

Testimony for the Community, Economic, and Recreational Development Committee
of the
Pennsylvania Senate

Good morning and thank you for the opportunity to speak with you today. I am Jill Foys, Executive Director of the Northwest Pennsylvania Regional Planning and Development Commission located in Oil City, Pennsylvania.

The Northwest Commission is a Local Development District or LDD serving the counties of Clarion, Crawford, Erie, Forest, Lawrence, Mercer, Venango and Warren. Local Development Districts are multi-county planning and development organizations first engaged by the Appalachian Regional Commission back in 1965 to help identify and alleviate the effects of regional poverty in rural Appalachian Pennsylvania.

Relying ostensibly on a “bottom up” approach, Pennsylvania’s seven LDDs work to identify and target the most pressing needs and opportunities within their respective regions. Based on these needs and opportunities, the LDDs work with their boards and other local stakeholders to develop strategies for their region’s community and economic development.

To ensure that resources are targeted effectively, the LDDs work in partnership with the Governor’s Office and Department of Community and Economic Development to administer the ARC program in Pennsylvania.

The ARC is overseen by a Federal Co-Chair, appointed by the President, and a State’s Co-Chair, elected each year by the Governors of the 13 Appalachian States. The LDDs are proud that Pennsylvania’s Governor – Governor Tom Wolf - was recently selected by his peers to serve as State’s Co-Chair to the ARC. Governor Wolf’s advocacy comes at a critical time and provides a great opportunity for Pennsylvania to highlight its innovative regional economic development delivery system - Partnerships for Regional Economic Performance or PREP.

The Commonwealth’s Partnerships for Regional Economic Performance or PREP initiative involves a consortium of various business assistance, economic and workforce development service providers – some funded, others not - coming together with local businesses and employers to match their needs with resources and/or services available from the provider network.

The seven PA LDDs are each a funded partner within the Commonwealth’s PREP and offer programs and services distinct to their respective regions. Some LDDs staff their region’s workforce development boards. Others are contractors to their region’s workforce development boards. Some administer weatherization, Community Development Block Grant and Women, Infants & Children services. As LDDs, we’re fond of saying, “We’re as unique as we are alike.”

Our locally-defined uniqueness notwithstanding, the LDDs do also provide similar core functions. For example, all seven LDDs provide administrative services to the Commonwealth’s Keystone Opportunity Zone and Keystone Innovative Zone programs. All seven LDDs each serve as their respective region’s Metropolitan Planning Organization (MPO) or Rural Planning Organization (RPO) working with public and

business leaders to identify and prioritize key transportation-related projects of economic significance within the jurisdictions. In addition, all but one of the PA's LDDs serve as the Regional Coordinator for their respective PREP region.

The Local Development Districts are heavily engaged in direct business and economic development assistance via what we coined as our 'core component' or core competency programs. These include Business Finance, Government Contracting and International Business Development/Export Marketing Assistance.

The Northwest Commission's business finance program provides gap financing for new and emerging businesses in the NW region. We, as well as all LDDs are each Certified Economic Development Organizations or CEDOs, a designation that enables the LDDs to administer the state financing programs through the Department of Community and Economic Development.

The Northwest Commission as well as the other LDD's each serve as regional Procurement Technical Assistance Centers or PTACs. In this program, technical assistance and guidance is provided to small businesses with the capacity to provide goods or services to the local, state, or federal government. Staff works with those businesses to determine capacity and special status i.e. minority, veteran, service disabled veteran, or woman owned businesses. The Specialists also aid in properly enrolling businesses in SAM, the System for Award Management, and Bid Match; a service that allows a company to enter all of their relevant NAICS codes, in return, providing daily lists of all government bid opportunities matching their codes.

Specialists in the International Business Assistance/Export Marketing program provide technical assistance to new and experienced businesses looking for exporting opportunities. The program assists with compliance questions and serves as the liaison between regional businesses and Pennsylvania's Authorized Trade Representatives throughout the world.

The small businesses to whom we provide technical assistance in the areas of Export and Government Contractors are able to compete for contracts and sales that - but for the LDDs and PREP - would only be available to those large enough to house their own International Sales Representative or Small Business Liaisons. The education, information, access to bids and specifications available via LDD consultation to our smaller business clients would otherwise be inaccessible or unaffordable if not for PREP support.

The Commonwealth of Pennsylvania can be proud of the investments they have made in these areas. In FY16 alone, the 52 counties served by the LDDs provided direct business assistance to companies resulting in \$870 Million in Government Contracts and \$516 Million in Export Sales.

Business counseling, economic development assistance – whatever you choose to call it – is a time and effort intensive endeavor. Conversations with my LDD counterparts reveal that most of us have unfilled positions or will have to cut positions that provide direct assistance to our businesses.

As adopted, the Pennsylvania House of Representative's proposed budget will create financial challenges that would significantly compromise our ability to help current and future clients expand their sales, grow their businesses, and expand their workforce. LDD services provided via PREP on behalf of the Commonwealth are at risk of disappearing. Simply put, we will no longer have the capacity to continue these services.

We are fortunate to be supported, not only by state investment, but also federal. As I mentioned, we were created by and have access to Appalachian Regional Commission funding. However, those funds and all of our other federal programs have match requirements with a ratio of 1:1. Therefore, every dollar decreased from state investments in our programs results in an equal opportunity lost at the federal level.

We know that revenues are down and fixed costs are up. We also know that we're all in this together; the Legislature, the Administration and the partners in your districts working hand and hand with our businesses and communities. Every one of us has learned to do more with less and we have done that pretty well up to now. However, the House budget brings us past the tipping point. If passed in its current form, both the Local Development Districts and the PREP network will be severely impaired resulting in fewer small to medium-sized businesses having access to critical services, further exacerbating their already challenging circumstances. Under that pretext, nobody wins.

Throughout my career, I have always said, "I may not know everything, but I know who does." That sums up the PREP partnership. The Local Development Districts cannot provide everything our businesses need to be successful. No one partner can. Therefore, it is vitally important that we are connected to and have relationships with the partners who can assist our region's communities and businesses. Through our network of funded and unfunded partners, we strive to provide business assistance. No matter which partner meets with a company, it is incumbent on us to identify the challenges and opportunities of a business and provide the appropriate assistance. Business owners don't really care if it's the LDD, EDC or any other acronym that helped them. At the end of the day, they had a need and the need was filled. That's what they expect from us and if they're successful, we're all successful.

Thank you again for allowing me to share our story with you.