



SENATE MAJORITY POLICY COMMITTEE

Senator David G. Argall (R-Schuylkill/Berks), Chairman

REPORT ON REGIONAL ECONOMIES OF
PENNSYLVANIA AND COVID-19

Senate Majority Policy Committee
Report on Regional Economies of Pennsylvania and COVID-19

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Introduction

In March 2020, the first cases of COVID-19 were confirmed in the Commonwealth of Pennsylvania. On March 19, Governor Wolf ordered that all non-life sustaining businesses in the state needed to close physical locations in order to slow the spread of the virus. Those businesses that did not comply with the Governor's mandate faced potential legal actions including citations, fines, and license suspensions.

Many businesses applied for waivers to stay open during the shutdown and claims were solely handled by the Department of Community and Economic Development. The waiver process received wide-spread scrutiny due to the secretive nature in which businesses were either granted or denied waivers. On April 30, Auditor General Eugene DePasquale announced that he would review how the Wolf Administration decided which businesses were allowed to stay open during the pandemic.

In May, the Senate issued a subpoena for business waiver records, but the Governor did not comply. Although the Governor did release some of the information online, on May 11 the Senate asked the Commonwealth Court to force Governor Wolf to release the requested documents.

Receiving bipartisan support in both chambers of the legislature, House Resolution 836 passed the Senate on June 4 and passed the House on June 9. HR 836 would have ended the executive order that the Governor used to shut down businesses. Citing Constitutionality, the Governor refused to comply with the order and Senate leaders asked the Commonwealth Court to intervene. On June 12, the Commonwealth Court announced that they would expedite the case, but Governor Wolf asked the Supreme Court to intervene and rule in his favor immediately.

The Supreme Court did take up the case and on July 1, the court ruled in favor of the Governor. The majority opinion stated that HR 836 was a "legal nullity" with Justices David N. Wecht, Max Baer, Debra Todd, and Christine Donohue ruling in favor of the Governor while Chief Justice Thomas G. Saylor and Justice Sallie Updyke Mundy dissented. Justice Kevin Dougherty filed a separate opinion in which he concurred and dissented with the majority opinion.

In order to hear regional voices regarding the economy and the Governor's business shutdown, the Senate Majority Policy Committee held a series of workshop discussions with regional employers, employees, health officials, chambers of commerce, and other concerned groups.

At Senator Bartolotta's (R-Beaver/Greene/Washington) request, the committee held a workshop discussion on Tuesday, May 26 to focus on the safe re-opening of western Pennsylvania's economy. On Tuesday, June 16, a workshop discussion was held to discuss the economy of northeastern Pennsylvania and COVID-19. On Wednesday, June 24, a workshop was held at the request of Senator Bob Mensch (R-Berks/Bucks/Montgomery) to focus on the economy of southeastern Pennsylvania and COVID-19. On Tuesday, June 30, a workshop was held at the request of Senator Scott Martin (R-Lancaster) to focus on the economy of southcentral Pennsylvania and COVID-19.

All of these workshop discussions are available to view on the Majority Policy Committee's website at policy.pasenategop.com.

The Safe Re-Opening of Western Pennsylvania's Economy

“My district sits in the arms of West Virginia, which has been welcoming arms for all of our business while we remain closed. The message today is we do have a plan. We have had a plan from the beginning of this. The plan was to listen to the experts, to follow the science, to consider the medical data, and look at those other states that have been successful in their mitigation of COVID-19 without crushing their entire economy and putting people in poverty.”

– Senator Camera Bartolotta

On Tuesday, May 26, the Senate Majority Policy Committee held a workshop discussion with state and local experts in industry and healthcare to highlight the ability of western Pennsylvania to reopen safely as the rate of new cases of COVID-19 continued to decline across the state. The workshop was requested by Senator Camera Bartolotta (R-Beaver/Greene/Washington).

Dr. Steven Shapiro, who serves as the Chief Medical and Scientific Officer at UPMC, stated that the curve was flattened and that there was no surge of cases in western PA. UPMC screened more than 5,000 asymptomatic patients for the virus and had only seen a rate of approximately two positive tests per 1,000 patients.

Pennsylvania Restaurant & Lodging Association President and CEO John Longstreet said that a recent survey found that 96 percent of restaurants laid off employees during the pandemic, and restaurants lost \$1.8 billion in sales in April – an 82-percent decline. An estimated 30 percent of restaurants are not expected to reopen. In addition, 110,000 jobs have been lost in the hotel industry – about nine times worse than the drop-off following the September 11 terrorist attacks.



Senator Camera Bartolotta

Cindy Levi of Geno Levi Salon detailed the steps her business had taken to open safely, including training staff on new policies, conducting temperature checks and wellness surveys for customers and employees, closing reception areas, using disposable equipment, extending hours, splitting shifts, and expanding into a second facility to maintain social distancing.

The Meadows Racetrack and Casino General Manager Anthony Frabbie said his organization is partnering with the Pennsylvania Gaming Control Board to establish and implement best practices to protect employees and patrons. Christy Pantaleano from the Pennsylvania Horseman's Association pointed out that their operations were deemed essential and have remained open in a limited capacity with no positive cases of the virus for more than two months.

Greene County Historical Society Executive Director Matt Cumberledge said his facility could be open for general admission following health guidelines with the capped number of 25 visitors.

Northeastern Pennsylvania's Economy and COVID-19

“In addition to the economic struggle, the mental health of our employees and our customers — which are our number one concern as a business, as a café — has really declined. Financial help has been beneficial, but the biggest help for mental health and recovery from addiction is social connection.”

- Loren Collura, General Manager of Hope & Coffee

On Tuesday, June 16, the Senate Majority Policy Committee held a workshop discussion which reviewed the devastating impact of Governor Wolf's extended COVID-19 closure orders on northeastern Pennsylvania's economy and the resulting shuttering of businesses and local job losses.

The testifiers stressed the devastating impact the business closures had on the region and were extremely critical of the arbitrary issuance of reopening waivers.

Robert Carl of the Schuylkill County Chamber of Commerce said: “The pandemic and the Commonwealth's response has tilted the playing field for Pennsylvania's businesses and non-profits beginning with the selection of ‘essential vs. non-essential’ businesses. The better benchmark would have been ability to operate safely within the national and state safety guidelines. That tilted playing field continues, solely in the hands of the Governor and his administration with limited, to no, input from the state Legislature, local county commissioners or the local healthcare and business community.”



Majority Policy Chairman Senator David G. Argall

Chris Barrett from the Pocono Mountains Visitors Bureau stated that a continued shutdown would have a serious impact on northeastern Pennsylvania, an area that depends heavily on income from tourism. He said the tourism industry generated \$4.2 billion in spending in 2019 and employed over 35,000 people — which accounts for 65 percent of the region's labor income. A complete shutdown of the industry could result in a \$1,500 per-person tax increase for everyone living in the Pocono Mountain region.

Savas Logothetides, owner of the Wheel Restaurant in Pottsville, said national projections in the restaurant industry indicate that 85 percent of independent restaurants will not survive the pandemic. He added that most of those trying to reopen are finding it difficult to get basic items such as sanitizer and disposable plates and silverware. He added that the limited seating mandated under the Governor's green phase will also challenge the restaurant industry.

Southeastern Pennsylvania's Economy and COVID-19

“Investors do not want to fund something that a Governor can just shut down and keep shut down even as the science changes. We have had a difficult time getting the message to Governor Wolf. I think the biggest thing we realize is that the Health Secretary and Governor Wolf did not understand small business and how they could operate. We have been pushing for equality between the big box retailers and our small businesses.”

- Dave Magrogan, Harvest Seasonal Grill & Wine Bar

On Wednesday, June 24, the Senate Majority Policy Committee held a workshop discussion to discuss how to strengthen southeastern Pennsylvania's economy as a result of the Governor's shutdown. This workshop was held at the request of Senator Bob Mensch (R-Berks/Bucks/Montgomery).

The arbitrary nature of the Governor's business closure order was also a recurring theme during this hearing. Commenting on the closure process, Senator Tom Killion (R-Chester/Delaware) reiterated how southeastern Pennsylvania was the first to close, and the last to reopen.

Chris Pruitt from East Penn Manufacturing stated “Prior to COVID, with a three to four percent



Senator Bob Mensch

unemployment rate, it was hard to find employees. Now, the unemployment rate in Berks County is 17 percent and we need employees. We are as busy as we can be. We are not getting applications.”

Kristi Gage-Linderman from Gage Personnel echoed similar concerns to Pruitt. She stated “Right now we are being tasked with trying to do more with less. Our business is still significantly down. The amount of folks who are in our database, over 100,000 candidates that are ready to go to work but are not wanting to go to work.”

UPMC Chief Medical and Scientific Officer Dr. Steven Shapiro said the lessons learned from the pandemic have prepared Pennsylvania to meet any future waves of the virus.

“We never believed that the virus would ‘roll over the country like a tsunami.’ Each geography has its own course. Philadelphia was the only part of the commonwealth with enough density and travel to be at risk, and they indeed handled many cases and handled them well,” he said. “For the communities served by UPMC, we thought we could contain the virus by developing our own test and using contact tracing to snuff out clusters as they arose. That is what we did. We never surged, and at peak mid-April we used 2 percent of our 5,500 beds and 6 percent of our ventilators.”

Southcentral Pennsylvania's Economy and COVID-19

“The shutdown for medical reasons without consideration for the waterfall effects was – and is – unconscionable. For our Governor to take these extreme actions without the participation of the people we elected is equally unconscionable. Imagine our frustration when calling the governor’s office and asking and pleading with them to involve our legislators, only to be told ‘we don’t have to.’ That was the literal reply from the governor’s office – ‘we don’t have to.’”

- Sam Beiler, Spooky Nook Sports

At the request of Senator Scott Martin (R-Lancaster), local employers and employees from Southcentral Pennsylvania detailed the serious damage caused by Governor Wolf’s COVID-19 business shutdown orders during a workshop discussion of the Senate Majority Policy Committee held on Tuesday, June 30.

Smith Land & Improvement Corporation President and CEO Rick Jordan said that business owners should have been allowed to play a stronger role in the process and make decisions in the best interests of employees and customers.

A panel of manufacturing business owners detailed numerous issues they have dealt with during the shutdown, including supply line distributions, inability to access necessary personal protective equipment, workforce issues, unclear guidance and an inconsistent and unfair waiver process.

Matt Neff of Sight & Sound Theatres also noted that his business was not eligible for assistance due to its number of employees, in spite of the fact that they were losing approximately \$2 million a week in revenue and had to issue refunds totaling approximately \$5 million. He said that businesses could find creative solutions to reduce the risk of COVID-19 if they are given the chance to do so.



Senator Scott Martin

Andrea Shirk, General Manager of Rock Lititz, said “Even as locations go green, gatherings are still being limited to 250 people. Our events typically bring in thousands. We expect to be the last sector to return to ‘normal’. While we fully understand the scale of this emergency, we need to express the severity of this situation on the immediate economic survival of our industry. Many companies have had to lay off entire teams, or even close their doors.”

National Fitness Partners President and CEO Stephen Kindler spoke about confusion regarding how his facilities, which promote health and fitness, were not deemed essential.

Our thanks to all who testified before the Senate Majority Policy Committee on this issue:

David Taylor, PA Manufacturers' Association
Gene Barr, PA Chamber of Business & Industry
John Longstreet, PA Restaurant & Lodging Association
Anthony Frabbiele, Meadows Racetrack & Casino
Matt Comberledge, Greene County Historical Museum
Cindy Levi, Geno Levi Salon
Johnny Humble, Humble Carpet
Michael Passalacqua, Angelo's Restaurant
Aaron Shenck, PAPSA
Dr. Steven Shapiro, UPMC Chief Medical & Scientific Officer
Dr. Tim Murphy, Psychologist
Congressman Dan Meuser, Pennsylvania's 9th District
U.S. Senator Bob Casey, Pennsylvania
Robert S. Carl, Jr., Schuylkill County Chamber of Commerce
Chris Barrett, Pocono Mountains Visitors Bureau
Jim Nemeth, Autoneum North America, Inc.
Savas Logothetides, the Wheel Restaurant
Loren Collura, Hope and Coffee
Deb Cody, Studio 16 Salon
Congressman Brian Fitzpatrick, Pennsylvania's 1st District
Liz Ferry, the Chamber of Commerce for Greater Philadelphia
Katherine Hetherington Cunfer, the Greater Reading Chamber Alliance
Chris Pruitt, East Penn Manufacturing
Charlie Bernard, Eagle Metals
Kristi Gage-Linderman, Gage Personnel
Bill Covalleski, Victory Brewing
Jim Worthington, Newtown Athletic Club
Dave Magrogan, Harvest Seasonal Grill & Wine Bar
Eric Kratz, Executive Director-Senate Labor and Industry Committee
Daniel S. Hengst, D.M.D., Hengst Family Dental
Sherri Ney, Personalized Dentistry of Lancaster
Stephen Kindler Jr., National Fitness Partners
Kelly Salla, Real Estate Agent
Dave Black, Harrisburg Regional Chamber & Capitol Region Economic Development Co.
Lisa Riggs, Economic Development Co. of Lancaster County
Tom Baldrige, the Lancaster Chamber of Commerce & Industry
Richard Jordan III, Smith Land & Improvement Co.
Michelle Mills, Kol Industries, Inc.
Brian Harbaugh, Precision Manufacturing & Engineering Co., Inc.
Matt Biddle, N.E. Reihart & Sons
Andrew Miller, Pennsylvania Precision Cast Parts
Sam Beiler, Spooky Nook Sports Complex
Steve Sikking, Eden Resort
Kim Carl, Genesis Golf
Andrea Shirk, Rock Lititz
Matt Neff, Sight & Sound Theatres
Scott Bowser, Pennsylvania Renaissance Faire
Tom Morrissey, Lebanon Farmers Market