



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Jobs and Economic Development

Chester City Hall – Chester, PA

October 25, 2018

AGENDA

10:00 a.m. Welcome and Opening Remarks

10:10 a.m. State Panel:

- Carol Kilko
Deputy Secretary for Business Financing
Pennsylvania Department of Community and Economic Development
- Eileen Cipriani
Deputy Secretary for Workforce Development
Pennsylvania Department of Labor & Industry

10:50 a.m. Local Panel:

- Drake Nakaishi
Executive Director
Chester Economic Development Authority
- John Daly
Executive Director
Delaware County Workforce Development Board

11:30 a.m. Closing Remarks

Rep. Brian Kirkland Public Hearing - Small Business Development

Testimony - Carol L. Kilko, Deputy Secretary for Business Finance, DCED

IMPACT OF PA SMALL BUSINESSES

The following general facts are about small business and entrepreneurship in Pennsylvania. These statistics, their sources, and more are available in the full Pennsylvania small business profile at SBA.gov.

- Pennsylvania is home to 1 million small businesses, and employs 2.5 million individuals or about half (46.8 percent) of the state's private workforce.
- Almost all Pennsylvania businesses with employees qualify as small businesses, making up 99.6 percent of businesses in the state.
- The economic impact of small businesses across the commonwealth is evident in all business sectors, from professional services, real estate, and construction to health care, retail, manufacturing, and education.
- A total of 15,758 companies exported goods from Pennsylvania in 2014. Among these, 14,039 (or 89.1 percent) were small firms; they generated 32.2 percent of Pennsylvania's \$36.4 billion in total known exports.
- Pennsylvania's 2015 growth rate of 2.8 percent was up from the 2014 rate of 1.8 percent.
- Small business employment constitutes 63-100% of overall employment in 16 PA counties

The typical Pennsylvania business:

- Employs 20 employees or less
- Offers some type of professional, scientific, or technical service

The typical Pennsylvania small business employee:

- Works at a health care and social assistance small business

PARTNERSHIPS FOR REGIONAL ECONOMIC PERFORMANCE (PREP)

PREP is a statewide network of partners designed to work in concert to deliver vital business assistance services across the Commonwealth of Pennsylvania.

- 10 regional teams consisting of hundreds of trained and experience experts
 - How do I start a new business?
 - How do I write a business plan?
 - How can I expand into new markets?
 - Can I get training for my employees?
- Each team is coordinated and works together to provide resources and services offered by local economic development providers:
 - Industrial Development Organizations (IDOs)
 - Local Development Districts (LDDs)

- Small Business Development Centers (IRCs)
- Complementary economic and workforce development organizations

ENGAGE!

Engage! is a statewide, industry-driven initiative featuring a robust team of experienced professionals who proactively listen to businesses across the state to identify opportunities and challenges.

- Connects businesses to the right local resources.
- Experts develop a direct relationship with businesses.
- **Needs Assessment:** Engage! team member meets one-on-one with decision maker within the company
- **Referrals & Technical Assistance:** Create a personalized action plan with recommendations, technical assistance and follow-up steps.

PA DIVERSE BUSINESS FINANCING INITIATIVE

Pennsylvania is committed to promoting diversity, inclusion and small business opportunities.

- Capitalizes revolving loan funds managed by local economic development service providers including Community Development Financing Institutions (CDFIs).
- Allows for local decisions supporting small business development.
- Terms of the loans, including interest rate and collateral, are negotiated between the organization and the borrower.

SMALL DIVERSE BUSINESS CAPITAL ACCESS PROGRAM

- Financing can be used for land and building acquisitions, construction and renovation, machinery and equipment and working capital and accounts receivable lines of credit.
- Term loans up to \$200,000 and lines of credit up to \$100,000.
- Creation and retention of full-time jobs.

PENNSYLVANIA MINORITY BUSINESS DEVELOPMENT AUTHORITY (PMBDA)

- Financing to assist businesses owned by socially and economically disadvantaged persons.
- Land costs, machinery and equipment, building costs, working capital.
- Loans up to \$250,000; terms vary, based on use of the loan.
- Creation and retention of full-time jobs.

PA BUSINESS ONE-STOP SHOP

The Pennsylvania Business One-Stop Shop is the go-to resource for planning, registering, operating, and growing a business — while working smart and living happy in Pennsylvania.

Entrepreneurs and small businesses bring the elbow grease and innovation that keeps our economy humming — the Pennsylvania Business One-Stop Shop offers the resources, tools, and experience to help them dream big, plan for the future, and achieve their goals.

- 99.6% of all businesses in Pennsylvania are small businesses.
- Entrepreneurs, particularly those running or looking to start a small business, are the backbone of our economy. Small businesses employ about half of the state's workforce and created nearly 24,000 new jobs in the second half of 2015.

To support our entrepreneurs and businesses at all stages of development, Governor Wolf created the Pennsylvania Business One-Stop Shop and launched business.pa.gov in February 2018.

- Serving as the first point of contact for Pennsylvania business development concerns, the Pennsylvania Business One-Stop Shop connects and guides businesses through all stages of development — from planning and startup to operating and expanding.
- Whether you're an aspiring entrepreneur or existing business, we provide complete, customer-focused service backed by firsthand knowledge and experience.
- We make navigating business-related processes in state government simple and accessible, so you can get back to doing what you do best — creating, innovating, and succeeding in Pennsylvania.
- Our website — **business.pa.gov** — provides information for those starting a business, growing an existing business, or considering a move to the Keystone State from the U.S. or abroad – all in one convenient location with a few essential sections:

1. Turn Your Concept into an Actionable Plan

Every small business needs to start with a plan, and it's important that first step be as informed and hassle-free as possible. Our Plan section can help turn a concept or idea into an actionable strategy. It includes a template for writing a business plan and information about business structure, business names, and where you can find free local business advice and mentorship.

2. Register Your Business

Registration may appear tricky, but we have a breakdown of everything involved in the business registration process in Pennsylvania, including state and local registration, permits, and a checklist including all the necessary steps so you can stay organized during the process.

3. Explore Small Diverse Business Resources

In Pennsylvania, Small Diverse Businesses (SDBs) are defined as those that are disabled-, women-, minority-, LGBT-, or veteran-owned. Business ownership should be accessible to all, and we are dedicated to creating more opportunities for our SDBs. In the Grow section, there is information on how to get certified in Pennsylvania and nationally, as well as resources and unique opportunities available only to SDBs.

4. View Employer Responsibilities for Operating Businesses

The Operate section covers many common employee-related requirements for Pennsylvania employers, including Workers' Compensation, Local Earned Income Tax, Employer Withholding, common business taxes, and more.

- And if you can't find what you need on business.pa.gov — the Pennsylvania Business One-Stop Shop provides one-on-one, **over-the-phone customer service too**.
- A resource like the Pennsylvania Business One-Stop Shop takes the guesswork out of many business operations and procedures and serves as an equalizer for any who want to do business here.
- The Pennsylvania Business One-Stop Shop is just one of the many ways we express our ongoing commitment to helping Pennsylvanians work smart and live happy.

PA SMALL BUSINESS WEEK

- For the last 3 years, Governor Tom Wolf has proclaimed the last week of April as Pennsylvania Small Business Week. The week is part of a national event celebrating the contributions of small businesses to our communities and economy. With more than half of Americans owning or working for a small business, it's something that significantly impacts the national economy and millions of people in the U.S.
- During the week, DCED shares helpful resources for current and future entrepreneurs, startups, and small businesses, as well as highlighting success stories across our state, posts an Event calendar with workshops, seminars, or training across the Commonwealth on **business.pa.gov**.
- Encouraged small business to download our PA Small Business Proud sign to hang in their location.
- Constant conversation on social media (Twitter, Facebook, and LinkedIn) using #PASmallBiz which does not end in April. One Saturday a month DCED spotlights a Pennsylvania small business in a business blog.

October 25, 2018

House Democratic Policy Committee Hearing

Honorable Brian Kirkland, Member

Presented by:

John Daly, Executive Director

Delaware County Workforce Development Board

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Chairman Sturla, Representative Kirkland, and other members of the House Democratic Policy Committee, my name is John Daly. I serve as Executive Director of the Delaware County Workforce Development Board. It is my pleasure to be with you today to discuss workforce and economic development efforts across Delaware County.

The Delaware County Workforce Development Board, much like the other 21 local workforce development boards across Pennsylvania, is a business-led organization whose primary mission is to ensure that local employers have the skilled workforce they need to operate productively, efficiently, and competitively. Here in Delaware County, we are fortunate to have many strong employers that span the scope of high-priority occupations, including healthcare, information technology, and manufacturing. These industries are also represented on our 30-person board of directors, along with representatives from organized labor, social service agencies, educational institutions and providers, community-based organizations, and economic development. In short, the Delaware County Workforce Development Board is the connection for employers seeking a skilled workforce, and opportunities for individuals to be upskilled and matched with good jobs here at home. We serve both the jobseeker and the employer. The board also brings the best business practices to government programs and services to improve lives and our business environment.

The work the Delaware County Workforce Development Board does with the economic development community is largely to make certain existing employers are assured of their primary resource requirement — a skilled workforce that enables them to sustain and grow their businesses through innovation and responsiveness to market demands.

Among the innovative actions the workforce board has undertaken is to form Industry Partnerships, or IPs. An industry partnership is a consortium of employers, educators, and workforce development professionals who coalesce around a common purpose to address workforce needs and overcome impediments to economic growth. Our workforce board has a long-standing healthcare IP that joins partners from Delaware and Chester counties and has resulted in training and upskilling hundreds of healthcare employees.

Similarly, the workforce board is responsive to community needs, particularly among jobseekers. For instance, data from the US Census corroborated what we knew about the rate of unemployment among veterans in Delaware County. Frankly, it was higher than the statewide average. Earlier this year, the PA Department of Labor and Industry made Rapid Response funding available that targeted veterans. I am pleased to report that the Delaware County Workforce Development Board was able to secure \$400,000 in Rapid Response funding. This has allowed us to launch three supporting programs to help jobseekers who are veterans. Included is training at Delaware County Community College, services from the Community Action Agency of Delaware County, and services provided by Impact Services, which provides employment and housing services to vets at the Chester City CareerLink. Early results are promising, and veterans are responding favorably.

In other efforts to support adult workers in transition, the Delaware County Workforce Development Board has robust career readiness and job placement efforts underway to help men and women who are transitioning from the criminal justice system, as well as substance abuse treatment and rehabilitation centers. In October 2017, we started a pilot program to provide on-site services at MVP recovery, located in Chester City and Media. Since then, 17 of 26 individuals in transition have been successfully placed in jobs locally. We know that employment is pivotal to keeping people out of the criminal justice system and is a key to avoiding drugs and alcohol abuse.

Perhaps the greatest promise for Delaware County's future rests with our youth. Our workforce board is committed to empowering young people with the skills needed for their futures in the workplace. We want them to recognize the opportunities that are available locally and keep their talent here in the county. Our board's Youth Council is responsible for developing a comprehensive workforce investment strategy for youth across 11 programs and service areas. The results have been eye-opening.

For instance, during the 2017-2018 Be Proud Foundation STEP UP summer and school year program, our participants, who were seniors from Upper Darby High School, took part in Fundamentals of Mobile App Development Training. There, teens developed a mobile app using

facts from Chester Drug Free Communities Substance Abuse Prevention to create and release a substance abuse prevention app called S.O.S. Substance Abuse Prevention. Currently available on the Apple Appstore and Google Play, the app delivers timely, accurate information to teens about commonly used, abused, and misused substances, their effects on the body and brain, and their negative consequences. It also dispels common streets myths and provides resources for teens that may need assistance. This was a fabulous opportunity to develop interest and enthusiasm in what could lead to IT jobs in the future, and helps to address the opioid epidemic that very directly impacts people, families, businesses, and economic competitiveness. Targeting low-income and at-risk youth is at the core of our programming efforts, and the demand for services there has not decreased.

The need for outreach, training, and job preparedness and placement follows youth beyond high school. In program year 2018, among our out-of-school youth programs that provide services for young people up to age 24, twelve participants are being provided training in OSHA safety and construction-related trades. Elsewhere, ten participants are engaged in Pharmacy Technician jobs that pay. This enables them to earn while they learn through instruction at the Delaware County Community College. All told, there are about 250 out-of-school youth being served right now among our various youth programs. Yes, there is demand. Yes, we are responding.

Preparing people for in-demand jobs here in Delaware County goes well beyond hard skills training, such as how to swing a hammer or turn a wrench. Equally important are the life skills offered in training, such as financial literacy and email etiquette. Our education partners are invaluable community assets that help us to encircle this population with training and support services, all with an ultimate eye toward getting them into good jobs and productive, rewarding career pathways.

Finally, we staff two PA CareerLink® centers located in Chester City and at the main campus of Delaware County Community College in Media. Thousands of jobseekers circulate through these valuable one-stops every year for skills training, job fairs, connections to employers, and for other services.

I am pleased that many of the Delaware County Workforce Development Board's focus areas parallel your committee assignments this session, Representative Kirkland, particularly the Health Committee and the Children and Youth Committee. Clearly, there is much work to be done.

On behalf of the members of the Delaware County Workforce Development Board, it would be my privilege to work with you and your staff to advance efforts that build a talent pipeline that fuels economic growth and individual opportunity in this part of southeastern Pennsylvania. Please feel free to call on me or my team whenever we can be of services. Thank you for this opportunity to visit with you today.

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Representatives Sturla and Kirkland and the other members of the House Minority Policy Committee, Welcome to Chester and thank you for the opportunity to speak to you today. Mayor Kirkland has established a new tagline for our City, **“It all Starts Here”**

The first European settlers in the area were members of the “New Sweden” colony. The settlement that became Chester was first called “Finlandia” (Latin for Finland) and then “Upland” after the Swedish province of Uppland. The New Sweden settlers built Fort Mecoconacka in 1641 to defend the settlement.

In 1644 Upland was the most populous town in the New “Province of Pennsylvania”. On October 27th of that year, the ship Welcome arrived bearing William Penn for his visit to the province. Penn renamed the settlement for the English City of Chester. (Wikipedia) We take pride in reminding visitors and guests that Chester is where William Penn first landed in Pennsylvania,

Chester suffered many hard times due to the great depression and most recently “great recession. Chester once had large ship building companies and a vibrant Ford manufacturing facility where Lee Iacocca worked. Chester was once a hub for textile and clothing manufacturing.

Chester Key Assets

- World Class Soccer Stadium and professional soccer team.
- Corporate home for many medium and large employers such as Crozer hospital, Kimberly Clark, Community Speakers, Fisher Tanks, Roe Fabricators and many others
- Widener university a nationally ranked University known for engineering, robotics, and health care
- We have an active transit center for both bus and rail transportation
- We are 8 minutes for the Philadelphia International Airport
- We have easy access to New York, Wilmington, Washington DC and the Jersey shore via both regional rail and interstate highways
- We have great access to the Delaware River

Projects and Significant Activities in the last 5 years

- New retail outlets such as nation chain convenience stores such as Dollar General
- New restaurants such as Uno Pizzeria
- Candlewood Suites Hotel offering 89 guest suites and is scheduled to open by the end of the year.
- New manufacturing companies locating in Chester, such as Springfield Pasta and American Wood Design
- Kimberly Clark is undergoing a \$150 M energy cogeneration conversion from coal to natural gas along with modernization of the systems.
- Harrah's Casino and Racetrack has upgraded their property with new entertainment venues and restaurants such as Guy Fieri's,
- Widener University is planning a new Health Science Center on their campus that will further augment their allied health programs
- We have a new school. "Chester Charter School of the Arts" for K-10th grade that will offer students and parents choice.
- Murphy Ford Dealership is undergoing a major expansion and upgrade in their showroom and lot
- There was an announcement that a Dodge dealership has decided to locate in Chester.
- We have several new businesses that have opened in the downtown area, such as Down town Locker Room DTLR, Soul Streets, Penn Home Health, and Brother restaurant.
- Global Neuroscience Institute (GNI) has announced they will establish their administrative offices in downtown Chester
- Crozer Hospital has announced a partnership with Global Neuroscience Institutes and is planning a \$6 M capital investment toward a creating state-of-the-art Neuroscience center. Crozer is also planning a \$16 M expenditure for revitalization of their systems and a \$23 M investment for a new electronic medical records system.
- We have had 2 international trade delegations visiting Chester. One was a group for China as part of the trade tour organized by colleagues working with Chester County. The other was with the

Cambodian Ambassador to the United States along with members of his economic development teams.

- We have initiated a Sister City Initiative with Phnom Penh the capital of Cambodia at the request of the previous Cambodian Ambassador HS Chum Bun Rong
- We have been featured in 2 business articles
 - Mainline Times June 2015
 - Business View Magazine November 2017
- Hank's Take featuring the revitalization of Chester

How Can the Harrisburg help ACT 47 Communities such as Chester?

1. We need to find an easier process to secure remnant Penn Dot parcels that they no longer need or want. We are trying to secure these parcels to combine with our properties so that we can create a better project.
2. As an ACT 47 Community we should be able to have a waiver on match requirement for grants like that allowed for the City of Chester
3. We need to streamline the process to access the funds under the "Industrial Sites Reuse Program and make it easier for us to do demolition.
4. The Job creation tax Credit is very confusing and hard to understand regarding eligibility for only companies that produce or have innovating product technology or incorporate innovative processes.
5. We believe a new round of KOZs for only ACT 47 communities would greatly affect our ability to attract prospective companies.
6. Help adapt the many state programs designed to help businesses, assist communities such as Chester develop decent housing, so we can sell them and in the long run raise our comparable rates, and therefore buyers can obtain traditional bank financing.

While it is always nice to create new jobs, if we cannot develop decent housing stock, we will have many commuters coming to work in Chester but don't live in Chester. Right now, property values are very low for our residential properties and then add the cost of construction, making it unaffordable for companies to build new homes and for prospective home owners to secure loans. Low

residential property value places a significant larger disproportionate burden on businesses.

We could mitigate some of that if the redevelopment authorities can secure low interest loans for demolition and title work so that we can get these properties ready for sale.