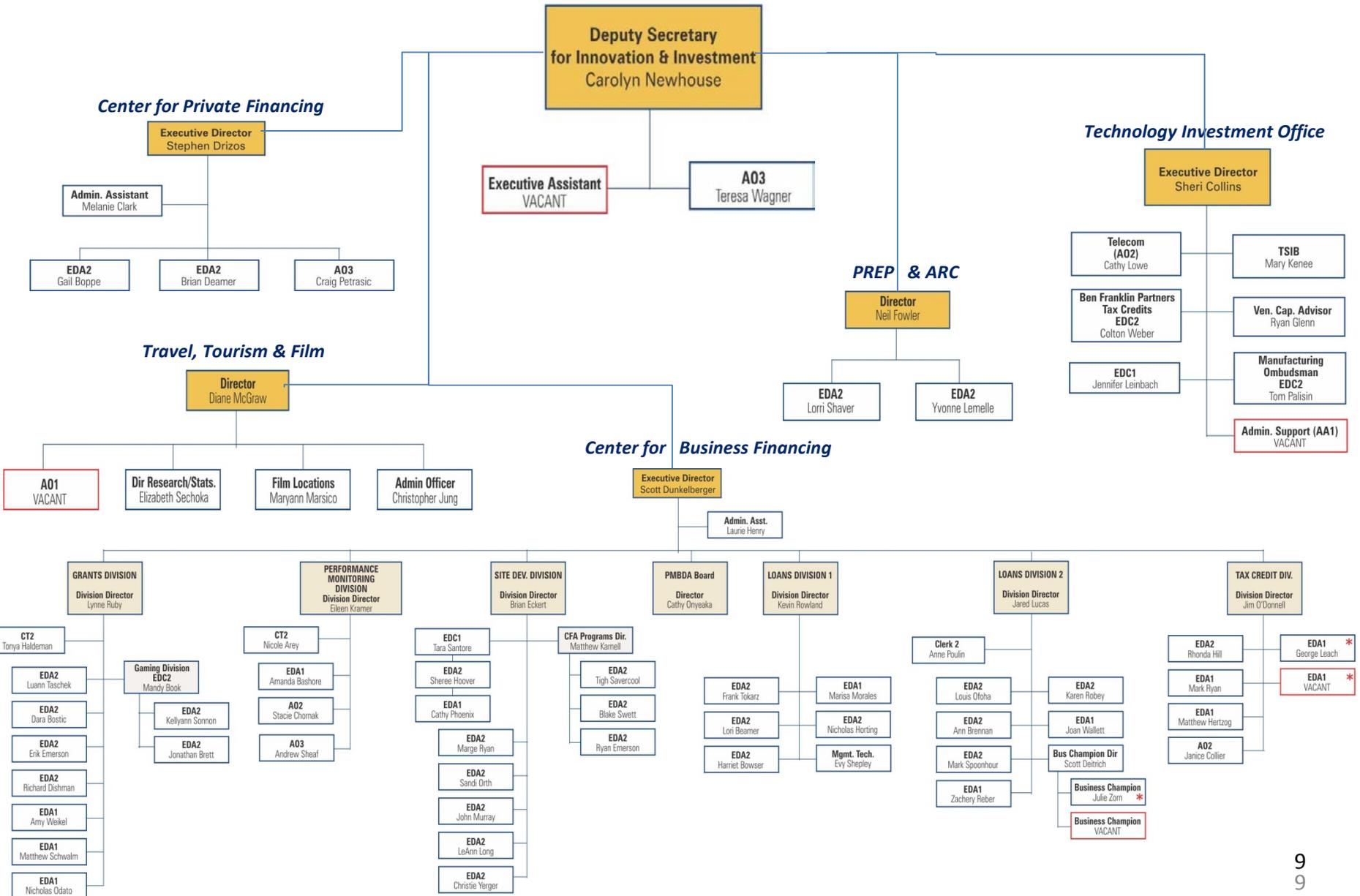
LIFE SCIENCES GREENHOUSE  
of Central Pennsylvania  
[www.lsgpa.com](http://www.lsgpa.com)



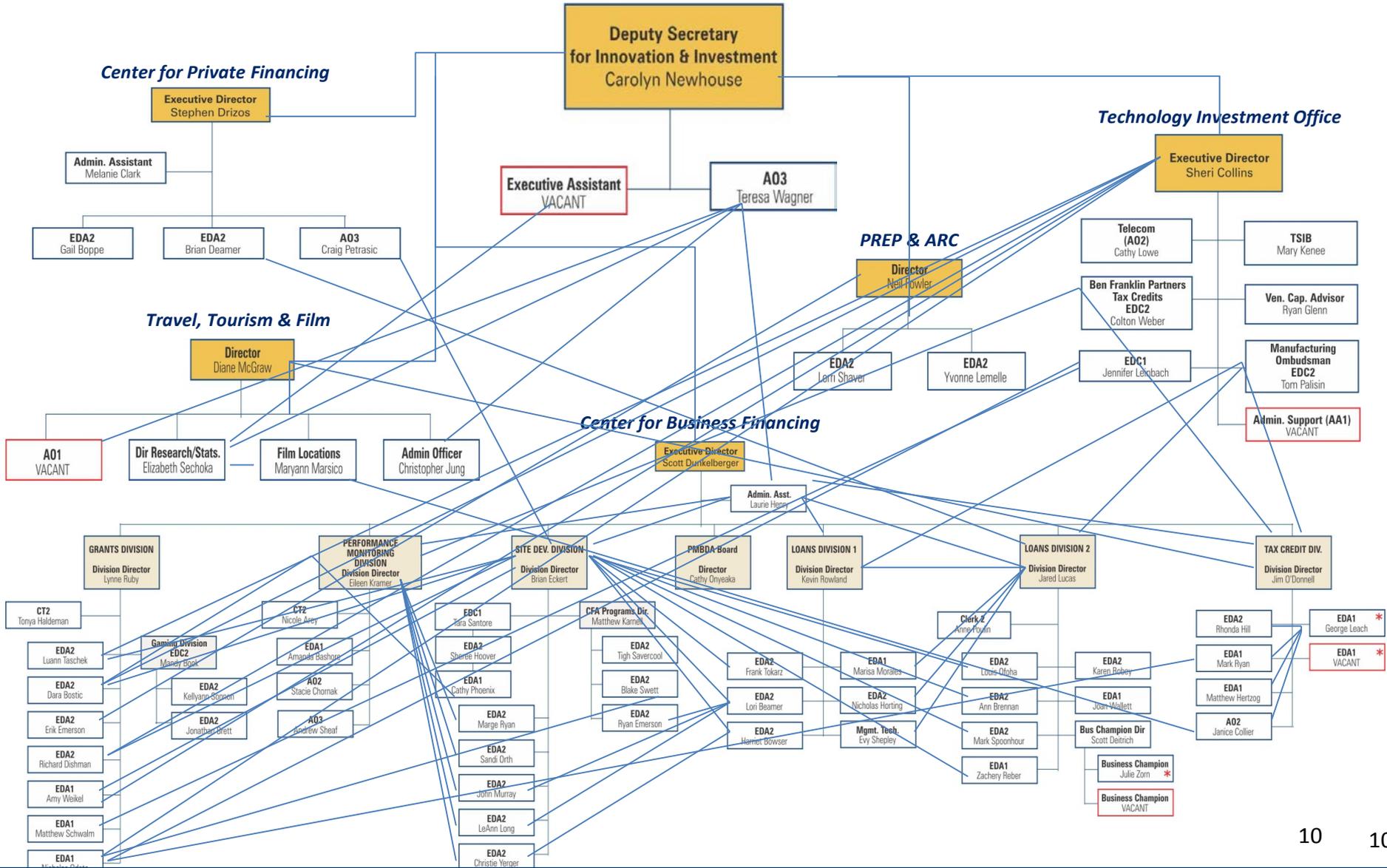
# I&I Departments



# I&I Organization Chart



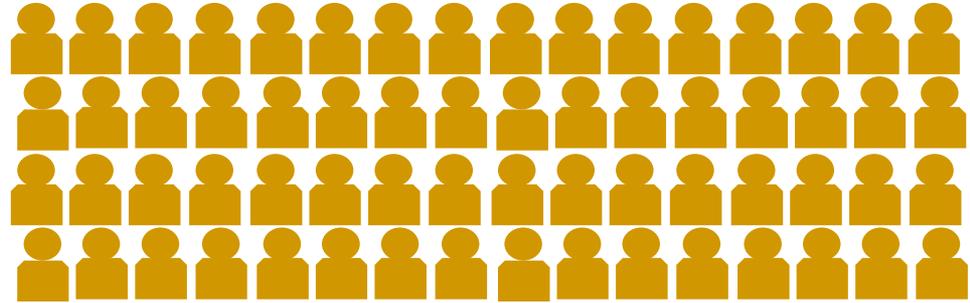
# I&I Teamwork



Each analyst works on an average of **six** different programs.



**85+ Strong**

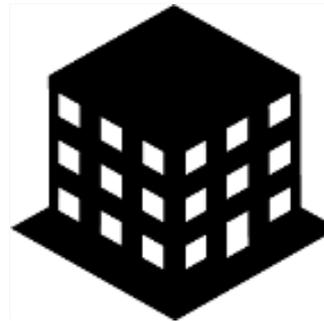


**1,000+ years**

of state experience  
& institutional  
knowledge

**500+ years**

of economic  
development experience



Processed more than

**10,000**

**applications**



# I&I Programs



1. Abandoned Mine Drainage Abatement & Treatment (AMDATP) (Act 13, CFA)
2. Alternative & Clean Energy (ACE, CFA)
3. Appalachian Regional Commission (ARC)
4. Baseline Water Quality Data (Act 13, CFA)
5. Ben Franklin Technology Partner's Challenge Grant & Altern Energy Dev Prog (AEDP)
6. BFTDA - Venture Capital Investment Program
7. BFTDA -Technology Development Grant
8. BFTDA –University Research Commercialization
9. Broadband Outreach & Aggregation Fund
10. Building PA (CFA)
11. Business in our Sites (CFA)
12. Community Development Bank (PCD Bank)
13. Community Economic Development Loan
14. D2PA
15. Educational Improvement Tax Credit Program (EITC)
16. Export Finance Program
17. Film Tax Credit Program
18. First Industries Agriculture Loan and Loan Guarantee (CFA)
19. First Industries Tourism Loan and Loan Guarantee (CFA)
20. Gaming Economic Development & Tourism Fund-Allegheny County (CFA)
21. Greenways, Trails & Recreation Program (Act 13, CFA)
22. H2O PA Flood Control (CFA)
23. H2O PA High Hazard /High Hazard Unsafe Dams (CFA)
24. H2O PA Water Supply, Sanitary Sewer & Storm Water Projects (CFA)
25. High Performance Building Program (HPB, CFA)
26. Historic Preservation Tax Credit
27. Industrial Sites Reuse Program (ISRP)
28. Infrastructure & Facilities Improvement Program (IFIP)
29. Infrastructure Development Program -IDP
30. Job Creation Tax Credits (JCTC)
31. Keystone Innovation Network (KIN)
32. Keystone Innovation Zone Tax Credit Program
33. Keystone Opportunity Zones (KOZ)
34. Keystone Special Development Zone (KSDZ)
35. Life Science Greenhouses
36. Local Share Accounts (Luzerne, Monroe, Washington Counties) (CFA)
37. MELF
38. New PA Venture Capital Investment (CFA)
39. New Pennsylvania Venture Guarantee Program (CFA)
40. Next Generation Farmer Loan Program
41. Opportunity Scholarship Tax Credit Program (OSTC)
42. Orphan or Abandoned Well Plugging Program (Act 13, CFA)
43. PA Infrastructure Bank (PIB) (PennDOT)
44. Pennsylvania Capital Access Program (PennCap)
45. Pennsylvania Economic Development Financing Authority (PEDFA)
46. Pennsylvania First
47. Pennsylvania Infrastructure Investment Authority (PennVEST)
48. Pennsylvania Infrastructure Technology Alliance (PITA)
49. PA Industrial Development Authority (PIDA)
50. PA Minority Business Development Authority (PMBDA)
51. Pollution Prevention Assistance Account
52. Powdered Metals
53. Promoting Employment Across Pennsylvania (PEP) Program
54. Partnerships for Regional Economic Performance (PREP)
55. Regional Investment Marketing (RIM)
56. Renewable Energy Program -- Geothermal & Wind (CFA)
57. Research and Development Tax Credit
58. Second Stage Loan and Loan Guarantee Program (CFA)
59. Small Business First (SBF)
60. Solar Energy Program (SEP, CFA)
61. State Small Business Credit Initiative (SSBCI)
62. Tax Increment Financing Guarantee (TIF, CFA)
63. The PA Regional Center-New American Development Fund
64. Tobacco Settlement Investment Board (TSIB)
65. Tourism Accredited Zoos Program
66. Water Supply and Wastewater Infrastructure Program (PennWorks, CFA)
67. Watershed Restoration Protection Program (Act 13, CFA)
68. WEDnetPA – Guaranteed Free Training Program

# New Programs

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## Now Showing ...

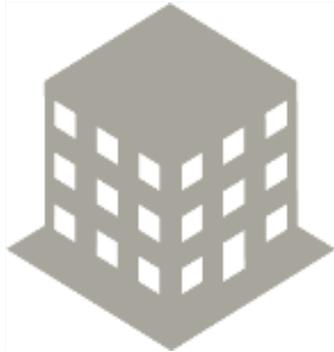
1. Opportunity Scholarship Tax Credit (OSTC)
2. Local Share Account – Montgomery County
3. Local Share Account – Fayette County
4. Act 13's Abandoned Mine Drainage Abatement & Treatment
5. Act 13's Baseline Water Quality Data
6. Act 13's Flood Mitigation
7. Act 13's Greenways, Trails & Recreation
8. Act 13's Orphan or Abandoned Well Plugging
9. Act 13's Watershed Restoration & Protection
10. Job Partnership Fund
11. Act 13's Sewage Facilities
12. Historical Preservation Tax Credit
13. Multimodal Transportation Fund
14. Small Water and Sewer Projects Program

## Coming Soon ...

15. Innovate in PA

# I&I Program Overview

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**Administered**

**68**

**economic  
development programs**



**Restored**

**\$2.3+ million**

**in funds back to  
Commonwealth  
through monitoring**



**Approved**

**\$2.248 billion**

**in projects**

# Pro-Job Creation Policies & Impact

During this term & under Governor Corbett's leadership,  
DCED:



**69,159**

Businesses  
Assisted



**331,653**

Jobs Retained/  
Pledged to be  
Retained



**138,300**

Jobs Created/  
Pledged to be  
Created



**\$16.67 B**

Private/Public  
Funds Leveraged



**505**

New Technology  
Companies  
Established

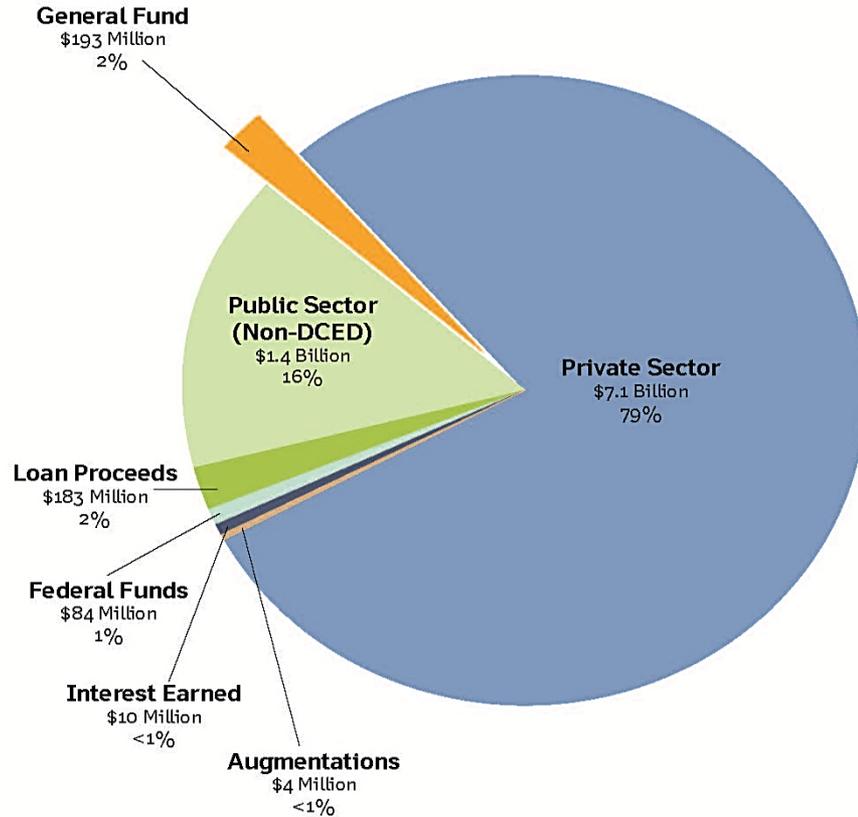


**133,929**

Persons Receiving  
Job Training  
(GFT/WEDNet)

# DCED is a Great Investment

## Capital Leveraged Through DCED Investments



DCED's budget represents only 2% of the total capital generated by its programs.

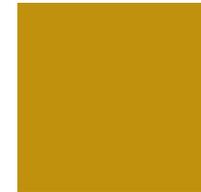
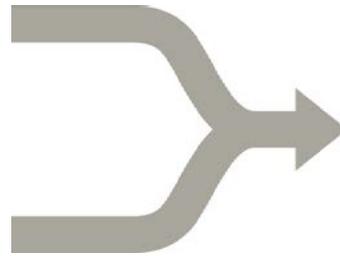
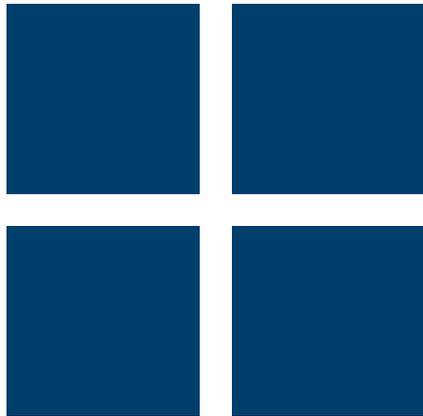
DCED is <1% of the Pennsylvania general fund budget.

# Realizing Efficiencies

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## Governor Corbett's Vision for Consolidating and Streamlining Economic Development Tools



# Efficiencies

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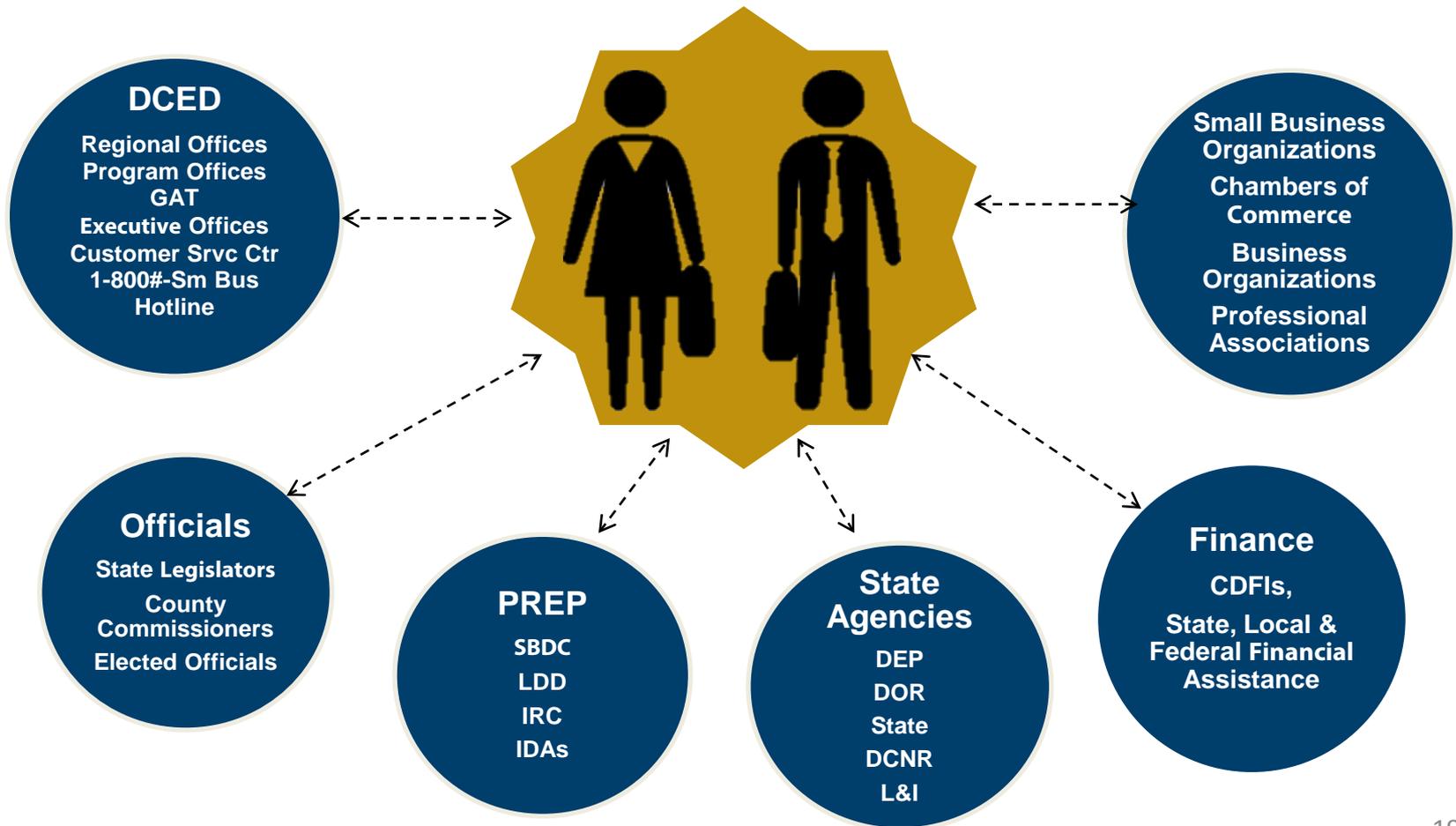


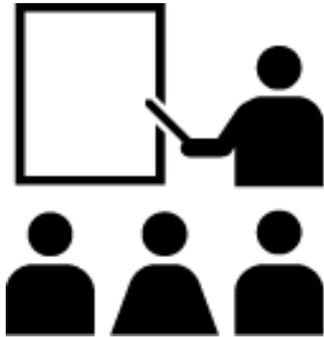
- ✦ DCED reduced the number of programs by 43 percent (120 to 68).
- ✦ DCED has decreased funding and staff by 39 percent.
- ✦ DCED's I&I staff now are cross-trained on an average of six programs (versus one to two).
- ✦ I&I is now administering ten new programs with no additional staff or increase in GGO.

# Small Business Champion Network

Fulfilling Governor Corbett's pledge to support small businesses.

## Business Champions





**Consolidated &  
customized 3  
programs...**

- 👑 Job Training Program (CJT/ WEDnet)
- 👑 Infrastructure Development Program (IDP)
- 👑 Opportunity Grant Program (OGP)



Requires

**10:1**

private investment along with  
job creation requirement



## Critical economic development tool supporting business attraction and expansion.



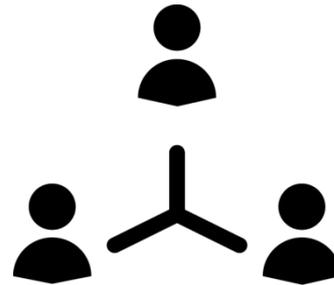
### Funding

**\$39.5 million**



### Type

- ▼ Loan
- ▼ Loan Guarantee
- ▼ Grant



### Applicant

- ▼ Business
- ▼ Municipality
- ▼ Authority
- ▼ Industrial Development Authority (IDA)
- ▼ Local Development District (LDD)



### Uses

- ▼ Acquisition
- ▼ Renovations
- ▼ Equipment
- ▼ Capital
- ▼ Training
- ▼ Assessments
- ▼ Remediation etc.

# Partnerships for Regional Economic Performance

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**“PREP” represents the largest, coordinated economic development delivery system in the commonwealth, with more than 100 partners statewide, including:**

- ▼ Small Business Development Centers (SBDCs)
- ▼ Local Development Districts (LDDs)
- ▼ Industrial Resource Centers (IRCs)
- ▼ Industrial Development Organizations (IDCs, EDCs, etc.)
- ▼ Others (aka non-funded partners)



# PREP - Return on Investment

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## Supporting the continual growth of business and industry in Pennsylvania

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<b>42,986</b>	<b>2.36 Billion</b>	<b>18,288</b>	<b>25,026*</b>
Total Jobs Pledged to be Created & Retained	Total Private/Public Funds Leveraged	Businesses Assisted	Workforce: # of Employees Trained

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- Helped start over 650 new businesses and create over \$300 million dollars of new investment, including over \$100 million in new equipment.
- \$2.5 billion in sales, which includes over \$1.1 billion in international sales and over \$670 million in government contracts.
- Over \$680 million of the \$2.5 billion was in new sales, of which \$228 million was in the manufacturing sector.

# Keystone Opportunity Zones

## 15 New KOEZ Designations



New designations were approved in November 2013

- ❏ Create economic impacts from deteriorated, underutilized, unoccupied parcels
- ❏ KOEZ is not less than 10 acres, not greater than 350 acres, in the aggregate
- ❏ Occupied parcels with \$500M investment and 1,000 full-time jobs retained/created
- ❏ 10 years; following approval of designation
- ❏ 15-year zone to occupied parcels with \$1B investment and 400 new permanent, full-time jobs

# Innovate in PA

Accelerating high-wage, sustainable job creation in emerging high-growth PA companies.



## Funding

**\$100 million**

to be sold to raise  
approx. \$75-85m



## Type

Various  
investments,  
loans, etc.



## Deployed

Through partners  
BFTDA, BFTP,  
Greenhouses



## Uses

Investments into  
early-stage  
companies

“The second-largest state investment in technology-based economic development in the nation”

— *State Science Technology Institute Weekly Digest*

# Vision for the future — just around the corner



# Budget



## Governor's Budget 2014/15 Fiscal Year



**Marketing to  
Attract Tourists**

**\$3,806,000**

**Pennsylvania  
First**

**\$42,500,000**

**Partnerships for  
Regional Economic  
Performance  
(PREP)**

**\$12,380,000**

Continued focus on JOBS1st PA in the areas of:  
Make It in PA and Talented Workers

# Reshoring Initiatives





## Pennsylvania Manufacturing Strength

- ✦ “Offshoring by US companies have significantly decreased in recent years.” – *TD Economics*
- ✦ PA manufacturing weekly wages have increased 18% since 2009.
- ✦ PA manufacturing jobs have been increasing as the state economy began recovering in 2010. More than 3,300 new jobs, compared to a prior decade of employment decline.
- ✦ PA manufacturing output increased over 5% since 2011 – especially in capital intensive technology sectors.



## Key Factors

- ❖ Wage and benefit increases in China
- ❖ High product rejection and poor quality
- ❖ Minimal cost savings
- ❖ Automation
- ❖ Rising income levels



## Pennsylvania's Competitive Advantage

- ▼ Low-cost energy
- ▼ Pennsylvania's keystone location
- ▼ Transportation infrastructure
- ▼ Closing gaps in supply chains
- ▼ Skilled workforce



## What is Reshoring?

The term is known by many names: “Backshoring, Onshoring, Insourcing, Reshoring”

- ✚ Bringing back the manufacture of products, personnel and services that will be sold or assembled in the U.S.
- ✚ AND, the domestic sourcing of currently-imported supply chain inputs.
- ✚ AND, the attraction of foreign manufacturers to move their production to Pennsylvania.





## Coordination with Walmart

- ▼ “Made in America” campaign
- ▼ Orlando and Denver reshoring summits
- ▼ American Manufacturing Department





## DCED/Regional Economic Partner Reshoring Plan

- 🏆 Inventory of available resources
- 🏆 Reshoring cluster summits
- 🏆 Reshoring website portal
- 🏆 Outreach
- 🏆 Total Cost of Ownership consulting



## Governor's Budget Proposal

**J****BS**<sup>1<sup>st</sup></sup> - Make It in PA Initiative  
PENNSYLVANIA



## Potential For Reshoring

- Reshoring is expected to add **2.5 million to 5 million** manufacturing jobs by 2020. - Boston Consulting Group
- “We expect net labor costs for manufacturing in China and the U.S. to converge by around 2015” & “take a hard look at the total costs.” - Boston Consulting Group
- 61% of larger companies surveyed “are considering bringing manufacturing back to the U.S.” (MIT forum for Supply Chain Innovation 1Q12)
- 40% of contract manufacturers have done reshoring work this year. (MFG.com 4/12)
- 78 % of US Customers view “Made in America Favorably” (2012) – up from 58% in 2010.

## Successful PA Reshoring Projects

THE RODON  
GROUP®

UNILIFE®



*Woolrich*®  
EST. 1830

Armstrong®

DeVilbiss®  
HEALTHCARE

ISOLATOR™  
FITNESS

PEQUEEN®  
A SKIBO COMPANY

# **Pennsylvania Military Community Protection Commission**



# The Economic Impacts of Tourism

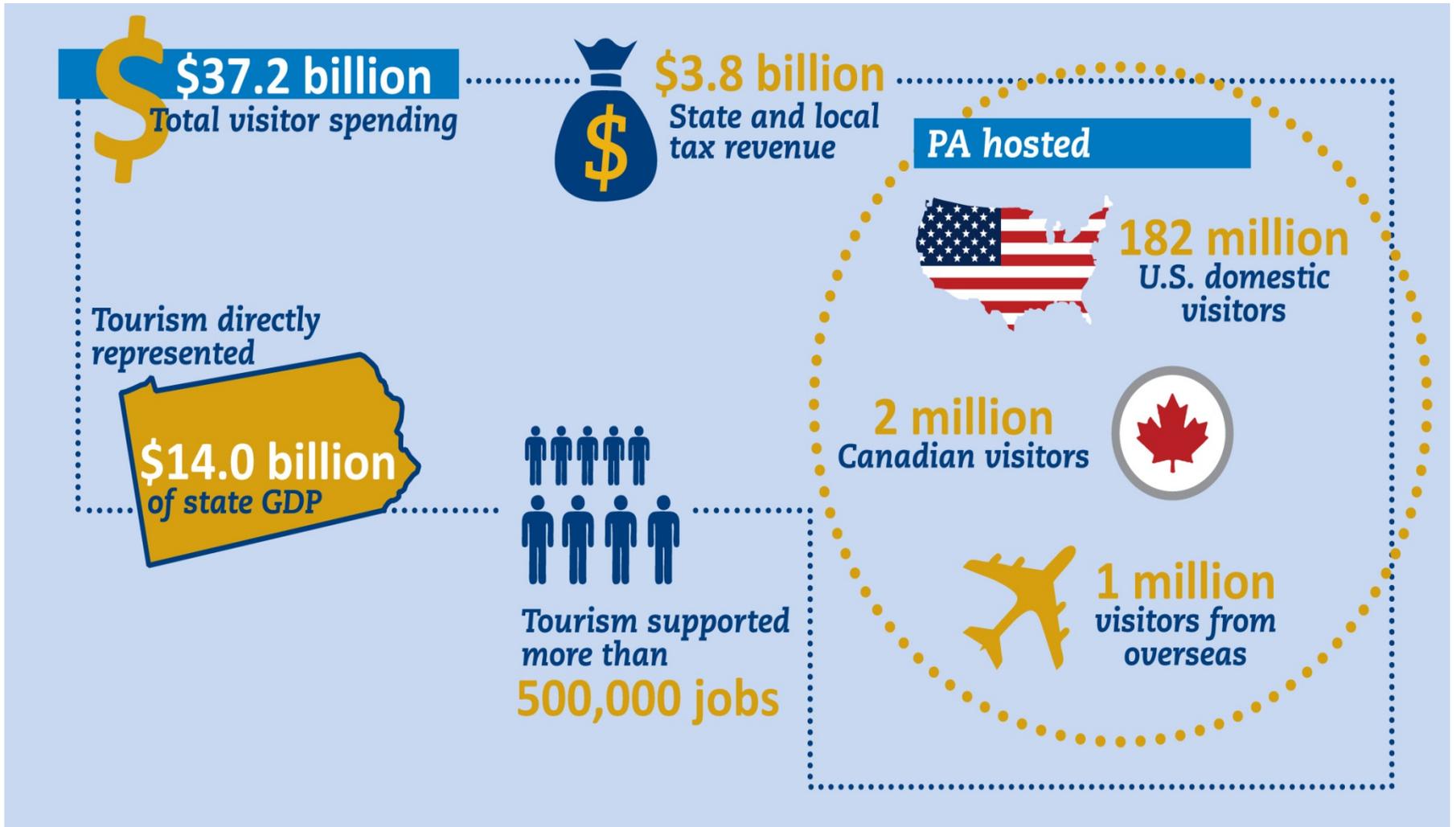




## Tourism By The Numbers

- Tourism IS economic development.
  - 👑 **\$38.4 billion** Total Visitor Spending (2012)
  - 👑 **\$4.0 billion** in state and local tax revenues generated annually by PA's travel and tourism industry.
  - 👑 **29.1 million** hotel rooms sold in PA in 2013, generating **\$3.2 billion** in hotel room revenues (increase of 1.7%)
  - 👑 **\$1.5 billion** invested in machinery and equipment, and construction projects in PA annually.
  - 👑 **298,200** PA jobs directly linked to travel and tourism.
  - 👑 **471,000** PA jobs were supported via the tourism industry
  - 👑 **\$3.7 billion** spent in PA by visitors from international markets.

# PA Tourism





## 2013 Hotel Performance Indicators Percent Change from 2012

STATE	Tourism Marketing Budget	Hotel Rooms Sold	Average Daily Room Rate (ADR)	Room Revenues
California	\$50 million	3.1%	5.6%	8.9%
Connecticut	\$15 million	1.8%	3.2%	5.0%
Florida	\$64 million	3.5%	4.6%	8.2%
Massachusetts	\$13.6 million	2.2%	3.6%	5.9%
Michigan	\$31 million	2.7%	4.5%	7.3%
New York	\$60 million	2.8%	3.4%	6.3%
Pennsylvania	~\$2 million	0.1%	1.6%	1.7%
<b>US AVERAGE</b>		2.2%	3.9%	6.2%

Source: STR, Inc. All rights reserved.

# PA Tourism Partnership (PTP)

Using synergy to achieve a more competitive position in tourism markets.

## PA Partners:

- State Tourism Office
- PATT
- Team PA

A public private partnership for tourism.

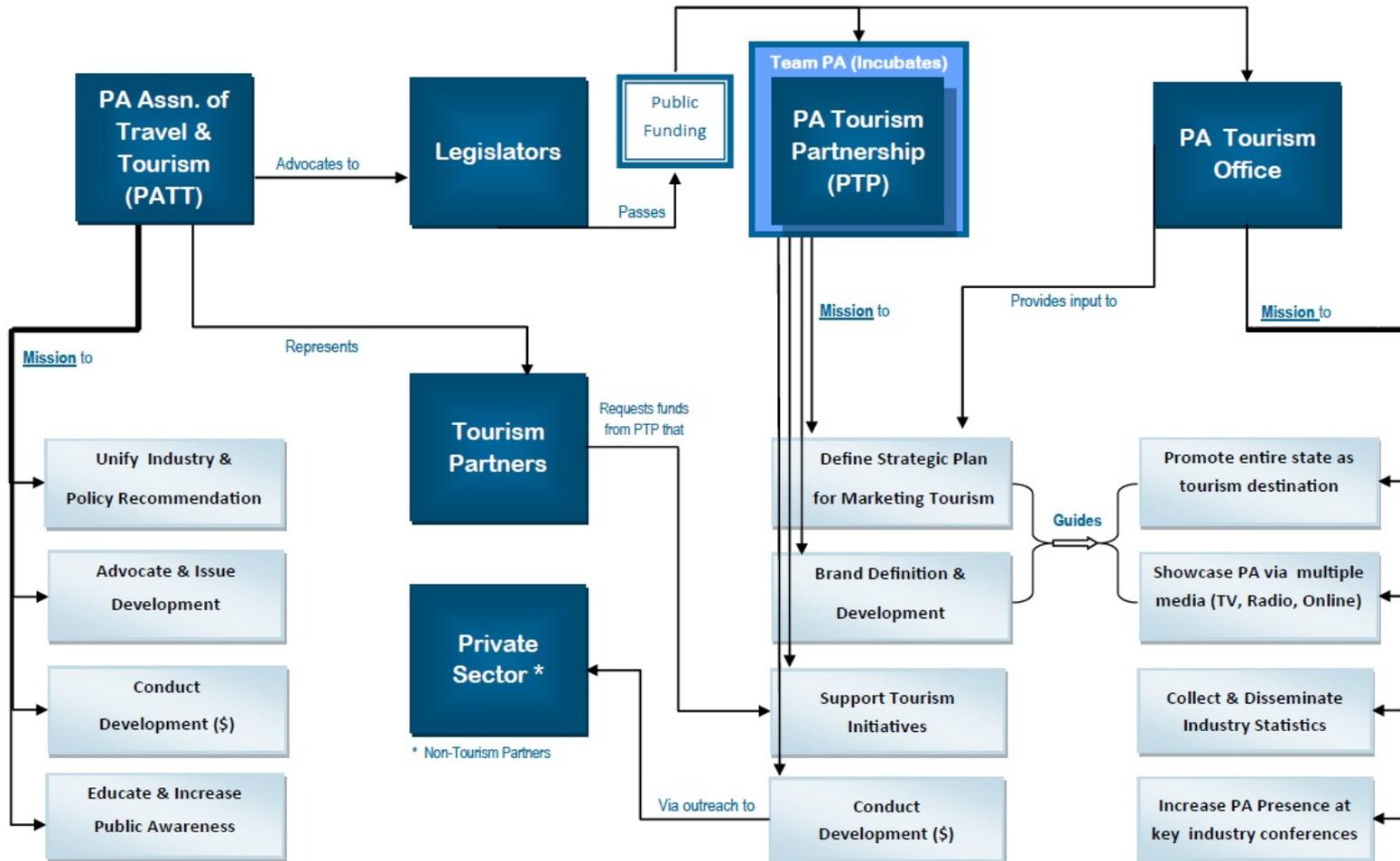


# PA Tourism Partnership (PTP)



## Pennsylvania Tourism Partnership

### Pennsylvania's Public/Private Tourism Model



# PENNSYLVANIA Awards & Recognition

**Gov. Corbett Named  
2013 BIO Governor of the Year**



**Gov. Corbett Received "A" on  
2012 Fiscal Policy Report Card**



# DCED Success Stories of the Corbett Administration



## COMCAST

Philadelphia County

**3,965**

**\$1.19b**

Jobs created/  
retained

Total project  
cost



**EAST PENN manufacturing co., inc.**

Berks County

**5,644**

**\$50m**

Jobs created/  
retained

Total project  
cost



Philadelphia & Lancaster Counties

**4,244**

**\$210m**

Jobs created/  
retained

Total project  
cost



Allegheny County

**500**

**\$14m**

Jobs created/  
retained

Total project  
cost

# How you can help businesses in PA

