HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Jobs

Luzerne County Community College – Nanticoke, PA
September 8, 2016

AGENDA

10:00 a.m. Welcome and Opening Remarks

10:10 a.m. Panel One:

- Scott Dunkleberger
  Deputy Secretary for Business Financing
  Pennsylvania Department of Community & Economic Development

- Thomas Leary
  President
  Luzerne County Community College

- Kenneth Okrepkie
  Regional Manager
  Ben Franklin Technology Partners

10:50 a.m. Panel Two:

- Joseph Boylan
  Vice Chairman of Economic Development
  Greater Wilkes-Barre Chamber of Commerce

- Mary Malone
  President
  Greater Hazleton Chamber of Commerce

- W. Kevin O’Donnell
  President
  Greater Hazleton Can Do, Inc.

11:30 a.m. Closing Remarks
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 have quality schools, our communities will literally fail. I can show lots of examples of communities in Pennsylvania that didn’t invest or suffer 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 like Keystone Communities, PA 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. Key tools like Keystone Communities cut (73%), PA First cut (50%), and the Infrastructure and Facilities and Improvement Program has had 0 capacity to do new projects for five years. These are proven, effective tools to assist businesses as well as our core communities all over Pennsylvania.

In July, with the help of the General Assembly we were able to recapitalize the Business In Our Sites Program. Now we must invest BOS funds in strategically important, impactful projects that will grow the Commonwealth’s economic base by increasing the inventory of land and buildings ready for occupancy by job creators. This program, which provides patient loans and some limited grant funds to assist 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. Companies have indicated that a major impediment to their long term viability in the area is their ability to attract workers who are trained with the skills needed to compete in the 21st century economy.

The development of this workforce must be focused on education and should begin in in our secondary and vocational schools. The early identification of career paths in secondary education is critical to filling the job skills gap.

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.

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, necessitated the 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 GAT have been actively working to restore Pennsylvania’s credibility and attractiveness as a place to locate business facilities. From January 1-August 31, 2016, 40 projects cultivated by the Governor’s Action Team have been announced. Those businesses will create a projected 9,251 jobs and invest $1.6 billion in Pennsylvania.
In the world of economic development, the role of higher education and, particularly the role of a Community College, is to provide the training and education that helps build the foundation of the regional workforce. An additional role that the Community College plays is to upgrade the skills of the current workforce through lifelong learning and training opportunities. Yet another role of a Community College is to assist those who already have a credential and are looking to develop particular skill sets or to find another career.

At this point, economic development and workforce development are so closely aligned that the terms are often used interchangeably. The number one concern expressed by many businesses looking to locate into a particular region is whether they have the current workforce talent or the talent pipeline to support their business.

The presence of a skills gap is evident in many employment sectors. Workforce development and labor pool availability have become key factors for economic developers’ work centering on business attraction, expansion, and retention. As we get together and speak with our employer partners, a common concern that we hear is that there aren’t enough students going into the skilled trades and advanced manufacturing careers and that in addition to pipeline problems, large numbers of long-time employees will be retiring in the next few years and those employees will be taking that skill and experience with them unless we become much more focused on transfer of skills and knowledge.

The skills gap is being addressed at Luzerne County Community College through focus on real-time labor data and employer feedback that contributes to curriculum development, delivery, and program revision. The College is involved in a multi-year grant through the federal Employment and Training Administration in collaboration with Lehigh-Carbon Community College and Northampton Community College. The focus of the PATH grant is to build out programming capacity in high-demand occupational areas such as Diesel Technology, Engineering Design, and Manufacturing Technology, and Welding.

Registered apprenticeship programs combining on-the-job training and mentoring along with related educational instruction is another initiative that can help fill critical skills shortages. LCCC is the educational partner in several apprenticeship programs in northeastern Pennsylvania.
Additionally, employers express concern about new employees sometimes not being “work ready” even though they possess the skills and knowledge necessary to perform their job tasks. So-called “soft skills” or “foundation work skills” are lacking in some employees. Qualities such as communication, problem-solving, critical thinking, interpersonal skills, and teamwork are work skills necessary in virtually all job categories. Luzerne addresses this by structuring classes to simulate the work environment and by placing students in applied learning situations that challenge them to develop these critical work behaviors. Some of Luzerne’s programs offer work-based learning opportunities such as internships, field placements, or clinical rotations that are built into the academic program. In addition, some students participate in community service projects to learn these skills.

Luzerne County Community College relies heavily on its Program Advisory Boards. Feedback and guidance are sought from employer representatives who are content experts. These individuals assist faculty and administrators in designing and delivering the best instruction to prepare students for their role in the workforce. This engagement with the employer community is an example of a guiding principle at LCCC as it relates to our workforce programs — to start with the end in sight and work back from there. In this case, employment opportunities for our students is the outcome we work toward whether it be by transferring to a four year higher educational institution or by joining the workforce after earning an Associates Degree or short term credential. This focus on developing workers who bring skills into the workforce is a central mission of LCCC. As is typical for most community college graduates, the large majority of our students stay in the region and fill a significant number of the middle skills jobs found in northeastern PA.

State-of-the-art equipment and facilities are a costly investment, yet employers expect educational institutions to possess these critical assets in order to adequately prepare students for employment. Grants and capital investment in education by the public and private sectors enables entities such as Community Colleges to buy equipment and upgrade facilities to educate and train the workforce needed to attract and retain business and industry. Business and Education partnerships which combine talent and resources across a number of stakeholder groups is another strategy which can strengthen our economic development reach.

Luzerne County Community College welcomes the opportunity to be involved in economic and workforce development in northeastern Pennsylvania and we see ourselves as a critical partner in this pursuit.
Good morning Representative Mullery and members of the committee. My name is Ken Okrepkie and I am the Regional Manager for the Ben Franklin Technology Partners of Northeastern Pennsylvania. Thank you for inviting me to testify today. I appreciate the opportunity to share our efforts in creating and retaining highly paid, sustainable jobs in Pennsylvania. The Ben Franklin Technology Partners has garnered outstanding, documented job creation results in the Commonwealth since 1983, and we have emerged as the international gold standard in this work. Our program is modeled internationally and has earned myriad awards for technology-based economic development.

This morning, I’ll present a series of examples of how the Ben Franklin Technology Partners is creating jobs in northeastern Pennsylvania by investing in early-stage technology companies and leveraging our colleges and university resources to support established manufacturing firms. I will also offer insight into how our region has succeeded in business incubation.
On behalf of our board, my colleagues at Ben Franklin, the thousands of regional companies, and the tens of thousands of Pennsylvania workers who have benefitted from the Ben Franklin Technology Partners statewide, I sincerely thank all of the legislators, including our state representatives and senators, for their support of the Ben Franklin Technology Partners Challenge Grant and Innovate in PA funding. The capital you provide to Ben Franklin is invested in companies and projects that have a very direct impact on our communities.

This morning, I will focus on Ben Franklin’s support of companies located within or close to Representative Mullery’s district. There are four Ben Franklin headquarters statewide, one in Philadelphia (SEP), one that covers central Pennsylvania (CNP), Innovation Works in the Greater Pittsburgh region, and my corporate headquarters, located in Ben Franklin TechVentures on Lehigh University’s campus in Bethlehem.

Ben Franklin makes cash investments in early-stage technology companies. Our selection process is competitive and arduous. We meet with many entrepreneurs, evaluate their business models, assess their ability to scale the business, and ultimately gauge how well we believe they will execute on their strategic plans. We may invest hundreds of thousands of dollars in a company to help that firm commercialize its technology. At least as important as our capital investment is our Solutions Network of more than 200 proven experts who consult with clients in key areas including accounting, sales, marketing, branding, and intellectual property protection. In addition, because our vetting process is so well-respected in the investment community, Ben Franklin’s early-stage clients can leverage our investment and endorsement, earning a favored position for consideration among angel investors, venture capitalists, and other institutional investors.
Ben Franklin provides early-stage firms with seed capital, we help them fill the gaps in their team, and we elevate their fundability. Taken together, these efforts help client companies scale up and create jobs.

For example, here in northeastern Pennsylvania, Ben Franklin invested in Solid Cactus of Wilkes-Barre as an early-stage firm, which allowed it to build a data analytics platform called Feedperfect. The platform provided the young firm with an important new revenue stream. Solid Cactus grew to be the largest producer of e-commerce stores for Yahoo. Soon after, the company was purchased by Web.com and it now employs more than 300 workers in Hazleton.

EthosGen, located in the Innovation Center in Wilkes-Barre, produces the heat engine, which harvests manufacturing waste heat streams and turns them into 45 kilowatts of electricity. The product has been deployed across the globe, with customers including Caterpillar and the U.S. military. In 2014, EthosGen placed in the top 10 in Sir Richard Branson’s Xtreme Tech challenge and won the Ben Franklin Venture Idol. Only a few weeks ago, the company placed second in Pennsylvania’s Sustainable Energy Funds Energy Path contest. The company continues to execute strongly on its business model and we have high expectations for its future.

Ben Franklin helps Pennsylvania’s manufacturing firms to be more internationally competitive through technology. We link clients to college and university resources to support product development and process improvement initiatives that provide the company with a cost or productivity advantage in their industry, thereby creating and retaining jobs in our region. We are currently working with
Pleasant Mount Welding, a manufacturer in Carbondale. We introduced the company to Johnson College to help it develop programmable logic controls for two separate projects, allowing it to add a new manufacturing line to produce aluminum and steel grates. Pleasant Mount is also in the process of developing a PLC to support a new product that will release later this year.

In Swoyersville, Belrick, a manufacturer in the aerospace and Marcellus shale industries, is working with Northampton Community College to assess and streamline its manufacturing processes. Ben Franklin's manufacturing client list in northeastern Pennsylvania has been extensive, and includes Medico Industries, A. Rifkin, Longo's Pizza, and Fairchild Semiconductor, now OnSemi.

In addition to supporting early-stage companies and established manufacturing firms, we also support business incubation. Business incubation provides vital support to entrepreneurs when they are most vulnerable. With more than 30 years owning and managing our own incubator, Ben Franklin Northeast was one of the pioneers of business incubation in the nation. Our experience in nurturing young firms is extensive and has been recognized with the prestigious International Business Innovation Association Incubator of the Year Award on two occasions.

The reduced operating costs of starting a company in a business incubator are usually what draws an early-stage company. But when we ask incubator graduates what was most important, they cite the business development support from our staff and the sharing of best practices among tenants.
In the early 1990s, we developed and seed funded the Ben Franklin Business Incubator Network. The network brings together incubator managers in northeastern Pennsylvania to exchange ideas and information and work collaboratively. Our incubator network is among the largest in the United States, and it just got bigger. In summer 2016, we welcomed four new incubators to the network: Allan P. Kirby Enterprise Center at Wilkes University; The TekRidge Center, Jessup; Jump Start Incubator, Reading; and The Stourbridge Incubator, Honesdale. The incubator network is now comprised of 14 members, including four others from our region: The Carbondale Technology Transfer Center, The Greater Hazleton CAN BE, The Innovation Center @ Wilkes-Barre, and The Scranton Enterprise Center.

As dozens of successful business incubator resident companies prove, business incubation is working in northeastern Pennsylvania. Net Driven, Pepperjam, and Solid Cactus are prime examples. Pepperjam was co-founded by two partners and now employs more than 300 people worldwide. It was purchased by GSI Commerce and then eBay Enterprise. eBay owned and managed a division of their company in downtown Wilkes-Barre prior to being purchased by the private equity group that now owns the company.

In Scranton, Net Driven was founded by Patrick Sandone in the Scranton Enterprise Center. He also successful exited the company after being purchased by Internet Brands. Today, the company serves as an anchor tenant in downtown Scranton, employing more than 100 talented information technology professionals.

Referenced earlier, Ben Franklin client Solid Cactus was one of the first incubator tenants supported by the Greater Wilkes-Barre Chamber of Commerce. The
company was purchased by WEB.com and the jobs moved to the CANDO Corporate Center in Hazleton. Today, hundreds of people work for WEB.com in Luzerne County and last spring Governor Wolf announced that 74 jobs were moved from oversees back to the U.S., specifically to Hazleton.

In the 2000s, we built business incubators with the expectation that our region could garner success as e-commerce and information technology companies were growing in a variety of places around the country. Fast forward 16 years and there are many success stories in addition to Solid Cactus, Net Driven, and Pepperjam. We must continue to find ways to strengthen this region’s entrepreneurial ecosystem. Our experience tells us that if we do nothing, six to eight companies will have exits and will create hundreds and maybe thousands of jobs organically.

Or we can very strategically make investments to coordinate the efforts of economic development professionals in this region to provide access to capital, strategic planning, and expert consultants that make it even easier for companies to succeed in this region. That will multiply and accelerate the success of northeastern Pennsylvania’s economy. My vision is a well-coordinated economic development effort partnered with the resources of higher education institutions, along with a thriving network of business incubators. Together, this will be a very fertile environment that accelerates company success and positions our region as a destination for entrepreneurs from other parts of the country.

So now you’ve heard about the resources that the Ben Franklin Technology Partners of Northeastern Pennsylvania provides to early-stage technology companies and established manufacturers and the impressive investment and success stories that are associated with our business incubators. I’ll conclude my
remarks by quantifying the impact Ben Franklin has had in northeastern PA and in the Commonwealth as a whole.

In northeastern Pennsylvania, for the year 2015, Ben Franklin Technology Partners’ portfolio companies created 383 new jobs while retaining another 604. Seven new companies began with Ben Franklin’s help. We supported the creation of 65 new products and processes. In 2015 alone Ben Franklin Northeast clients raised more than $20 million in follow-on funding, leveraging the Ben Franklin investments manifold.

The statewide Ben Franklin network commissions an independent analysis of our impact on the Commonwealth’s economy. The Pennsylvania Economy League and KLIOS Consulting determined that, from 2007 to 2011, the Ben Franklin Technology Partners statewide:

- Generated $502M in additional tax revenue
- Created 20,200 new jobs
- Boosted the PA Economy by $6.6B
- Provided a 3.6 to 1 direct payback to the Commonwealth

That last item bears repeating. For every dollar that Pennsylvania has invested in the Ben Franklin Technology Partners statewide, the program has returned $3.60 to the state treasury. That’s an incredible return on investment: creating good jobs and providing a substantial financial return to the taxpayers.
Again, I'd like to express our appreciation to Representative Mullery and Pennsylvania's legislators for their continued support. Thanks to you, the Ben Franklin Technology Partners of Northeastern Pennsylvania creates and retains highly paid, sustainable jobs, helps companies develop technologies that enhance the human condition, and significantly improves the communities that we all call home.

Thank you.

About the Ben Franklin Technology Partners of Northeastern Pennsylvania

The Ben Franklin Technology Partners of Northeastern Pennsylvania (BFTP/NEP), an initiative of the Pennsylvania Department of Community and Economic Development and funded by the Ben Franklin Technology Development Authority, creates and retains highly paid, sustainable jobs by linking companies with experts, universities, funding, and other resources to help them prosper through innovation. BFTP/NEP's strategy encompasses three key areas:

1. developing and growing early-stage technology-based companies,
2. helping established manufacturers creatively apply new technology and business practices to achieve industry leadership, and
3. promoting an innovative community-wide infrastructure that fosters a favorable business environment for high-growth companies.

Since beginning operation in 1983, BFTP/NEP has helped to create 16,986 new jobs for Pennsylvania workers and to retain 23,761 existing jobs, to start 482 new companies, and to develop 1,433 new products and processes. Since 2007, BFTP/NEP clients have generated $1.424 billion in follow-on funding. The Pennsylvania Ben Franklin Technology Partners network has returned $3.60 to the state treasury for every $1.00 invested in the program.

BFTP/NEP owns, manages, and is headquartered in Ben Franklin TechVentures®, an award-winning business incubator/post-incubator facility on Lehigh University's campus in Bethlehem, PA. BFTP/NEP also owns and manages the Bloomsburg Regional Technology Center in Bloomsburg. Applying more than 30 years of experience and two international awards for excellence in business incubation, BFTP/NEP leads a 14-member northeastern Pennsylvania business incubator network.
Jobs and Economy Hearing
Joseph Boylan, Vice President, Economic Development, Greater Wilkes-Barre Chamber
September 8, 2016

Good morning. My name is Joseph Boylan, and I am the Vice President, Economic Development for the Greater Wilkes-Barre Chamber of Business and Industry – a certified economic development organization within the Commonwealth.

At its core, Economic Development seeks to improve the economic well-being and quality of life in a particular region, through business retention, expansion and attraction.

As the economic landscape continues to change, and being less than ten years away from seeing a labor force being made up of 75 percent millennials, it’s critical to understand the tools and resources we need to be competitive as a region and state. With U.S. economic growth on a firmer footing, and demand ticking up, the availability of skilled labor has become the #1 factor in site decisions, according to latest survey of company executives by Area Development magazine, rising from the #3 factor in the year-earlier survey. A statement that certainly rings true in Northeastern Pennsylvania.

In July of this year, the Chamber hosted three of the most talented entrepreneurs on the East Coast – three individuals by the names of Jeff Stewart, Andrew Playford, and James Marciano. Between them, they have successful exited nearly a dozen ventures, and currently operate seven businesses in over 20 countries. The purpose of their visit was to essentially conduct site visits throughout the east coast to identify potential locations to relocate their tech-driven companies. After introductions to key local leaders such as Michael Jones (CEO, Pepperjam), Kris Jones (KBJ Capital), Dr. Rodney Ridley (Director, Allan P. Kirby Center for Free Enterprise and Entrepreneurship) and Ken Okrepkie (Director, Northeast Ben Franklin Technology Office) who you heard earlier this morning, each conversation followed the same path: (1) do you have the talent to compete; and (2) what is your wage structure.

Is there talent in Northeastern Pennsylvania? Absolutely. There are 17 colleges and university campuses with over 55,000 enrolled students within an hour’s drive of the center of NEPA. There are over 83,000 K-12 students in NEPA.

Is the business community interested in partnering with our academic institutions – K-12 and higher ed's? Absolutely. The Wilkes-Barre Chamber conducted a survey earlier this year and found that nearly eighty percent of our member businesses currently operate or have an interest in sustaining relationships with our academic partners.

In July of 2015, we hosted a visit from Secretary Mandarino who spoke about the importance of building and strengthening the pipelines between our academic and business communities. She spoke on the importance of not only aligning our higher education institutions but our K-12’s and career and technical schools as well. After the press event, we spoke directly to Secretary Mandarino about how we were trying to do that, but it only seemed to occur on a case by case basis – and it was difficult. There was no mechanism to properly handle the various needs of the business community. At that point, the Secretary challenged us to build a system – build a pilot program. So we did. Earlier this year we developed the Wilkes-Barre Connect initiative.

Wilkes-Barre Connect ensures that all start-ups and existing businesses have access to the providers, services and facilities they need to grow in Northeastern Pennsylvania. Connect is led by a core group of
providers: Wilkes University Small Business Development Center (SBDC); Family Business Alliance; Ben Franklin Technology Partners of Northeastern Pennsylvania; Allan P. Kirby Center for Free Enterprise & Entrepreneurship; Diamond City Partnership (DCP); Institute for Public Policy and Economic Development; and Greater Wilkes-Barre Chamber (administer of the program).

Wilkes-Barre Connect operates under one umbrella and one tracking and reporting system that (1) captures and identifies the needs of businesses; (2) allows local business providers to drive services in a more efficient and effective manner; and (3) creates one reporting mechanism to understand the climate and economic impact of our local business community. More importantly, the Connect system allows us the opportunity to handle the various needs of businesses to retain, expand and relocate to Northeastern Pennsylvania under one umbrella — by providing Mentoring; Trainings; Networking; Technical Assistance - including Business Plan Development, Market Research and Feasibility, Financial Modeling, and Marketing; Access to Capital, and a strong, regional Internship program.

We held a soft opening of the Wilkes-Barre Connect initiative in April of this year, with a full-launch of the program set for October. Now the question is: will it work? Early test results show it is a powerful tool to create and retain high wage and family sustaining jobs in Northeastern Pennsylvania — with three powerful examples:

Pepperjam is one of the largest affiliate marking companies in the U.S. headquartered in downtown Wilkes-Barre, with offices in New York, California, Sydney, Toronto and London. Earlier this year, Pepperjam was conducting its due diligence to identify if Wilkes-Barre can adequately meet their needs to maintain operations in Pennsylvania — particularly in downtown Wilkes-Barre. Through Wilkes-Barre Connect, we were able to identify and deliver on their specific needs to not only retain but expand their operations in Pennsylvania/Wilkes-Barre. Needs which included better access to our academic institutions and the development of a space conducive to their needs to operate on a global scale. Through Wilkes-Barre Connect we established a stronger bond between Pepperjam and our higher education institutions in Northeastern Pennsylvania and constructed a 6,000 SF technology and media center called the Wilkes-Barre THINK Center — a space that provides co-working space, three conference and training rooms, and a 45-seat lecture hall equipped to host global meetings and host live-stream events. Operating through one entity (Wilkes-Barre Connect) Pepperjam not only retained their current workforce of 75, but are in the midst of expanding their footprint to over 200 employees by the end of 2016 — featuring an average salary of over $60,000. And as of this month, over 80 percent of their current workforce is a graduate of either King’s College, Misericordia University, Penn State Wilkes-Barre, or Wilkes University (all in Luzerne County).

McCarthy Tire is a 90-year old family business headquartered in Wilkes-Barre, with operations across nine other states. In May of this year, they announced plans to launch a $4 million re-tread manufacturing line. After conducting a site selection process, McCarthy came to Wilkes-Barre Connect to deliver the services they need to keep the operation right here in Northeastern Pennsylvania. Working with local officials, GAT, and organizations such as the Ben Franklin, McCarthy Tire ultimately chose Wilkes-Barre as their location — relying on Connect to deliver a specific workforce to meet their needs of the 45 new employees coming online this year.

American Paper Bag is a European-based manufacturer currently involved in a site selection process, pitting Pennsylvania up against Tennessee, Michigan, New Jersey, and California. Pennsylvania — in particular Wilkes-Barre — has risen to the top of the list. This particular company came through Wilkes-Barre Connect, with me and Ken Okrepkie serving as the first introduction. Our ability to provide the
necessary services to facilitate his immediate needs is what has us on the fast track to landing his company—the first operation of its kind in the North American market. More importantly, our ability to leverage our academic institutions to align his workforce needs of 40 new advanced manufacturing employees is what has made us attractive.

Each and every one of these examples validates the latest corporate survey that access to a ready and able workforce is truly driving business retention, expansion, and attraction across the country—and in Northeastern Pennsylvania. In addition, these examples show the need to be nimble and an ability to leverage the resources necessary to drive our local economy, through our academic, business and government partners. And the success of our Wilkes-Barre Connect initiative depends upon each one of those partners—academic, business and government—to understand their roles and have the ability to execute.

I go back to my earlier comments on the three entrepreneurs that recently visited Northeastern Pennsylvania. I asked them for feedback, on not only our site visits but the system we are building (Wilkes-Barre Connect) — and their comments were telling. James Marciano—who founded TheSquare.com in the late 1990’s—was enamored by our ability to create a mechanism that can successfully integrate government into an academic and business development partnership.

What is government’s role in economic development—not only in Wilkes-Barre Connect but development across the Commonwealth? It’s an ability to be nimble...an ability to become more creative in how we can leverage our resources. Yes, there is a need to increase funding across the board in DCED programs or examine opportunities to increase the ceiling on the amount of machinery and equipment funding within PIDA—but it’s more about leveraging existing programs and current funding levels. And there is proof of government’s ability to do just that.

Tomorrow marks the 5th anniversary of the flood events that devastated Northeastern Pennsylvania—with some communities incurring damage that hadn’t been seen since the Agnes flood of 1972. The events leveled small businesses in communities such as the Greater Pittston area. With an immediate need to access capital and save small and family owned businesses, the Northeast Delegation came together to create and implement the Luzerne County Small Business Loan Program, within two months after the flood waters subsided. Utilizing $4 million from the Local Share Account Program, the delegation provided an opportunity to get much needed capital out to on the streets at 1 percent interest to save 22 businesses and retain over 200 jobs in the region—loaning over $1.6 million in the first twelve months. That same flood recovery program has now transformed to a revolving loan program available specifically to Luzerne County businesses. To date, the program has helped nearly 60 businesses, retained and expanded over 400 jobs, and put over $3.5 million in funding in economic and business development in Northeastern Pennsylvania.

In closing, on behalf of the Wilkes-Barre Chamber and our membership, I applaud your continued efforts to retain, create, and attract family-sustaining jobs in Northeastern Pennsylvania, and I ask that you continue to work with the economic development organizations in our region, to be nimble, be creative, and most importantly, be a good partner in designing and providing the tools necessary to drive our local economy.

Thank you.
As the President of the Greater Hazleton Chamber of Commerce a membership association model representing over 600 business members, the majority of which are small business with less than 10 employees, I feel that there are three issues that can impact jobs here in NEPA. Pension reform, building skills of current & future workforce and local access & communication.

The Commonwealth’s public pension crisis affects all Pennsylvanians including small business owners who see the impact both as job creators with rising costs and customers who have limited income to spend with increased in tax at both local and state level. The concern of small business owners on what happens in local municipalities and school districts making drastic cuts in order to continue to operate have a direct impact success of their business.

Workforce development for both the individuals searching for employment and communication to our future workforce are part of our Chamber work. Whether it is a seminars on skills offered locally and at a time convenient for small business owners, job fairs, our annual wage and salary survey and partnerships with local career link we strive to be part of our member’s business success. I frequently hear from business owners and larger employers that finding qualified workers can be challenging. Communications and connections for both individuals and the employers who are searching are key to solving the issue. On developing our future workforce I feel cooperation between the Department of Labor and the Department of Education at a younger age (grades 4, 5 and 6) for career exploration and understanding high growth career clusters in any given area will make an impact.

Local access is also important on element. Transportation challenges in our area underscore the importance of mainlining a local Career Link. A state department “on the road “that was done for both DCED and Mountain Council of Governments in our area resulted in better understanding and success for small business owners. Consideration of future programs with business focus in partnership with local chambers and legislatures would be a potential idea to consider.

Thank you for the opportunity to be included in today’s panel and discussion

Mary R. Malone
President
Good morning, my name is Kevin O'Donnell and I am president of CAN DO, Greater Hazleton's economic development organization.

Economic development has been a large part of my life for more than 40 years, during which time I have witnessed many changes in the business climate, not only in our region and state, but throughout the country and around the world.

Like every state, Pennsylvania wants companies to select our Commonwealth to locate and grow their business. Pennsylvania also wants balance, providing a full range of economic opportunities for its citizens, including creating jobs that are family sustaining at a minimum, while maintaining a realistic budget for business attraction and retention.

We all know that this can be a juggling act, but the truth is that Pennsylvania is well positioned to achieve these lofty goals given its strategic location in the market, the interstate highway system, the network of colleges and universities and the professionalism within the network of economic development specialists that are working hand in hand with the Commonwealth's Department of Community and Economic Development.

However, our competition from surrounding states has gained ground in how they conduct their business recruitment and retention efforts. The truth is, Pennsylvania is losing its competitive edge and we need to get it back.
While there are many factors that can help us restore our competitiveness, I feel we can best accomplish this by improving the overall business climate of Pennsylvania through revisions in our tax structure; improving and streamlining the permitting process; supporting entrepreneurial development; funding the incentive programs that have already been established; by being prepared with available buildings and sites and by broadening the skilled workforce that is a key to attracting new businesses.

Currently, Pennsylvania has one of the highest Corporate Net Income Tax in the nation. While we all know it’s ultimately the bottom line that makes the difference to industry, and that Pennsylvania has other factors that soften the effects of its high CNI, there is a stigma attached to the CNI that can, and often does, eliminate Pennsylvania from the search on paper or online before the actual site search begins.

In order to regain our competitive edge, Pennsylvania also needs to adopt a comprehensive strategy whereby all state agencies and departments work together and toward the same goal. We know that the state, through DCED, is working hard to entice businesses to locate or expand in Pennsylvania by providing funding and other incentives to assist companies in reaching their goals, but other barriers are making it difficult for economic development agencies to succeed. Perhaps the time for common sense regulations and a streamlined permitting system is at hand.

The inability to be able to deliver permits quickly hinders industry attraction. There needs to be a better way to get through the permitting process in an expedited fashion, perhaps at an additional cost to the applicant. When the state’s level of staffing and associated workload slows the approval process, there should be some alternate mechanism to allow a third party to be able to assist in getting permit applications processed and approved within a specific time frame.

We also need to find ways of reinstating patient capital to enable the development of industrial sites and buildings well in advance of a site location search. One of the biggest changes I have seen in the site selection process over the past decade is the speed at which a company wants to be up and running. Gone are the days when companies would look for a site, go through the permitting process and build. Market conditions and the lengthy permitting process has changed
all that. Today, companies want to have a site completely permitted, or better yet, an available building that readily fits their needs.

In larger markets such as Philadelphia, Pittsburgh, Harrisburg and the Lehigh Valley, economic development organizations have real estate developers to do this for them. But in smaller communities like Greater Hazleton, we are doing it mostly on our own and we need help.

Prior to electric deregulation, PPL and other utility companies played a strong role in providing local economic development assistance through board participation, prospect recruitment and perhaps, most importantly, patient capital. Specifically, PPL had programs that would provide patient capital for land acquisition and speculative buildings. It was those resources that allowed CAN DO to pioneer the speculative building program. Since deregulation, the utilities’ role in economic development has mostly been eliminated and a void exists which needs to be filled.

Simply put, the only way for smaller communities to compete today is by being ready, and that takes patient capital that can be loaned, not granted, by the state and repaid out of sale proceeds. Perhaps a few program tweaks and a budget increase to the existing Business in Our Sites program could accomplish this.

Additionally, state funding programs in the past offered a greater portion of the total project cost compared to today. Now, through inflation, the same percentage of a project cost can’t be reached due to the maximum loan amount being offered by the state. State funding programs also allowed for more risk. Today, most funding programs evaluate a project in the same manner as a bank, leaving a gap for many growing small businesses.

With regard to incentive programs, most economic development professionals will agree that although they add nothing tangible to the economic development process, they are a necessary part of the business recruitment game. To be competitive, we must compete on the same level as other states.
Incentives can come in the form of tax breaks, attractive financing and/or training for employees. In most cases, companies are not attracted to a state or region by incentives alone, but in the final analysis, incentives can be a determining factor in a company’s decision to expand or locate to a community. Although unpopular, be assured that every state provides incentives in some shape or form.

For example, the Keystone Opportunity Zone (KOZ) program has been a substantial incentive for companies locating in the Keystone state since its inception in 1999. But, irrespective of its well documented success in creating sustaining revenue for both the local taxing districts and the state, it has a negative connotation among the public and local elected officials. And while some argue to eliminate the program, I feel the program should be broadened and possibly rebranded, but revised in a way that is equitable for all. We need to be more innovative and improve the program in a way that can help the local economies and local taxing bodies sustain their revenues, but at the same time, offer a strong incentive to companies that is competitive with what other neighboring states are now providing. We also need to assure that these incentives are used for job creation projects with family sustaining wages and that the companies that reap the benefit of these incentives are held accountable to the capital investment and job creation numbers they project.

By retooling existing programs and benchmarking our other incentives, Pennsylvania can regain its competitive edge in economic development recruitment. I would ask our Legislators to support DCED in their efforts to once again position Pennsylvania as an innovator in this area.

That said, an available, trained workforce may be one of the biggest challenges facing economic development. While the local Workforce Investment Board as well as the state’s network of CareerLink offices provide services to upgrade individual skill levels and placement in careers that are in demand, we need to do more with the future workforce while still in school. For this, it’s imperative that we get into high schools and bolster programs like the YES Program (Your Employability Skills) which teaches the soft skills that are so important to industry today. In addition, the YES program and Partners in Education make sure students and parents are made
aware of the good jobs that are already in our area for the young men and women who aren’t going off to college. Right now, these programs are dependent upon the leadership in the schools to decide whether or not programs like these are implemented. I suggest that the state should be advising school districts to start incorporating these or similar programs into their curriculum. There needs to be some push at the state level in order for this to happen.

Additionally, many students have the ability to be some of the best and brightest business people in Pennsylvania, innovators in technology and bioscience with the aptitude to start a business. With that in mind, entrepreneurship and entrepreneurial development must be fostered in our schools as I believe entrepreneurship is a key to our future economic development success. We aren’t always going to be able to recruit companies from the outside and, if we truly want to have better jobs in our state, then we have to start promoting growth from within through entrepreneurship. You can’t recruit your way up. You have to grow from within to get to the next level of income. With this in mind, we need to provide an entrepreneurship program that can nurture the ideas of our students and support startup businesses in all areas of Pennsylvania.

Studies show that, on average, four out of five new business startups fail within the first five years. However, four out of five businesses that start in an incubator program succeed within five years. CAN DO’s CAN BE Business Innovation Center, as well as other incubators throughout the region, had, in the past, received operating subsidies from Ben Franklin Technology Partners. Budget cuts, however, have eliminated that support and we now operate without a full-time manager/business advisor. I would suggest that funding for these centers of promise for the future be reinstated.

In closing, I want to emphasize that in today’s economic development climate, you either move forward or you go backwards, there is no standing still. Action needs to be taken to keep economic development going forward and to keep Pennsylvania competitive.