

**Testimony to the
Senate Majority Policy Committee and the Senate Democratic Policy Committee
Joint Informational Meeting
Monday, April 11, 2016**

PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
Scott Dunkelberger - Deputy Secretary for Business Financing

Chairman Argall, Chairwoman Boscola, and Members of both Committees, I thank you for the opportunity to speak at today's hearing to provide an update on the Governor's Action Team (GAT) and the Governor's Center for Local Government Services.

DCED's Priorities

Fully integrating the community and economic development functions and programs at DCED is a top priority of Secretary Davin who experienced first-hand as a practitioner at the local level, the value in such an integrated approach. DCED is proactively identifying opportunities for state investments that will grow the tax base of our core communities so they can evolve into sustainable population centers with quality housing, schools, parks, infrastructure, arts and culture and other well-documented quality of life features that are attractive to entrepreneurs, established businesses and a compatible workforce. For Pennsylvania businesses to be successful, we need to have thriving communities to support them. To have thriving communities, they need investment to remain competitive. Just like with businesses, if they don't receive investments in roads, water, sewers, parks and other amenities, and don't have quality schools, our communities will literally fail. I can show lots of examples of communities in Pennsylvania that didn't invest or that suffered disinvestment, and it's a sad story. It can really happen to any town.

By coordinating the deployment of key funding programs located in PennDOT and DCNR as well as RACP and proven DCED tools such as Keystone Communities, Pennsylvania First, Neighborhood Assistance, the Infrastructure and Facilities Improvement Program and the Pennsylvania Industrial Development Authority, DCED intends to make impactful, strategic investments that together will be transformative for core communities. A renaissance of Pennsylvania's population centers is not going to happen with community investment alone. Inducing capital investments by the private sector coupled with focused investments by government is critically important.

Recapitalizing DCED

DCED's budget has been significantly cut over the past five years. These cuts have had severe impacts on key economic and community development tools. Keystone Communities was cut by 73% during the past five years. PA First was cut by 50%. The Infrastructure and Facilities and Improvement Program has had zero capacity to do new projects for five years. In order effectively carry out our mission, the Governor is requesting increases in key DCED programs, including: Keystone Communities increased to \$15 million.

Infrastructure and Facilities Improvement Program increased to \$30 million.

PA First increased to \$45 million.

Additionally, we are proposing to recapitalize the Business In Our Sites (BOS) Program (\$125M) in order to increase our inventory of land and buildings ready for occupancy by businesses. This program, which provides patient loans to for-profit and non-profit real estate developers, has a hugely successful track record of constructing the infrastructure necessary to accommodate business locations and expansions. To date, 336 companies have created 22,870 jobs and invested \$2.28 billion at 76 BOS-funded sites.

Workforce Development

Workforce development continues to be a top priority for businesses. WEDnetPA continues to be an extremely valuable tool that trains workers to perform specific tasks for individual businesses. The decentralized administration of the program has led to great customer service. WEDnetPA is widely heralded by the business community as a valuable tool

for customized job training. Since the inception of the program 16 years ago, more than 1.1 million workers have been trained and over 17,000 businesses served. Funding for WEDnetPA comes from the PA First line item in DCED's budget. In addition, DCED is an active member of the interagency Workforce Innovation and Opportunity Act (WIOA) working group, which also includes representatives from the departments of Corrections, Education, L&I, Aging, Human Services, Agriculture, and Military and Veterans Affairs. The multiagency collaboration has resulted in a statewide plan, setting the stage for a stronger, less fragmented workforce development delivery system.

DCED is committed to participating in the development of an effective workforce development system in Pennsylvania, by supporting Governor Wolf's strategic vision for workforce development through the implementation of Pennsylvania's WIOA Combined State Plan. The Plan will help in breaking down age-old silos.

Example: DCED WEDnetPA staff is currently working with L&I Industry Partnership staff to implement steps within each program that will eliminate any duplication of services, resulting in a more efficient use of valuable resources. More companies will be given an opportunity to participate in training meeting their needs.

Ramping-Up the Governor's Action Team

The transfer of \$180 million out of the Small Business First and Machinery and Equipment Loan Fund in July 2014 made it necessary for the Governor's Action Team (GAT) to rescind previously offered loans to businesses that committed to locate and expand in Commonwealth. Pennsylvania's subsequent loss of credibility among the site selection and incentives consulting industry essentially took our state off the map for a time. Over the past year, Secretary Davin and the GAT have been actively working to restore Pennsylvania's credibility and attractiveness as a place to locate business facilities. In the first quarter of calendar year 2016, 14 projects cultivated by the Governor's Action Team have been announced. Those businesses have pledged to create a total of 1,421 jobs and invest a total of \$48.3 million in Pennsylvania.

The Governor's Center for Local Government Services

Program Overview

The mission of the Governor's Center for Local Government Services (Center) is to be the principal advocate for local governments in Pennsylvania, as well as to provide a full range of vital programs, training, and services to support local officials and municipal employees in solving problems at the local level.

As the one-stop shop for all of Pennsylvania's local governments, the Center provides a variety of legislatively mandated assistance to more than 4,500 local government units (LGUs)—including counties, municipalities, school districts, and authorities. The Center collects and analyzes statutorily required LGU statistics, works with the State Tax Equalization Board (STEB) to determine and certify values relating to taxable real estate property, administers the City Revitalization and Improvement Zone (CRIZ) program, and has been designated as the principal state entity responsible for land use planning assistance. Through the PA Local Government Training Partnership, the Center coordinates with all other state departments to offer comprehensive training—including Uniform Construction Code certification programs—to LGU officials. The Center offers technical and financial assistance with regard to matters involving finances, management and administration, fire and police services, floodplain management, land use planning, intergovernmental cooperation, local taxation, and municipal distress. Through the Early Intervention Program, the Center provides early assistance to municipalities that may be experiencing fiscal difficulties in an effort to avoid a distress determination under Act 47.

Program Impacts and Recent Accomplishments

- The Center offers programs and services to assist all of Pennsylvania's 2,561 municipalities, 1,525 authorities, 67 counties, 500 school districts, 1,856 fire departments, and 1,295 police departments, as well as residents and businesses with local government questions or concerns.
- In August 2015, the City of Nanticoke became the first city to ever exit the Act 47 program.
- In November 2015, the City of Clairton became the second city to exit the Act 47 program.

- Plymouth Township is scheduled to exit the Act 47 program on May 3, 2016.
- During the first three quarters of FY 2015-16, the Center provided financial assistance of nearly \$1,000,000 through the Early Intervention Program, nearly \$1,000,000 through the Act 47 program, and nearly \$350,000 through the Municipal Assistance Program.
- Each year, the Center trains several thousands of municipal officials and employees through the PA Local Government Training Partnership and is currently in the process of modernizing the arrangements under which training is provided.
- In 2015, the Center collaborated with various stakeholders to improve the qualification training program for local property tax collectors, resulting in reform under Act 48 of 2015.
- Each year, the Center makes thousands of contacts with representatives of local fire departments and police departments considering regionalization of services.
- The Recovery Resources Team is coordinating comprehensive revitalization efforts in Muncy Borough and elsewhere throughout Pennsylvania.
- As a result of the Center's extensive outreach efforts, more than 98% of municipalities that have opted-in under the Uniform Construction Code are in full compliance with Act 157 quarterly filing requirements.
- The Center recently finalized a cooperative agreement with the Department of the Auditor General to streamline the collection of data related to local pension systems using the Center's municipal statistics website, which is continually being updated in an effort to become more user-friendly.
- The Center's annual Local Government Day event recognizes local officials who have undertaken innovative and successful initiatives that may serve as best practices for communities throughout Pennsylvania.

Legislative Authorization

- Community and Economic Enhancement Act (Act 58 of 1996): the Center was established as a one-stop shop providing technical assistance/training to local governments
 - Local Government Advisory Committee
- Municipal Financial Recovery Act (Act 47, as amended by Act 199 of 2014): distressed municipalities technical assistance/grant/loan/coordinator and Survey of Financial Condition
- Uniform Construction Code (Act 45/Act 13): requires establishment/operation of a training and certification program and assessment/collection of fee
- Local Tax Enabling Act (Acts 511 and 32): Tax Register and consolidated local tax collection system
- County, City, Borough, First and Second Class Township Municipal Codes: Annual Financial Report, EAO reporting, including Municipal Forms Committee
- Municipal Authorities Act: Annual Financial Report
- Qualified Tax Collector Act (Act 48 of 2015): training and testing program
- Fire Escrow Act: reporting and maintenance of database
- Local Government Capital Projects Loan Program: low-interest loan program for small local governments
- Rural Leadership Training Act: the Center administers the Rural Leadership Training program
- Act 67/68 of 2000: MPC amendment requires the Center to "prepare a comprehensive land use and growth management report which shall contain information, data and conclusions regarding growth and development patterns in the Commonwealth. It shall offer recommendations to Commonwealth agencies for coordination of executive action, regulation and programs."
- Act 238 of 2004: Transit Revitalization Investment District (TRID)
- Appalachian Trail Act: technical assistance and funding
- Floodplain Management Act: the Center administers state floodplain requirements, including grant reimbursement program
- Act 52 of 2013: City Revitalization and Improvement Zone (CRIZ)

Executive Order

- Land Use Executive Order 99-1: the Center is the principal state entity responsible for land use assistance and monitoring
 - Develop an inventory of sound land use practices
 - Assist local governments seeking to implement land use objectives
 - Advise local governments of the existing tools available to manage growth
 - Encourage local governments to cooperate in planning activities
 - Report annually to the Governor on land use trends and make recommendations for legislative/policy change to support land use policy
 - Provide staff support for State Planning Board and Interagency Land Use Committee

Thank you for this opportunity. I would be happy to answer questions.

