

Program: PA Job Creation, Business Growth and Attraction

Goal: To support and promote initiatives that grow Pennsylvania's economy by partnering with the private sector to create and retain jobs; to ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle; and to make possible lower capital costs to attract businesses to invest in Pennsylvania.

Program Element: PA First

PA First is a comprehensive program that offers grants for job creation and retention, infrastructure projects and workforce development. PA First provides the flexibility necessary for the commonwealth to rapidly respond to companies' needs, thus facilitating increased investment in the state and enabling Pennsylvania to compete more effectively with neighboring and competitor states.

PA First leverages private dollars, stimulates job creation and encourages development of critical infrastructure and advances workforce development efforts. It secures job creation and economic development opportunities through the preservation and expansion of existing industries and the attraction of additional economic development prospects to the commonwealth. Eligible uses for the grant funding can be found by visiting the agency website NewPa.com.

Program Element: Infrastructure and Facilities Improvement Program

The Infrastructure and Facilities Improvement Program awards multi-year grants to debt-issuing authorities toward the payment of debt service and related costs for economic development projects. Grant awards are calculated based on the expected sales tax, hotel occupancy tax or personal income tax to be generated by the project.

Program Element: Economic Development Service Providers

Historically, Pennsylvania's economic development efforts have been supported by a number of core service providers, including Industrial Resource Centers, industrial development organizations, Local Development Districts, and Small Business Development Centers. Partnerships for Regional Economic Performance, known as PREP, is designed to integrate these networks by encouraging regional coordination of economic development efforts, which will yield superior customer service to the business community and a comprehensive, efficient, statewide economic development delivery strategy.

Pennsylvania's seven Industrial Resource Centers (IRCs) provide manufacturers with the technical resources

needed to capitalize on market opportunities and support our nation's supply chain. The IRCs provide services directly to manufacturers to foster technological modernization and improvement, focusing on the transfer of knowledge to stimulate learning and action. This budget supports a collaborative partnership between the seven Industrial Resource Centers and Pennsylvania's seven research institutions of higher education. This new partnership promises to increase manufacturing output while creating new jobs by accelerating the reshoring of manufacturing within Pennsylvania and creating localized supply chains and to stimulate manufacturing innovation and growth. The effort also promises to build a manufacturing ready workforce through facilitated employer engagement with all of Pennsylvania's educational institutions, their faculty, and Pennsylvania's younger generation.

Program Element: Marketing to Attract Business

Pennsylvania's key strengths must be regularly and effectively communicated to the national and global business community. Pennsylvania's Marketing to Attract Business program funds the department's economic development marketing and advertising contract, which includes public relations, radio and television advertising, industry trade shows and direct support of the department and the Governor's Action Team for one-to-one marketing efforts. The Governor's Action Team and the department's International Office depend on company leads generated by marketing to prepare deals to attract companies to Pennsylvania.

Program Element: Tax Credits

Tax credits are established for the purpose of securing job-creating economic development opportunities and fostering the growth and development of economic development prospects to the commonwealth. Information on credit programs such as Neighborhood Assistance Programs, Job Creation Tax Credit, Keystone Opportunity Zone, Film Production Tax Credit and other programs can be found in the General Fund Tax Expenditures section of the Governor's Executive Budget.

Community and Economic Development

Program: PA Job Creation, Business Growth and Attraction (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND				
	General Government Operations	\$	65	Marketing to Attract Business
\$ 452	—to continue current program.			—to continue current program.
300	—Initiative — Tax Collector Certification. To provide training and certify Pennsylvania Qualified Municipal Collectors.			Base Realignment and Closure
		\$	14	—to continue current program.
<u>752</u>	<i>Appropriation Increase</i>			Transfer to Commonwealth Financing Authority
	Center for Local Government Services	\$	6,802	—to provide debt service for economic development bonds.
\$ 295	—to continue current program.			Pennsylvania First
-4,504	—grant transferred to the Department of General Services.	\$	11,000	—Initiative — Jobs that Pay. To foster investment, job creation and provide support for WEDnetPA, a critical employee training program available to Pennsylvania's employers.
<u>-4,209</u>	<i>Appropriation Decrease</i>			Industrial Resource Centers
	Office of Open Records			—Initiative — Jobs that Pay. To increase support for Industrial Resource Centers and to utilize Pennsylvania universities to advance manufacturing technology and commercialization.
\$ 48	—to continue current program.	\$	1,000	
442	—Initiative — Government that Works. Increase mediation efforts and expand training and outreach.			
<u>490</u>	<i>Appropriation Increase</i>			

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
General Government Operations	\$ 14,422	\$ 14,937	\$ 15,689	\$ 15,846	\$ 16,004	\$ 16,164	\$ 16,326
Center for Local Government Services	8,534	8,394	4,185	4,227	4,269	4,312	4,355
Office of Open Records	2,002	2,426	2,916	2,945	2,975	3,004	3,034
Marketing to Attract Business	2,008	2,949	3,014	3,044	3,075	3,105	3,136
Base Realignment and Closure	0	784	798	806	814	822	830
Transfer to Commonwealth Financing Authority	77,755	88,812	95,614	95,614	95,622	95,616	95,622
Pennsylvania First	20,000	34,000	45,000	45,000	45,000	45,000	45,000
Partnerships for Regional Economic Performance	11,880	9,880	9,880	9,880	9,880	9,880	9,880
Industrial Resource Centers	0	11,000	12,000	12,000	12,000	12,000	12,000
Infrastructure Technology Assistance Program	1,750	0	0	0	0	0	0
Infrastructure and Facilities Improvement Grants	19,000	30,000	30,000	30,000	30,000	30,000	30,000
TOTAL GENERAL FUND	<u>\$ 157,351</u>	<u>\$ 203,182</u>	<u>\$ 219,096</u>	<u>\$ 219,362</u>	<u>\$ 219,639</u>	<u>\$ 219,903</u>	<u>\$ 220,183</u>

Program: PA Innovation Economy

Goal: To catalyze growth and competitiveness for Pennsylvania companies and universities by growing venture capital investments to support early stage and emerging technology firms; accelerating technology transfer to commercialize new products and services; and revitalizing Pennsylvania's manufacturing economy.

In 2016-17, and in each year thereafter, DCED investments are projected to leverage \$700 million in private investments, over \$100 million in non-state public funds, and assist over 3,000 businesses.

Program Element: Ben Franklin Technology Development Authority

The Ben Franklin Technology Development Authority ensures that Pennsylvania companies and entrepreneurs have the necessary tools to build their businesses. The authority has promoted advanced technology in traditional and emerging industries, as well as small business, through a series of programs that are flexible and dynamic and are built to proactively meet changes in markets and key industry sectors. These initiatives are also tailored to meet companies' needs throughout the business lifecycle, providing support and making services available at each step of the process.

The authority also provides vehicles for investment for university-based and entrepreneurial innovation through the following programs:

- Ben Franklin Technology Partners, which are strategically located throughout the commonwealth to bring together the best of the state's people, ideas and technology.
- Venture Investment, which provides risk capital to venture partnerships that invest in Pennsylvania companies.
- Technology Development Grants, which help position the consortia of Pennsylvania companies at the cutting edge of emerging technologies.
- University Research Commercialization Grants, which promote stronger synergy between university-based research and development and technology transfer for economic and workforce development.

Program Element: Innovate PA

Innovate in PA is designed to generate a critical pool of capital to support Pennsylvania's ever growing and robust innovation economy. Through the sale of \$100 million of insurance premium tax credits, the Ben Franklin Technology Development Authority is scheduled to receive a total of six payments totaling \$85.4 million over three fiscal years, starting in 2015-16. Payments flow directly to the Ben Franklin Technology Development Authority for rapid deployment to the four regional Ben Franklin Technology Partners and the three Life Sciences Greenhouses. The Ben Franklin Technology Development Authority Venture Investment Program is also a recipient of funds, awarded to qualified venture capital firms who invest in Pennsylvania companies.

Program Element: The Pennsylvania Life Sciences Greenhouse Initiative

The Pennsylvania Life Sciences Greenhouse Initiative supports early-stage risk capital and serves as a catalyst for development and creation of new life-science-related products and companies. Three regionally based organizations in Central Pennsylvania, Pittsburgh and Philadelphia aggressively focus on increasing formation and growth of life sciences companies in the commonwealth.

Over the course of the past decade, this initiative has established a national reputation and is cited by the Battelle Technology Partnership as one of only two university/industry funding programs in the U.S. to focus solely on life sciences. The initiative has quickly become a national model for state funding of early stage risk capital in life sciences.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND	
\$	400
	Public Television Technology
	—Initiative—PA Public Television Network.
	To increase support for technology to educate, inform and connect the citizens of Pennsylvania.

The Transfer to Ben Franklin Technology Development Authority Fund is recommended at the current year funding level.

Community and Economic Development

Program: PA Innovation Economy (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2014-15 Actual	2015-16 Available	2016-17 Budget	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Technology Development Authority Fund.....	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500
Discovered in PA, Developed in PA.....	5,000	0	0	0	0	0	0
Super Computer Center	500	0	0	0	0	0	0
Powdered Metals.....	100	0	0	0	0	0	0
Public Television Technology.....	0	3,600	4,000	4,000	4,000	4,000	4,000
TOTAL GENERAL FUND.....	\$ 20,100	\$ 18,100	\$ 18,500	\$ 18,500	\$ 18,500	\$ 18,500	\$ 18,500

Community and Economic Development

Program: International Business Development

Goal: To contribute to the growth and strength of the commonwealth's economy by attracting foreign direct capital investments to Pennsylvania and providing value-added business development services to Pennsylvania companies to facilitate increased exports from the commonwealth.

Program Element: International Business Development

In 2016-17 and each year thereafter, DCED is projected to assist over 1,400 businesses and facilitate over \$240 million in Foreign Direct Investments.

In today's increasingly complex global economy, international trade is not simply a trend, but a competitive necessity. The International Business Development program works to promote Pennsylvania exports in key international markets and to attract foreign investments to Pennsylvania by ensuring that international companies are adequately informed and familiar with Pennsylvania's strengths – leading universities and research institutions; manufacturing, energy and life science industries; competitive business environment; and a skilled workforce.

The department will continue to build on PA's success as the nation's largest and best-performing international

program, and the only department program with a unique, performance-based metrics and compensation system for its international contractors and regional partners. New initiatives include sector-specific, fee-based initiatives and enhanced private sector participation through trade events, missions, and the Team Pennsylvania International Business Advisory Board. By increasing export capacity and establishing new connections between Pennsylvania companies, universities and partners worldwide, Pennsylvania businesses will continue to become more competitive in the global marketplace. At the same time, Pennsylvania communities will become increasingly successful in competing for international investment projects that support existing and new jobs across the commonwealth. This will help Pennsylvania remain a leading state for international business development.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Office of International Business Development
 \$ 117 —to continue current program.

Appropriations within this Program:

	2014-15 Actual	2015-16 Available	2016-17 Budget	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
GENERAL FUND:							
Office of International Business Development.....	\$ 5,824	\$ 6,825	\$ 6,942	\$ 7,011	\$ 7,082	\$ 7,152	\$ 7,224

Community and Economic Development

Program: PA Assets

Goal: To ensure economic competitiveness and job creation; to increase domestic and international leisure travel to the commonwealth in order to grow the tourism industry's economic impact and position Pennsylvania as a top tourism destination for both domestic and international visitors; and to maximize Pennsylvania's energy resources, including coal, natural gas, water, oil and timber.

Program Element: Marketing to Attract Tourists

Tourism is a key industry for Pennsylvania, injecting an estimated \$40 billion annually into the commonwealth's economy and generating nearly \$4 billion in tax revenues each year. Pennsylvania has invested in tourism marketing for decades in recognition of the industry's substantial contributions to the state's economy, most notably in jobs the industry provides commonwealth residents and tax revenues the industry generates for the state and local governments, which support a host of essential government programs and services. The Pennsylvania Tourism Office's marketing activities provide exposure to out-of-state markets for the many small Pennsylvania tourism businesses that lack the resources to advertise beyond their local area.

Marketing to Attract Tourists has enabled the commonwealth to provide a domestic and international tourism marketing program that helps to attract more than 175 million travelers annually. The funding supports a comprehensive and effective marketing agenda including the popular visitPA.com website and various print and online publications. The tourism office will encourage public/private partnerships within the industry to maximize Pennsylvania's presence on the national and global travel and tourism stage. The tourism office will also continue

to leverage online marketing platforms including Twitter, Facebook, YouTube, Flickr, Foursquare and Pinterest, among others to provide highly customized, personalized and targeted information directly to travelers in an authentic and real-time medium, extending the reach of the office's traditional marketing efforts.

Program Element: Alternative Energy

The Alternate Energy Investment Act of 2008 was signed into law and is comprised of several components administered in the Departments of Environmental Protection, Human Services and Community and Economic Development. The Commonwealth Financing Authority manages programs and funds administered within the Department of Community and Economic Development's Office for Business Financing. Funding includes grants to businesses, non-profit economic development organizations and political subdivisions for clean and alternative energy projects. These projects include buildings, equipment and land development activities. In addition, loans and grants are provided for high-performance energy-efficient building projects, for geothermal and wind energy projects and for alternative energy production projects involving solar technologies.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND:
Marketing to Attract Tourists
 \$ 27 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2014-15 Actual	2015-16 Available	2016-17 Budget	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
GENERAL FUND:							
Marketing to Attract Tourists	\$ 7,264	4,264	4,291	4,334	4,377	4,421	4,465
Tourism - Accredited Zoos	550	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 7,814	\$ 4,264	\$ 4,291	\$ 4,334	\$ 4,377	\$ 4,421	\$ 4,465

Program: PA Core Communities

Goal: To attain more effective delivery of housing and community development services; to provide resources and technical assistance that enhance the performance and quality of local governments, including fiscal stability; and to effectively create attractive, livable communities by revitalizing downtowns and surrounding neighborhoods, while promoting sound land-use practices.

Program Element: Keystone Opportunity Zones (KOZ)

The Keystone Opportunity Zone provides tax relief to economically distressed urban and rural communities in an attempt to revive these areas. In recognition of the tremendous success of the original KOZ initiative, several laws have changed the KOZ program over the years, including Keystone Opportunity Improvement Zone, Keystone Opportunity Expansion Zone and Act 16 of 2012, which allowed communities to extend benefits to unoccupied parcels for seven to ten years in existing zones. Additional information can be found in Section D of the Governor's Executive Budget.

Program Element: Keystone Communities

The Keystone Communities program is designed to encourage the creation of partnerships between the public and private sectors in communities to support joint local initiatives that foster growth and stability in neighborhoods and communities, social and economic diversity and a strong and secure quality of life. The program offers designation opportunities and financial resources to assist communities in achieving revitalization goals and provides for physical improvements that support the commonwealth's core communities.

The department strongly encourages community-based organizations, public agencies, business leaders, private developers, financial institutions and private citizens to work in partnership with local governments to develop a comprehensive approach to address community development and housing needs. These partnerships can and will create more attractive places to live, and will encourage business and job expansion and retention in Pennsylvania. In 2016-17, the program is projected to invest in over 40 community impact projects.

Program Element: Municipal Assistance Program

The Municipal Assistance Program was created to help local governments plan for and effectively implement a variety of services, improvements and soundly-managed development. The program provides funding for three groups of activities; shared service activities, community planning and floodplain management. Any municipality may apply for program funding. Applicants may also be a public or

quasi-public body duly authorized to act on behalf of one or more municipalities.

Program Element: Early Intervention Program

In order to assist municipalities experiencing fiscal difficulties, the Early Intervention program provides grants to municipal and county governments to develop and implement a five-year financial management plan and undergo a departmental operational review. The plans supply governments with both short-term and long-term strategies to address fiscal difficulties before they reach a crisis point. The ultimate goal is to avert an Act 47 Municipality Financial Recovery Program filing.

Program Element: Municipalities Financial Recovery Program – Act 47

When local governments are facing potential financial insolvency, the Municipalities Financial Recovery program – Act 47, empowers the department to issue a distress declaration and assist in the recovery through grants and no-interest loans, as well as extensive technical assistance through the preparation and implementation of comprehensive recovery plans. Act 47 also empowers the governor to issue a declaration of fiscal emergency to enable the department to prepare an emergency action plan and to appoint a receiver to prepare a recovery plan to be confirmed by Commonwealth Court.

Program Element: Weatherization Assistance Program

In order to help low-income Pennsylvanians reduce energy costs, the Weatherization Assistance program makes homes more energy efficient, saving money and keeping homes warmer. There are two weatherization funding streams from the federal government; funds from the U.S. Department of Energy support activities such as the installation of insulation, shell repairs and heating system improvements and the U.S. Department of Health and Human Services also support home weatherization efforts in addition to a heating crisis program that operates during the winter in coordination with the Pennsylvania Department of Human Service's Low- Income Home Energy Assistance program.

Community and Economic Development

Program: PA Core Communities (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	MOTOR LICENSE FUND
	Transfer to Municipalities Financial Recovery Revolving Fund	The Appalachian Regional Commission appropriation is recommended at the current year funding level.
\$ 1,000	—based on current estimates to continue the current program.	
	Early Intervention for Distressed Municipalities	
\$ 1,000	—Initiative — Local Financial Management. To assist municipalities experiencing fiscal difficulties.	

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2014-15 Actual	2015-16 Available	2016-17 Budget	2017-18 Estimated	2018-19 Estimated	2019-20 Estimated	2020-21 Estimated
GENERAL FUND:							
Regional Events Security and Support.....	\$ 0	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Transfer to Municipalities Financial Recovery Revolving Fund.....	4,000	3,000	4,000	4,000	4,000	4,000	4,000
Intergovernmental Cooperation Authority-2nd Class Cities.....	250	250	250	250	250	250	250
Municipal Assistance Program	642	642	642	642	642	642	642
Keystone Communities.....	6,150	15,000	15,000	15,000	15,000	15,000	15,000
Economic Growth & Development Assistance.....	0	6,357	6,357	6,357	6,357	6,357	6,357
Rural Leadership Training	100	0	0	0	0	0	0
Early Intervention for Distressed Municipalities	1,785	1,785	2,785	2,785	2,785	2,785	2,785
TOTAL GENERAL FUND	\$ 12,927	\$ 37,034	\$ 39,034	\$ 39,034	\$ 39,034	\$ 39,034	\$ 39,034
MOTOR LICENSE FUND:							
Appalachian Regional Commission.....	\$ 1,073	\$ 1,073	\$ 1,073	\$ 1,073	\$ 1,073	\$ 1,073	\$ 1,073