



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
HARRISBURG, PA 17120

OFFICE OF THE SECRETARY

February 15, 2014

Honorable William F Adolph, Jr.
Majority Chairman
House Appropriations Committee
Room 245 Main Capitol

Honorable Jake Corman
Majority Chairman
Senate Appropriations Committee
Room 281 Main Capitol

Honorable Joseph F. Markosek
Minority Chairman
House Appropriations Committee
Room 512E Main Capitol

Honorable Vincent J. Hughes
Minority Chairman
Senate Appropriation Committee
Room 545 Main Capitol

Dear Chairmen:

I am pleased to transmit the budget materials for the Department of Community and Economic Development for fiscal year 2014-2015. This material is designed to be helpful and informative in your review of the Department's proposed budget.

If you have any questions, or require additional information, please let me know.

Sincerely,

C. Alan Walker

C. Alan Walker
Secretary

cc: Appropriation Committee Members

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LEGISLATIVE BUDGET BOOK

FY2014-2015

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

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DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

I. MISSION STATEMENT

The mission of the Department of Community and Economic Development is to **foster opportunities for businesses** to grow and for communities to **succeed and thrive** in a global economy. Our mission is to improve the **quality of life** for Pennsylvania citizens while assuring **transparency and accountability** in the expenditure of public funds.

The Department of Community and Economic Development (DCED) mission statement provides a vision for both community and economic development. DCED's mission supports the Governor's effort to better integrate and leverage both community and business resources to realize positive changes throughout the commonwealth. To accomplish the mission, DCED staffs operate as one team to achieve these goals:

"Foster Opportunities" refers to the notion that our help is designed to assist in self-sufficiency and sustainable development, rather than serve as an entitlement or as ongoing support. It also denotes that DCED provides the necessary tools, resources, expertise and technical assistance that businesses and communities need to compete in today's world.

"Succeed and thrive" describes the evolutionary process for both businesses and communities. For community development, it implies revitalization, stabilization and growth. It encourages municipalities to use resources efficiently and effectively, to develop partnerships, and to utilize sound planning for the future. For business development, it means entrepreneurship, new growth, expansion and retention.

"Quality of Life" refers to the places we live, work, visit and play. All are highly desirable to our citizens and others. We recognize that there is no single ideal or desired state; rather, we conduct our work to benefit and improve the quality of life for everyone.

"Transparency and Accountability" refers to: openness and responsiveness to customers and key stakeholders with professionalism and Integrity, analysis for program proficiency, measurement of performance, and monitoring to ensure that resources are deployed most efficiently throughout the commonwealth.

II. DEPARTMENTAL PERFORMANCE MEASURES

<u>DCED FY2014-15 Program Performance Measures</u>			
<u>Performance Measures</u>	<u>Actual</u>	<u>Available</u>	<u>Budget</u>
<u>Program: Job Creation, Business Growth and Attraction</u>	<u>FY2012-13</u>	<u>FY2013-14</u>	<u>FY2014-15</u>
Jobs Pledged To Be Created	42,931	43,790	45,065
Jobs Pledged To Be Retained	106,148	108,271	110,036
Businesses Assisted	19,054	19,435	20,124
Private Funds Leveraged (\$Thousands)	\$2,254,267	2,299,352	2,345,339
Public Funds Leveraged (\$Thousands)	\$343,583	350,455	357,464
Persons Receiving Job Training (WedNet)	41,776	42,612	53,448
Brownfield Redevelopment Projects Assisted	32	33	33
<u>Program: PA Innovation Economy</u>	<u>FY2012-13</u>	<u>FY2013-14</u>	<u>FY2014-15</u>
Jobs Created	2,395	2,325	2,350
Jobs Retained	3,431	3,400	3,450
Businesses Assisted	3,200	3,500	3,600
Private Funds Leveraged (\$Thousands)	\$889,523	\$675,000	\$700,000
Public Funds Leveraged (\$Thousands)	\$133,315	\$130,000	\$150,000
New Technology Companies Established	153	85	100
<u>Program: PA Assets</u>	<u>FY2012-13</u>	<u>FY2013-14</u>	<u>FY2014-15</u>
Hotel Rooms Sold (Thousands)	29,082	29,664	30,257
Travelers' Expenditures (\$Millions)	\$40,426	41,235	42,059
Tax Revenues Generated (\$Thousands)	\$4,065,087	4,146,389	4,229,317
<u>Program: PA Worldwide</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Tax Revenues Generated (\$Thousands)	\$99,554	\$101,545	\$103,576
Export Sales Facilitated (\$Thousands)	\$795,862	\$811,779	\$853,015
FDI: Capital Investments Facilitated (\$Thousands)	\$74,811	\$76,307	\$77,833
FDI: Projects Completed	25	22	22
Businesses Assisted	2,097	2,102	2,144
Return on Investments: Ratio of Export Sales and FDI Facilitated to DCED Costs	13416%	13684%	13958%
Return on Investments: Ratio of Capital Investment Facilitated to DCED Costs	3400%	3469%	3538%
<u>Program: PA Core Communities</u>	<u>FY2012-13</u>	<u>FY2013-14</u>	<u>FY2014-15</u>
Keystone Community Projects	60	60	60
Municipal Assistance Program (MAP): Local Governments Assisted	150	150	150
Early Intervention Program: Local Governments Assisted	10	16	16
Homes Weatherized	1295*	1579	1,529
Job Training and Human Services: CSBG: Persons Participating	315,000**	250,250	250,250
Act 47: Designated Distressed Communities Assisted	21	20	18

III. FY2014-15 BUDGET PRIORITIES

The DCED's FY2014-15 budget aims to achieve the following goals:

- 1) Stimulate job creation, business growth and attraction
 - Integrate and streamline delivery of financial and technical business assistance.
 - Focus on statewide, comprehensive infrastructure development.
 - Maximize performance of Pennsylvania's economic development service provider network.
 - Formulate policies and strategies targeted to small and high-growth businesses.
 - Develop a comprehensive strategy to market PA as an ideal location for starting and growing a business.
 - Leverage PA's tax credit programs to grow related industries.
 - Capture up-stream, mid-stream and down-stream shale gas development opportunities.
- 2) Develop PA's Innovation Economy
 - Grow venture capital investments to support early stage and emerging technology firms.
 - Accelerate technology transfer to commercialize new products and services.
 - Revitalize PA's Manufacturing Economy.
- 3) Expand PA Worldwide
 - Increase Office of International Business Development (OIBD)-facilitated export sales for PA companies.
 - Increase Office of International Business Development (OIBD)-facilitated Foreign Direct Capital Investments (FDI) to the commonwealth.
- 4) Embrace PA's Assets
 - Increase domestic and international leisure travel to the commonwealth to grow the tourism industry's economic impact.
 - Maximize PA's energy resources, including coal, natural gas, water, oil and timber.
- 5) Strengthen PA's Core Communities
 - Attain more effective delivery of housing and community development services.
 - Provide resources and technical assistance that enhance the performance and capacity of local governments.
 - Monitor fiscal condition of municipalities via the Early Intervention Warning System in order to identify problems in advance and prevent entry into Act 47 status.

DCED's FY2014-15 budget will also continue to be governed by the following guiding principles:

Partnerships – forging new partnerships with the private sector and other public entities and using DCED programs to enhance regional delivery of economic development services.

Performance-based – advancing program initiatives evaluated by defined metrics, which provide consistent and positive returns-on-investment for taxpayers.

Competition – increasing the level of competition for scarce commonwealth resources to ensure the greatest return.

DCED FY2014-15 Program Priorities

Partnerships for Regional Economic Performance (PREP)

Prior to the implementation of PREP, Pennsylvania's economic development efforts consisted of a large number of independent core service providers, including Industrial Resource Centers (IRCs), Industrial Development Organizations, Local Development Districts (LDDs), and Small Business Development Centers (SBDCs). Now entering its fourth year, PREP is successfully integrating these networks by encouraging regional coordination of economic development efforts. These combined efforts are resulting in superior customer service to the business community and a comprehensive, efficient, statewide economic development delivery strategy.

The 10 PREP networks now report a greater understanding of the capabilities and resources available from partner organizations. This has resulted in greater collaboration for the benefit of client companies. Joint workshops and business counseling sessions have increased along with greater involvement in initiatives such as DCED On-The-Road and the Governor's Impact Awards. The statewide PREP network is also now implementing a comprehensive client management system to more quickly and effectively provide assistance and track results.

Funding is provided to the 10 regional networks to serve current and potential businesses in good standing across the commonwealth. PREP partner organizations deliver a wide array of coordinated business development services designed to encourage the creation of new businesses and to increase and strengthen the capacity of all Pennsylvania businesses to compete successfully in the global economy.

Marketing to Attract Business

Pennsylvania's key strengths – location, infrastructure, energy assets, skilled workforce, and education network – must be regularly and effectively communicated to the national and global business community. Marketing to Attract Business funds efforts to increase domestic and foreign investment in Pennsylvania through targeted marketing and advertising, maintaining and promoting newPA.com, collaborating with industry partners and providing marketing support to the Department's Program Offices (especially those engaged in attracting businesses to Pennsylvania). These efforts include public relations, creative and print collateral, trade missions, targeted marketing events and branding of Pennsylvania: Built to Advance.

The cornerstone of all marketing efforts is newPA.com, DCED's resource-rich website that highlights Pennsylvania's business success stories; helps businesses and organizations better understand the commonwealth's competitive business climate and available state support; and connects to key websites such as PASiteSearch.com.

The Pennsylvania First Program (PA First)

The Pennsylvania First Program (PA First) was established as a comprehensive funding tool to facilitate increased investment and job creation in the commonwealth, and to enable the commonwealth to compete more effectively in the global economy. The PA First Program may provide grants, loans or loan guarantees. The PA First Program is a consolidation of three previously-existing programs: Customized Job Training Program (CJT), Opportunity Grant Program (OGP) and Infrastructure Development Program (IDP). By consolidating and retooling

the three long-standing programs into PA First, DCED has created an effective program that can assist job creators, support workforce development, and invest in growth infrastructure. Eligible uses for PA First funding include job training, land and building acquisition and construction, purchase and upgrade of machinery and equipment, construction and rehabilitation of infrastructure, working capital, environmental assessment and remediation. Program requirements include competitive private investment, seven-year commitment to operate the business at the approved project site and demonstration of significant job creation and/or retention. The Guaranteed Free Training (GFT) Program, commonly referred to as WEDnet, is funded through the PA First appropriation. WEDnet provides training to serve workforce needs of the 21st century.

PA First leverages private dollars, stimulates job creation, 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. The Department of Community and Economic Development (DCED) monitors PA First projects for compliance with the commitments made by the grantee upon receipt of the funds. If the grantee does not meet its commitments and cannot provide an acceptable reason for its failure to do so, DCED may require repayment of some or all of the grant funds.

The Discovered in PA, Developed in PA program (D2PA)

The Discovered in PA, Developed in PA program (D2PA) was designed to spur innovation and entrepreneurship across Pennsylvania. This widely-focused program allows both private and public entities to receive grant dollars to support economic development initiatives as they relate to entrepreneurship, technology transfer, capacity building for regional economic development and outreach to businesses to aid in their success.

Examples of program activities include but are not limited to:

- Support for the deployment of new and innovative programs that are designed to encourage entrepreneurship and the transfer of technology to the marketplace.
- Grants to Pennsylvania non-profits and companies to further their mission and encourage business growth.
- Creation of on-line tools which enhance Pennsylvania's connectivity by and among its economic development providers, partners and companies.

The Ben Franklin Technology Development Authority (BFTDA)

The Ben Franklin Technology Development Authority (BFTDA), established by Act 38 of 2001, has ensured that Pennsylvania companies and entrepreneurs have the necessary tools to build and grow their businesses. The BFTDA 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 support of the BFTDA is in the form of strategic technology-based economic development initiatives which include funding, building of partnerships and providing support services. The BFTDA 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 entrepreneurs, ideas and technology.
- Venture Investment, which provides risk capital to venture partnerships that invest in Pennsylvania companies.
- Technology Development Grants, which provide grants to non-profit organizations to advance the adoption and use of technology, foster innovation and support the creation of companies and high-wage, high-skilled jobs to strengthen Pennsylvania's economy.
- University Research Commercialization Grants, which promote stronger synergy between university-based research and development and technology transfer for economic and workforce development.
- Keystone Innovation Network (KIN) designed to not only encourage but support innovation and entrepreneurship in and around Pennsylvania's colleges and universities, and support the development or expansion of technology transfer to support the commercialization of new technologies. (KIN combined two previous programs: Keystone Innovation Zone program and the Innovation Grant program in FY2012-13)

The Pennsylvania Life Sciences Greenhouse Initiative (LSG)

The three Life Science Greenhouses (LSGs) were established in 2001 by the Act 77 known as the Tobacco Settlement Act with a \$100 million one-time appropriation. To ensure continued growth and leadership in life sciences, 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 PA, Pittsburgh and Philadelphia aggressively focus on increasing formation and growth of life sciences companies in the commonwealth.

Since its inception, the LSG Initiative has established a national reputation and is a model for state funding of early stage risk capital in life sciences. The LSG Initiative captures the innovation potential of the life sciences industry and nurtures that potential with critical early-stage funding and sector-specific business expertise.

World Trade PA (International Business Development)

In today's increasingly complex global economy, international trade is not simply a trend, but a competitive necessity. DCED's Center for World Trade works to promote Pennsylvania exports in key international markets and the Center for Direct Investment seeks to attract foreign investments into Pennsylvania by ensuring that international companies are adequately informed and familiar with Pennsylvania's strengths.

To build on its international success, DCED has improved the existing performance-based compensation system for its international contractors and regional partners; developed sector-specific, fee-based initiatives such as the PA Mining Equipment Export Initiative (PAMEX); and enhanced private sector participation in the International Business Development program through our extensive list of trade shows and missions and the Expert Speaker program. To accomplish this last goal, DCED increased existing sponsorship opportunities and created an international business advisory board in partnership with the Team PA Foundation, and will develop stronger working relationships with member-based business organizations such as the Pennsylvania Chamber, the Pittsburgh Technology Council, and others while also working with the bicameral International Commerce Caucus to develop international business in Pennsylvania. 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.

Office of Travel, Tourism and Film

Given the strong link between film and tourism, DCED decided to merge the two offices into one under a single Executive Director. Tourism is a key industry for Pennsylvania, injecting close to \$40 billion annually into the commonwealth's economy and generating an estimated \$4 billion in tax revenues each year for the state and local governments. 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 also provide exposure to out-of-state markets for the thousands of small Pennsylvania tourism businesses that lack the resources to advertise beyond their local area.

The Office of Travel, Tourism and Film enables the commonwealth to maintain a domestic tourism marketing program. The funding supports a marketing agenda that includes the high-traffic visitPA.com website, the annual state visitor's guide and the newly released Outdoor Adventure Guide, and an active presence on a variety of social media sites (Twitter, Facebook, Pinterest, YouTube, and Foursquare). The department is actively working with industry leaders to establish a public/private partnership in order to implement an effective and comprehensive tourism marketing program and to re-establish and maximize Pennsylvania's presence on the national and global travel and tourism stage. The ultimate goal is to increase the number of persons visiting Pennsylvania each year (a figure currently close to 190 million travelers); increase the amount of travel-related spending that will, in turn, increase the amount of tax revenues the industry generates annually for the state and local governments, and increase the number of jobs for Pennsylvania's citizens.

Keystone Communities

The Keystone Communities (KC) program is designed to encourage the creation of partnerships between the public (governmental) and private (non-governmental) sectors in communities to jointly support local initiatives such as the growth and stability of neighborhoods and communities; social and economic diversity, and a strong and secure quality of life. The KC program incorporates three discontinued appropriations: Housing and Redevelopment Assistance (HRA), the Pennsylvania Accessible Housing Program and the New Communities Appropriation, which was comprised of three programs – Main Street, Elm Street and Enterprise Zone – under one appropriation, Keystone Communities.

All newly-designated communities can become a Keystone Community, a Keystone Main Street, a Keystone Elm Street or a Keystone Communities Enterprise Zone. For all designations, the applicant must have a documented plan that commits to self-sufficiency through the use of identified resources, such as business improvement districts for Main Street, business partnerships supported by the Neighborhood Assistance Program tax credits, for Elm Street, or another identified funding stream. In addition, the community must submit a five-year strategy that incorporates a traditional Main Street, Elm Street, or Enterprise Zone approach or one or more aspects of any of the approaches.

The designated communities will be eligible for expert, advanced training and technical assistance that will guide them to achieve high levels of performance rather than funding multiple years of operational costs. Keystone Communities will continue to support all existing Main Street, Elm Street and Enterprise Zone communities that were designated under the New Communities Appropriation by continuing to fund operational costs for these communities until all program funding commitments are satisfied. These existing programs have the option to apply for designation under the Keystone Communities Program. Keystone Communities will continue to support Accessible Housing efforts. This program component assists persons with physical disabilities to remain in their own home through accessible modifications. These housing improvements help people avoid more costly nursing home care as well as assist family care givers to return to employment. Communities will need to find additional partners and funding sources to compete successfully for grants provided through the Keystone Communities program.

Municipal Assistance Program

The Municipal Assistance Program (MAP) was created to help local governments plan for and efficiently and effectively implement a variety of services, improvements, and soundly-managed development. The program provides funding for three groups of activities:

- *Shared service activities* – program activities include high impact projects; regionalization, consolidation, or merging of services; boundary change; or shared vehicles/motorized equipment.
- *Community planning* – program activities include community plans, plan implementation, and Transit Revitalization Investment District (TRID) planning studies.
- *Mergers and Consolidations* – this program strategically funds mergers or consolidations in communities where long-term savings would be achieved if only the high short-term costs of these endeavors could be overcome (an initiative of Secretary C. Alan Walker).

Applicants for MAP may be any municipality – a city, borough, town, township, home-rule municipality, or county. Applicants may also be a public or quasi-public body duly authorized to act on behalf of one or more municipalities.

The Floodplain Management Program – Act 166

This program reimburses municipalities for costs incurred in the preparation, enactment, administration, and enforcement of floodplain management regulations. This is a statutory responsibility of DCED under the Pennsylvania Flood Plain Management Act, Act 166 of 1978.

The Early Intervention Program

The Early Intervention Program provides grants to municipal and county governments to develop and implement a multi-year strategic and financial management plan. The plan examines operational efficiencies and includes a five-year financial forecast designed to supply short- and long-term direction and to address fiscal stress before it reaches a crisis point.

The Municipalities Financial Recovery Program – Act 47

The Municipalities Financial Recovery program (Act 47) assists local governments facing financial insolvency. Act 47 empowers DCED to declare certain municipalities distressed and in extreme cases, for the Governor to declare a fiscal emergency resulting in the appointment of a Receiver. Act 47 provides distressed municipalities:

- Extensive technical assistance through the preparation and implementation of comprehensive recovery plans;
- Grants to implement recovery plan recommendations; and
- No-interest loans to address immediate creditor issues that would otherwise adversely impact the health, safety and welfare of residents.

Pennsylvania Military Community Protection Commission (Former Pennsylvania Base Development Committee – BRAC)

The Pennsylvania Military Community Protection Commission (PMCP) was established in 2012 by executive order as the latest effort in Pennsylvania's long term effort to sustain and enhance the presence of the military in the commonwealth. Since 1996, the Base Retention and Closure Pennsylvania Action Committee (BRAC-PAC), and later the Pennsylvania Base Development Committee (PBDC) worked to reverse the trend of Pennsylvania's losses in the previous BRAC rounds. To date, Pennsylvania has lost more jobs than any state besides California.

The Pennsylvania Base Development Committee developed an aggressive, comprehensive and inclusive process to enhance the military value of the installations and organizations in Pennsylvania and to retain those military related positions stationed in the Commonwealth. As a result, during the 2005 round, Pennsylvania losses were significantly less than in any of the previous four BRAC rounds.

Today the PMCP is working to build upon past success and move Pennsylvania's 10 major military installations and organizations into positions of strength through efficiency and effectiveness as the services scale back the size of the military. Through local development, research, information gathering, working with our congressional delegation and investment into infrastructure, the commonwealth can take positive preemptive actions to demonstrate our commitment to our nation's warfighter and the Pennsylvanian men and women who support them.

The PMCP is supported in the legislature by the Military Installation and Base Development Caucus, whose bipartisan, bicameral leadership also serve as voting members of the commission. Military spending in the Commonwealth of Pennsylvania is responsible for over \$30 billion dollars in annual spending and over 213,000 jobs. In the first quarter of federal fiscal year 2014, \$4.1 billion dollars were contracted for work in Pennsylvania or to Pennsylvania companies.

IV. FY2014-15 LEGISLATIVE PRIORITIES

The PA Business Development Authority (PBDA)

The PA Business Development Authority will be a newly established authority to maximize Investments, job growth, and minimize bureaucracy. The authority will improve customer service and efficiency for Pennsylvania's job creators by consolidating eight different business financing programs, currently governed by four different entities into one authority - the PA Business Development Authority; creating a simplified, one-stop shop for job creators seeking capital to grow their businesses, and providing flexibility in financing tools necessary to respond to an ever-changing economy.

A true public/private partnership governed by a board with representation from the public and private sectors, the authority will bring under its control the following business financing programs – Pennsylvania Industrial Development Authority (PIDA); Pennsylvania Minority Business Development Authority (PMBDA); Machine and Equipment Loan Fund (MELF) Small Business First Fund (SBF); First Industries; Second Stage Loan program; The Community Economic Development Program; and the Export Financing Program.

The PA Business Development Authority will be able to pledge its unencumbered assets as security to leverage additional private funds (This new capital will be used to meet the financing needs of businesses and bolster the authority's assets over time).

The PA Business Development Authority will identify the real-time financing needs of businesses and apply resources to address those needs through an annual financing strategy that outlines to the Governor, General Assembly, and the business community where resources will be focused in the coming year. All loan applications will be originated by economic development agencies certified by the authority to work hand-in-hand with businesses to prepare applications for consideration by the board. This will ensure business customers receive superior service.


V. MANAGEMENT DIRECTIVE 310.3 WAIVERS

COMMONWEALTH OF PENNSYLVANIA
 Governor's Office of the Budget
 Office of the Secretary of the Budget

Date: September 3, 2013

Subject: Waiver to Act 146 of 1980 and Management Directive 310.3

To: Honorable C. Alan Walker
 Secretary of Community and Economic Development

From: Charles B. Zogby 
 Secretary of the Budget

This is in response to your memorandum of June 6, 2013 in which you requested a waiver to the lapsing and encumbrance requirements of Act 146 of 1980 and Management Directive 310.3 for the following appropriations:

Appropriation	SAP Fund	Amount
Urban Development	10-286-08	\$ 454,000
New Communities	10-288-09	30,000
New Communities	10-288-10	Available Balance
PennPORTS	10-292-12	126,135
Marketing to Attract Tourists	10-294-12	341,724
World Trade PA	10-302-09	10,998
World Trade PA	10-302-10	581,779
World Trade PA	10-302-12	760,141
Marketing to Attract Business	10-303-12	15,241
General Government Operations	10-313-12	237,000
Infrastructure Development	10-309-08	205,070
Infrastructure Development	10-309-09	4,661,937
Infrastructure Development	10-309-10	Available Balance
Shared Municipal Services	10-316-10	124,192
Community Revitalization	10-321-07	50,000
Community Revitalization	10-321-08	900,300
Local Government Resources & Devl	10-826-07	235,000
Local Government Resources & Devl	10-826-08	320,000
Intergovernmental Cooperation		
Authority-2nd Class Cities	10-837-12	228,000
Early Intervention for Distressed		
Municipalities	10-844-10	95,235
Early Intervention for Distressed	10-844-12	1,041,262
Municipalities		
Community & Municipal Facilities Assistance	10-854-08	23,000
Office of Open Records	10-949-12	68,475
Community & Regional Development	10-941-10	156,000

<u>Appropriation</u>	<u>SAP Fund</u>	<u>Amount</u>
Infrastructure & Facilities Improvement Grants	10-856-09	\$ 400,000
Infrastructure & Facilities Improvement Grants	10-856-10	1,576,000
Infrastructure & Facilities Improvement Grants	10-856-12	4,411,127
Regional Development Initiatives	10-855-07	5,000
Regional Development Initiatives	10-855-08	175,000
Pennsylvania First	11-007-11	3,926,842
Pennsylvania First	11-007-12	22,205,425
Municipal Assistance	11-008-12	149,391
Keystone Communities	11-009-11	1,482,467
Keystone Communities	11-009-12	9,748,136
Discover/Developed in PA	11-023-11	645,519
Discover/Developed in PA	11-023-12	8,717,056
Customized Job Training	10-308-XX	Available Balance
Opportunity Grant Program	10-305-XX	Available Balance

Because I believe it is in the best interest of the Commonwealth, a waiver is hereby given to cover all requirements and deadlines necessary to carry this prior year funding amount until June 30, 2014. Although I am approving this waiver request, I strongly encourage you to take all steps possible to avoid the need for future waivers.

A waiver is approved for the Office of Open Records to use up to \$68,475 of available FY 2012-13 funding for move-related costs. The request to use the remaining Office of Open Records funding for recurring personnel costs is not approved. Recurring costs should be charged to the current fiscal year to ensure that the recurring spending is properly aligned with budgeted funding.

If you have any questions regarding this decision, please do not hesitate to call me or the appropriate members of my staff.

cc: Hon. Robert M. McCord
Mr. Bruce Karper
Ms. Terry Mutchler

Z:/waiver letters/Econ Development and Env/2013/146-DCED2013.doc

bcc: Brian Zweiacher, Esq.
Ms. Anna Maria Kiehl
Mr. John Guyer
Ms. Ann Bertolino
Mr. David Harris
Ms. Patricia Derry
BMSS File

VI. APPROPRIATION SUMMARY

PA JOB CREATION, BUSINESS GROWTH AND ATTRACTION

PARTNERSHIPS FOR REGIONAL ECONOMIC PERFORMANCE -11010

		<i>\$ in Thousands</i>				
1.	Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	State Funds	\$ 11,880	\$ 11,880	\$ 12,380	\$ 500	4.21%
2.	Detail by Major Object (Commitment Item)					
	Grants and Subsidies (6600000)					
	State Funds	\$ 11,880	\$ 11,880	\$ 12,380	\$ 500	4.21%
3.	Lapse History	2011-12	2012-13	2013-14 Estim.		
	State Funds: 10273 Lcl Econ Dev Assist	\$ 41	\$ -	\$ -		
	State Funds: 10287 Indus. Resr Ctrs	\$ 131	\$ -	\$ -		
	State Funds: 10300 Sm Bus Devt Ctrs	\$ 76	\$ -	\$ -		
	State Funds: 10314 Lcl Devt Dist Grants	\$ 57	\$ -	\$ -		
	State Funds: 11010 Partnerships/Regional	\$ 12	\$ 56	\$ -		
	Total Lapse	\$ 317	\$ 56	\$ -		

4. Complement: No complement costs are charged to this appropriation.

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law

6. Cost Assumptions: In accordance with the Governor's FY2014-15 budget proposal, DCED is requesting a continued appropriation.

7. Overview of the Program:

The Partnerships for Regional Economic Performance (PREP) supports regional coordination in the delivery of economic development services. The result of a consolidated program is improved customer service to the business community and comprehensive regional and statewide economic development strategies. PREP reduces the programmatic silos created by separate funding and increases efficiencies through integrated outreach and programs to improve effectiveness of service delivery to a region's private sector. PREP provides performance-based grants to a consortia of economic development service providers in a region such as Industrial Development Organizations (IDOs), Local Development Districts (LDDs), Small Business Development Centers (SBDCs), Industrial Resource Centers (IRCs), and complementary economic development organizations. The providers integrate programs and services, develop partnership agreements and otherwise create a coordinated and performance-based service delivery system that ensures high value-added, cost-effective services are provided to businesses in the region. PREP grants are awarded to develop and implement a competitive strategy based on partnerships and performance-based results.

Additionally, the program creates regional public/private advisory boards that help define a comprehensive economic development approach and analysis of priority services for the region.

8. Program Performance and Impact

PREP				
<u>Fiscal Year</u>	Total Jobs Pledged to be Created & Retained	Total Private/Public Funds Leveraged in thousands	Businesses Assisted	Workforce: # of Employees Trained
FY2012-13	42,986	\$2,361,900	18,288	25,026*

**includes workshop participants and workforce training sessions.*

The section below includes FY2012-13 PREP highlights for the core service providers that were consolidated under PREP in FY2011-12:

Industrial Development Organizations

Industrial Development Organizations represent the Industrial/Economic Development Corporations (IDCs/EDCs) across the commonwealth. They handle everything from site selection projects with the Governor's Action Team, to loan underwriting and packaging, to creation of special zones through state programs such as Keystone Opportunity Zones, Enterprise Zones and Keystone Innovation Zones.

An independent professional study of the effectiveness of PA's EDCs since 2007 indicated:

- EDCs packaged over \$1.45 billion in grants, loans, tax credits and other sources to business that were expanding or locating in Pennsylvania
- EDCs leveraged an additional \$3.35 billion in private equity, bank participation and bond financing.

Local Development Districts

Created by the Appalachian Regional Commission, the Local Development Districts (LDDs), exist to promote economic and community development within their respective regions. The LDDs' role is to identify priority needs of local communities to combat poverty, unemployment and low income. Based on these needs, the LDDs work to develop plans for their communities' economic development, to target and meet the most pressing needs, and to build community unity and leadership. LDD programs advocate intergovernmental coordination and joint actions between the public and private sectors in an effort to find solutions to problems such as transportation, health, housing, education, human resources, environment and infrastructure. The LDDs also focus on enterprise development activities for small and medium-sized businesses to include core services of government marketing, export development and public/private financing. The success of the enterprise development program is based upon provision of one-on-one counseling to thousands of client companies by trained and experienced LDD staff.

In FY2012-13, Business finance clients received 100 loans totaling \$15,411,293. Clients reported \$879,376,885 in export sales and \$671,915,910 in government sales.

Small Business Development Centers

The Pennsylvania Small Business Development Centers (SBDC) are a statewide, nationally accredited program that provides high quality one-on-one consulting, training and information resources to empower new and existing businesses. The SBDC program is a public/private partnership with the U.S. Small Business Administration, the Pennsylvania Department of Community and Economic Development and 18 universities and colleges across the Commonwealth.

In FY2012-13 the SBDCs:

- Provided 105,035 hours of management consulting to 11,884 entrepreneurs.
- Trained 12,449 business persons at 667 seminars, workshops and conferences.
- Helped clients secure \$107.31 million in start-up and expansion capital.
- Increased SBDC clients' international sales by \$103.40 million.
- Helped clients to obtain \$203.95 million in procurement contracts.

Industrial Resource Centers

The Industrial Resource Centers (IRCs) Network specializes in providing technical assistance to Pennsylvania's manufacturing sector, especially to small and medium-sized manufacturers. The seven regional-based centers provide technology and process improvement services directly to manufactures or in partnership with private and public sectors. Services include: new product development, innovation engineering, market development, strategic planning, lean manufacturing/cost savings, technology/engineering assistance, information technology services, training and supply chain development/reshoring. The program is also part of the US Department of Commerce's Manufacturing Extension Partnership Program and leverages a federal match because of the Department's state investment. A core competency of the IRC program is to "right size" world class processes, programs and services employed by large companies and make them affordable and accessible to the small manufacturing marketplace and grow the manufacturing industry through partnerships with the private and non-profit sectors.

Through an independent third-party surveyor provided by the US Department of Commerce, these companies reported in FY2012-13 an impact of \$1.032 billion in increased and retained sales, cost savings, savings on investments and increased investments by manufacturers.

Success Story:

Northern Tier PREP Region

In February 2013, NTRPDC closed a \$100,000 loan to Hoff Mechanical, Inc. This was part of an overall \$500,000 public finance package, in which Northern Tier Regional Planning & Development Commission partnered with Tioga County Development Corporation, and Northeast Pennsylvania Industrial Resource Center. This loan is being utilized by Mr. Darryl Hoffman to purchase R&T Mechanical North Division in Lawrenceville. R&T Mechanical/North Division is an industrial mechanical contractor providing skilled services for manufacturing

companies. It began operations in Lawrenceville in 1998, growing from five employees to 16 today. Darryl Hoffman, a former long-time R&T employee, purchased the R&T/North Division and merged it with his existing startup company, Hoffman Mechanical, Inc., which he has been operating for the past year.

A public funding package was developed which included funds from the Tioga County Enterprise Zone Revolving Loan Fund, Northeast Pennsylvania Industrial Resource Center (NEPIRC) and Northern Tier Regional Planning & Development Commission (NTRPDC) for a total of \$500,000, along with private financing from Timothy Baughman, owner of R&T Mechanical. This is truly a partnership of the Northern Tier PREP Network. In addition to loan financing from NTRPDC, TCDC & NEPIRC, the Small Business Development Center (SBDC) of the University of Scranton assisted in the Business Plan for Hoff Mechanical, Inc.

Program Expansion:

Reshoring - This will add an important reshoring element to the menu of services delivered by the 10 regional PREP networks and be implemented as a broader "Made in PA" initiative. The recent public discussion on reshoring has demonstrated the need and interest to help bring manufacturing jobs back to Pennsylvania. The PREP reshoring initiative will help identify gaps in the supply chain; explore additional ways to develop a skilled workforce; provide additional technical assistance to companies seeking access to capital; and pursue efforts to help companies realize the savings to be realized through lower energy costs.

Workforce Assistance - Workforce development and recruiting needs remain a common source of concern among Pennsylvania businesses, especially manufacturing. The skills mismatch is a recurring theme and business owners are calling for help from educators and government.

Business owners and managers realize that labor issues impact their bottom line – turning down new business, putting off expansion plans and dealing with the high cost of employee recruitment and retention. A public-private cooperative effort is needed to improve our supply chain of workers and is just as critical as new markets, financing and other traditional business assistance programs.

Through this expansion of Reshoring and Workforce Assistance, the following additional impacts are projected:

- 1,500 companies will be assisted for reshore opportunities.
- 10 jobs per company will be retained or created for each reshore project engagement
- 5,000 jobs will be created or retained due to coordinated workforce assistance
- Under the Advanced Manufacturing Talent Partnerships, up to 10 Partnerships will be created to engage 200 manufacturers and recruit/expose 5,000-10,000 students in manufacturing careers.

INDUSTRIAL SITES ENVIRONMENTAL ASSESSMENT FUND - 60051

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	Other Funds - Restricted Revenues Total	\$ 1,176	\$ 493	\$ 493	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Grants and Subsidies (6600000)						
	Other Funds - Restricted Revenues	\$ 1,176	\$ 493	\$ 493	\$ -	0.00%
3. Lapse History						
	State Funds	\$ -	\$ -	\$ -		
4. Complement Information						
		N/A				

5. Legislative Authorization: Act of May 19, 1995 (P.L. 43, No. 4) known as the Industrial Sites Environmental Assessment Act

6. Cost Assumptions:

This fund is a continuing appropriation (ledger 60). The budget amounts are projections included in the Governor's Executive Budget.

7. Overview of the Program:

The Industrial Sites Assessment Fund (Act 4 of 1995) authorizes grants to municipalities, counties, municipal authorities, redevelopment authorities, and economic development agencies to perform environmental assessments of contaminated industrial sites. In 2000, the Act was amended to permit performance-based loans for uniquely situated projects. Performance-based loans require the borrower to meet certain agreed-to performance standards related to the project being funded. If those standards are met, the loan is forgiven.

The Department combines the resources of this program with the Industrial Sites Cleanup Fund (Act 2 of 1995) to operate the Industrial Sites Reuse Program (ISRP). Many of the Keystone Opportunity Zone (KOZ) sites have received ISRP assistance.

8. Program Performance and Impact:

The following performance measures are for the Act 4 portion of Industrial Sites Reuse Program (ISRP) only:

Act 4	FY2011-12	FY2012-13	FY2013-14 To Date
Total Number of Assessment Projects funded	8	9	9
Total Number of Remediation Projects funded	-	3	1
Total Projects	8	12	10
Total Expenditures for Assessment Projects	\$575,869	\$637,292	\$ 636,517
Total Expenditures for Remediation Projects	\$ -	\$ 2,156,534	\$ 335,225
Total Expenditures	\$ 575,869	\$ 2,793,826	\$ 971,742
No. of Counties with Projects	7	10	8
Average Funding per Project (Grants/Loans)	\$ 71,983	\$ 232,818	\$ 97,174

ISRP at Work:

Greater Wilkes-Barre Industrial Fund

The Greater Wilkes-Barre Industrial Fund (GWBIF) received a \$135,000 Industrial Sites Reuse grant for the environmental assessment of an industrial property located at the corner of North Main Street and North Street in the City of Wilkes-Barre, Luzerne County. The site contains 1.67 acre and was the former Mary Macintosh Dry Cleaners. ISR funds will be used for a Phase I and Phase II site assessment and the development of a remediation action plan. Once the site is assessed and remediated GWBIF will partner with King's College to construct a four story building that will include office space, classrooms, a student lounge and conference room for King's College.

Susquehanna County Housing/Redevelopment Authority

Susquehanna County Housing/Redevelopment Authority (SCHRA) received a \$134,164 Industrial Sites Reuse Program (ISRP) grant for additional site investigation to complete Act 2 Site characterization at the former Southern Tier Plastics Plant in New Milford Borough, Susquehanna County. The Phase I and Phase II environmental assessments have been completed. DEP is requiring additional assessment work to identify contamination. ISRP funds will be used for more soil and groundwater sampling as well as a vapor intrusion evaluation and administrative costs. Test borings and the installation and sampling of groundwater monitoring wells will be completed on the 1.78-acre property. There is a 46,000 sq. ft. vacant industrial building that was once the location of a leather tannery, silk mill, and plastics manufacturer. Once all assessment results are concluded, SCHRA will develop a remediation plan to clean up the site and demolish the building. SCHRA plans to develop a 24-unit residential complex for senior citizens.

INDUSTRIAL SITES CLEANUP FUND - 20054 and 20055

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
State Funds		\$ 5,313	\$ 5,314	\$ 5,314	\$ -	0.00%
State Funds Itemized						
ISC Admin (20054)		\$ 313	\$ 314	\$ 314	\$ -	0.00%
ISC Loans (20055)		\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.00%
Grand Total All Funds		\$ 5,313	\$ 5,314	\$ 5,314	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
ISC Admin (20054)		\$ 80	\$ 81	\$ 76	\$ (5)	-6.17%
Operating (6300000)						
ISC Admin (20054)		\$ 233	\$ 233	\$ 238	\$ 5	2.15%
Debt Service/Investment (6500000)						
ISC Loans (20055)		\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
Grants and Subsidies (6600000)						
ISC Loans (20055)		\$ 4,000	\$ 4,000	\$ 4,000	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
ISC Admin (20054)		\$ 210	\$ 200	\$ -		
ISC Loans (20055)		\$ 1,263	\$ 2,855	\$ -		

4. Complement Information:

The 20054 appropriation has no direct complement. Personnel costs for designated employees are initially incurred in the General Government Operations appropriation and charged out to 20054 via hard codes in SAP.

5. Legislative Authorization: Act 2 of 1995 and Act 4 of 1995.

6. Cost Assumptions:

This Fund is supported by interest and loan repayments and transfers from the Hazardous Sites Cleanup Fund.

7. Overview of the Program:

The Industrial Sites Cleanup Fund is designed to encourage the reuse of blighted and former industrial sites. The program provides grants and low-interest loans to companies, municipalities, and private non-profit economic development entities for environmental assessments and remediation work. Funds are available for both site assessment and

remediation and can fund up to 75 percent of the project cost, with a maximum of \$200,000 for site assessment and \$1,000,000 (grants) for site remediation.

The Department combines the resources of this program with the Industrial Sites Assessment Fund (Act 4 of 1995) to operate the Industrial Sites Reuse Program (ISRP). Many of the Keystone Opportunity Zones (KOZ) sites have received ISRP assistance.

8. Program Performance and Impact:

These performance measures apply to only the Act 2 portion of ISRP:

Act 2	FY2011-12	FY2012-13	FY2013-14 To Date
Total Number of Assessment Projects funded	6	-	1
Total Number of Remediation Projects funded	10	5	3
Total Projects	16	5	4
Total Expenditures for Assessment Projects	\$582,256	\$0	\$ 48,498
Total Expenditures for Remediation Projects	\$ 4,400,969	\$ 1,359,650	\$ 2,870,887
Total Expenditures	\$ 4,983,225	\$ 1,359,650	\$ 2,919,385
No. of Counties with Projects	11	4	4
Average Funding per Project (Grants/Loans)	\$ 311,451	\$ 271,930	\$ 729,846

ISRP at Work:

Redevelopment Authority of the County of Bucks

The Redevelopment Authority of the County of Bucks (RDA) received a \$244,043 Industrial Sites Reuse Program (ISRP) grant for environmental remediation at the former USI Lighting, Inc. facility located in Bristol Township, Bucks County. The 30-acre industrial site located in the Enterprise Zone on the southeast side of Route 13 between Beaver Dam Road and Green Lane was previously occupied by the Corona Leather Works, Tan-Art Company, G. Lever & Co., Bristol Processing and Columbia Lighting. The RDA plans to remediate the site for use by OKNA Windows, a manufacturer of windows and doors. The Site Characterization Report that was completed in October of 2012 identifies an area of contamination on the northern portion of the subject property which consists of buried non-media solids. ISRP funds will be used for removal and remediation of contamination.

Redevelopment Authority of Easton

The Redevelopment Authority of Easton (ERA) received a \$356,250 Industrial Sites Reuse Program (ISRP) grant for environmental remediation at 118 and 120 Northampton Street in Easton City, Northampton County. The two contiguous buildings were previously used by commercial businesses, but are now blighted and have been vacant for over 20 years. The ERA worked with the Lehigh Valley Land Recycling Initiative to complete Phase I and Phase II environmental assessments. The results of these reports indicate that the site has been impacted by asbestos and lead paint. After remediation, the ERA will work with a developer to reconstruct the site into 2 mixed-use buildings to include commercial space on the first floor and

residential units on the upper floors. ISRP funds will be used for asbestos and lead paint abatement.

KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT

Note: This program is not included in the DCED budget but is administered by the Department in cooperation with the Department of Revenue.

Overview of the Program:

Pennsylvania continues to have a surplus of abandoned, deteriorated commercial and industrial sites in need of revitalization. The Keystone Special Development Zone Tax Credit Program (KSDZ) is an incentive-based tax credit program to foster redevelopment of contaminated (actual or presumed) industrial and commercial sites. There are often large populations in the immediate area that need employment opportunities. Once it becomes economically feasible to clean up these sites, the sites become prime spots for business, economic development and job creation.

Businesses that are established within and/or relocate to a KSDZ will have the opportunity to earn restricted tax credits in exchange for the investment and revitalization of the zone. DCED will use the Department of Environmental Protection's (DEP) established listing of Special Industrial Areas to certify a KSDZ and administer the tax credits to qualified businesses locating in the zones. This new program will be administered through the existing Site Development Division within the Center for Business Financing.

In June 2011, Act 26 of 2011 amended the Fiscal Code and created Keystone Special Development Zones (KSDZ). The KSDZ designation is for parcels of real property certified as brownfields pursuant to the Land Recycling and Environmental Remediation Standards Act.

Program Performance and Impact:

Elimination of contaminated brownfield sites across Pennsylvania will create additional real estate availability for businesses to locate and create new jobs. Provision of a job creation tax credit to companies locating in the sites will result in development of contaminated sites and provide job opportunities to Pennsylvanians.

The Keystone Special Development Zone program is expected to leverage approximately \$100,000,000 of private investment each year and create 10,000 new jobs over a five-year period. The return on investment is expected to be nearly 770 percent.

As of June 30, 2013 there were two Keystone Special Development Zone designated consisting of 487.38 acres. To date, no tax credits have been awarded under this program.

STATE SMALL BUSINESS CREDIT INITIATIVE - 70447, 70951

	<i>\$ in Thousands</i>				Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request			
1. Summary Financial Data						
Federal Funds: SSBCI Admin 70447	\$ 487	\$ 487	\$ 487	\$ -	0.00%	
Federal Funds: SSBCI 70951	\$ 13,646	\$ 20,000	\$ 20,000	\$ -	0.00%	
Total Less Budgetary Reserve	\$ 14,133	\$ 20,487	\$ 20,487	\$ -	0.00%	
2. Detail by Major Object (Commitment Item)						
Budgetary Reserve (6000000)						
Federal Funds	\$ -					
Personnel (6100000)						
Federal Funds SSBCI Admin 70447	\$ 87	\$ 102	\$ 96	\$ (6)	-5.88%	
Operating (6300000)						
Federal Funds SSBCI Admin 70447	\$ 400	\$ 385	\$ 391	\$ 6	1.56%	
Grants and Subsidies (6600000)						
Federal Funds SSBCI 70951	\$ 13,646	\$ 20,000	\$ 20,000	\$ -	0.00%	
3. Lapse History	2011-12	2012-13	2013-14 Estim			
Federal Funds	\$ 415,000	\$ 341,000	\$ -			

4. Complement Information:

The administrative appropriation has no direct complement. Personnel costs are transferred from the General Government Operations (10313) appropriation based on time actually worked for the SSBCI program.

5. Legislative Authorization: Small Business Jobs Act of 2010

6. Cost Assumptions:

The FY2014-15 request is in accordance with the Governor's budget proposal. The requested amounts are carry-over funds from prior years.

7. Overview of the Program:

On September 27, 2010, President Obama signed into law the Small Business Jobs Act of 2010 (the Act) to help increase credit availability for small businesses. The Act created the State Small Business Credit Initiative (SSBCI) and appropriated \$1.5 billion to be used by the U.S. Department of the Treasury (Treasury) to provide direct support to states for use in programs designed to increase access to credit for small businesses. Pursuant to the Act, Treasury allocated funds to all fifty states according to a statutory formula that takes into account a state's

job losses in proportion to the aggregate job losses of all states. Under the Act, each state or territory was guaranteed a minimum allocation of 0.9 percent of the \$1.5 billion.

The commonwealth was allocated \$29,241,232 from this Act. Pennsylvania's application was approved by the Treasury on October 6, 2011. The funds will be distributed as follows:

- The second third (\$9,747,077) of Pennsylvania's total allocation of \$29,241,232 has been transferred to Pennsylvania upon approval of the program(s) by the US Secretary of Treasury.
- Each successive third is transferred to Pennsylvania when Pennsylvania certifies with US Treasury that it has expended, transferred or obligated 80 percent of the last transferred third. Pennsylvania is now close to having obligated 50 percent of the first transfer of the funds.
- Each third must be expended within two years. The total length of the program is seven years.
- Any program income generated from the allocated funds shall be used for the same purposes and under the same condition as the allocated funds.

8. Program Performance and Impact:

The commonwealth is deploying the Small Business Credit Initiative funds through four existing state programs: The Pennsylvania Economic Development Financing Authority (PEDFA), the Pennsylvania Community Development Bank (PCD Bank), the Ben Franklin Technology Partnership (BFP) Life Science Greenhouses (LSG), and the Machinery and Equipment Loan Fund (MELF). The combined programs target needs of underserved businesses, targeted industry, and the commonwealth's own popular, job-creating small business programs which have seen budgetary shortfalls. Loans made by these programs are projected to create more than 6,850 jobs statewide.

State Small Business Credit Initiative at Work:

Locating Utilities Infrastructure Services, LLC

Locating Utilities Infrastructure Services, LLC (LUIS) is a Latino owned and operated company located in North Philadelphia. It was founded in 2007 by Luis Berrios. Mr. Berrios has worked in the subsurface utility location business for over 15 years as a Lead Technician, Operations Supervisor, and Quality Control Inspector.

His firm provides location of subsurface utility systems services to utility, telecommunications, and engineering firms. The company is hired by these firms to during the pre-construction phase of projects to locate buried gas, sewer, water, electrical and communications lines in order to avoid their disruption and the resultant costly repairs.

Mr. Berrios first applied to EOF in 2011. At that point his sales were \$102,000 with profits of \$31,000. As of 12/31/12, with the help of a \$20,000 loan (including \$16,000 of SSBCI funds), he was able to perform as a sub-contractor for the Philadelphia Water Department (PWD). He provided property owners with storm-water site evaluations as part of PWD's 25 year Green City Clean Water initiative. As a result his sales were \$297,000 with profits of \$78,000. Further, PWD has been so impressed by the quality of LUIS's work that the initial contract for \$179,000

has been increased by PWD by 277% to \$497,000 and PWD has enlisted Mr. Berrios to train other utility locators.

With this SSBCI-supported loan, Mr. Berrios will be able to hire two more workers and double his workforce to four.

GENERAL GOVERNMENT OPERATIONS - 10313

	<i>\$ in Thousands</i>				Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request	Change	
1. Summary Financial Data					
State Funds: 10313	\$ 15,915	\$ 13,660	\$ 14,302	\$ 642	4.70%
State Funds Less Budgetary Reserve	\$ 15,915	\$ 13,660	\$ 14,302	\$ 642	4.70%
Total State Funds	\$ 15,915	\$ 13,660	\$ 14,302	\$ 642	4.70%
Other Funds - Augmentations Total	\$ 4,609	\$ 4,296	\$ 4,606	\$ 310	7.22%
Augmentations Itemized (4400000)					
Environmental Training (4435228)	\$ 251	\$ -	\$ -	\$ -	0.00%
Local Area Transportation (4435366)	\$ 84	\$ -	\$ -	\$ -	0.00%
PA Industrial Development Authority (4435635)	\$ 964	\$ 1,072	\$ 1,144	\$ 72	6.72%
PA Econ Devt Finance Authority (4435673)	\$ 447	\$ 460	\$ 506	\$ 46	10.00%
Community Development Bank (4436082)	\$ 67	\$ 54	\$ 49	\$ (5)	-9.26%
State Planning Board Expense (4436470)	\$ 100	\$ -	\$ -	\$ -	0.00%
Community Financing Authority (4436083)	\$ 2,547	\$ 2,654	\$ 2,851	\$ 197	7.42%
Local Match (4436606)	\$ 110	\$ 56	\$ 56	\$ -	0.00%
Transfer Between Governmental Units (4455207)	\$ 39	\$ -	\$ -	\$ -	0.00%
Total Other Funds: 10313	\$ 4,609	\$ 4,296	\$ 4,606	\$ 310	7.22%
Grand Total All Funds	\$ 20,524	\$ 17,956	\$ 18,908	\$ 952	5.30%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
State Funds 10313	\$ 10,608	\$ 10,476	\$ 11,404	\$ 928	8.86%
Other Funds	\$ 3,872	\$ 4,022	\$ 4,332	\$ 310	7.71%
Total Personnel	\$ 14,480	\$ 14,498	\$ 15,736	\$ 1,238	8.54%
Operating (6300000)					
State Funds 10313	\$ 4,351	\$ 2,909	\$ 2,823	\$ (86)	-2.96%
Other Funds	\$ 1,092	\$ 274	\$ -	\$ (274)	-100.00%
Total Operating	\$ 5,443	\$ 3,183	\$ 2,823	\$ (360)	-11.31%
Fixed Assets 6400000					
State Funds	\$ 123	\$ 15	\$ 15	\$ -	0.00%
	\$ -	\$ -	\$ -	\$ -	0.00%
	\$ 123	\$ 15	\$ 15	\$ -	0.00%
Grants and Subsidies (6600000)					
State Funds 10313	\$ 39	\$ -	\$ -	\$ -	0.00%
Other Funds	\$ 39	\$ -	\$ -	\$ -	0.00%
Non Expense (6910000)					
State Funds 10313	\$ 794	\$ 45	\$ 60	\$ 15	33.33%
Budgetary Reserve		\$ 215			

3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds 10313	\$ 1,344	\$ -	\$ -		
PRR: STEB/PERC Transfers	\$ -	\$ 53	\$ -		
Total Lapse	\$ 1,344	\$ 53	\$ -		
4. Complement Information	Jan 25, 2013		Jan 24, 2014		FY2014-15
	Authorized	Filled	Authorized	Filled	Request
State Funds	222	209	221	217	211

5. Legislative Authorization: Act 58 of 1996

6. Cost Assumptions:

FY2014-15 requested personnel costs are \$11.404 million in state funds plus augmentations to support a complement of 211 positions.

Personnel costs for employees in the GGO complement are transferred to other DCED and federal programs based on actual time devoted to those programs. Where possible, a portion of the related operating costs as described below is transferred to other DCED programs on a pro-rata basis. The requested budget reflects the net amount after anticipated transfer of costs to other programs.

7. Overview of the Program:

DCED

The General Government Operations appropriation for the Department supports agency-wide functions that cannot be charged to specific programs. Many programs administered by DCED have no provision for personnel cost. Those employees, and others whose functions are administrative, are 100 percent funded by GGO. Operating costs support leases for computers, telephones and other office equipment, space rental, supplies and services provided by other state agencies (Comptroller, Office of Administration, Civil Service, etc.). As noted in the **Cost Assumptions** section, some operating costs originally incurred in GGO are transferred to other programs.

The personnel and operating costs for the offices for World Trade PA, Marketing to Attract Tourists, Marketing to Attract Business, Center for Local Government Services, Small Business Advocate and Open Records are funded through separate state appropriations.

8. Program Performance

The primary measure of program performance in the General Government appropriation is customer satisfaction with the quality and responsiveness of DCED personnel. Success is measured by the success of the Department. The Department's performance measures are listed in Section II of this submission, beginning on page 2.

During the past year, DCED has realigned staff in order to streamline operations, obtain synergies, and create efficiencies. We have standardized federal invoices and financial status report and eliminated backlogs in review of audit and grant closeout reports. One of our most

significant initiatives was merging our human resources functions with PennDOT, which resulted in efficiencies and budgetary savings. Program and Administrative Staff have coordinated activities in order to provide excellent customer service and accountability while ensuring that taxpayer dollars are expended wisely.

OFFICE OF OPEN RECORDS - 10949

1. Summary Financial Data	<i>\$ in Thousands</i>				Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request			
State Funds	\$ 1,374	\$ 1,684	\$ 1,975	\$ 291	17.28%	
State Funds Less Budgetary Reserve	\$ 1,374	\$ 1,684	\$ 1,975	\$ 291	17.28%	
Total Request	\$ 1,374	\$ 1,684	\$ 1,975	\$ 291	17.28%	
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
State Funds	\$ 1,234	\$ 1,608	\$ 1,894	\$ 286	17.79%	
Operating (6300000)						
State Funds	\$ 140	\$ 76	\$ 81	\$ 5	6.58%	
3. Lapse History						
	2011-12	2012-13	2013-14 Estim			
State Funds	\$ -	\$ -	\$ -			
4. Complement Information						
	Jan 25, 2013		Jan 24, 2014		FY2014-15	
	Authorized	Filled	Authorized	Filled	Requested	
State Funds	12	12	15	15	16	

5. Legislative Authorization:

The Office of Open Records (OOR) was created by Act 3 of 2008 as an independent office. The Commonwealth Court held that the Office is a quasi-judicial agency. See East Stroudsburg University Foundation v. Office of Open Records, 995 A.2d 496 (2010)

6. Cost Assumptions:

This FY2014-15 request reflects the continued rate of increase in the amount of cases being processed by the OOR, as well as projected increases in workload resulting from recent court mandates relative to hearings, in camera reviews, and dismissals. Since the office was established in FY2008-09, the OOR has trended strong increases in appeals decided, court cases argued, original Right to Know requests answered, and public inquiries responded to. The OOR will not be able to sustain its high level of productivity and responsiveness; and be able to comply with the timeframes as detailed in the Right to Know Law, at current funding levels. Along with additional staffing to address the projected increase in case load, this request reflects an increase in operating costs to cover hearings, travel for court appearances, and increased training for local agency Open Records staff.

The OOR requires approximately an annual budget of \$2 million to meet its legislative mandate. Further expanding the office's jurisdiction to the state-related universities as anticipated through proposed legislation would require additional resources.

7. Overview of the Program:

The legislative mandate of the Office of Open Records, an independent quasi-judicial agency, is to enforce the state's Right-to-Know Law and to serve as a resource for citizens, public officials and members of the media in obtaining public records of their government.

8. Program Performance and Impact:

Created by the Right to Know Law, the Office of Open Records and its fourteen staff handled the following case load in calendar year 2013:

- 2475 final determinations, an increase of 14.9 percent from the previous year, and represents a **213 percent** net increase since opening our doors in 2009.
- Over 150 cases in the Supreme Court, Commonwealth Court and Courts of Common Pleas.
- Approximately 10,000 emails and telephone and letter inquiries from citizens, government officials and members of the media.
- Responded to nearly 700 RTKL requests directed to the OOR.
- Provided training courses statewide as required by the RTKL.
- Provided informal mediation as required by the RTKL.
- Provided an annual report to the Governor and General Assembly as required by RTKL.

PENNSYLVANIA MILITARY COMMUNITY PROTECTION COMMISSION (PMCP)

4. Complement Information:

This appropriation has an authorized complement of two.

5. Legislative Authorization:

Act of May 10, 1939 (P.L. 111) known as the Commerce Law.

6. Cost Assumptions:

The FY 2014-2015 funding for operations will be through General Government Operations line (GGO).

7. Overview of the Program:

The Pennsylvania Military Community Protection Commission (PMCP) was established in 2012 by executive order as the latest effort in Pennsylvania's long term effort to sustain and enhance the presence of the military in the commonwealth. Since 1996, the Base Retention and Closure Pennsylvania Action Committee (BRAC-PAC), and later the Pennsylvania Base Development Committee (PBDC) worked to reverse the trend of Pennsylvania's losses in the previous BRAC rounds. To date, Pennsylvania has lost more jobs than any state besides California.

The Pennsylvania Base Development Committee developed an aggressive, comprehensive and inclusive process to enhance the military value of the installations and organizations in Pennsylvania and to retain those military related positions stationed in the Commonwealth. As a result, during the 2005 round, Pennsylvania losses were significantly less than in any of the previous four BRAC rounds. This was accomplished with the financial support of the administration and the state legislature who provided \$5 million to support the efforts of the Committee.

Today the PMCP is working to build upon past success and move Pennsylvania's 10 major military installations and organizations into positions of strength through efficiency and effectiveness as the services scale back the size of the military. Through local development, research, information gathering, working with our congressional delegation and investment into infrastructure, the commonwealth can take positive preemptive actions to demonstrate our commitment to our nation's warfighter and the Pennsylvanian men and women who support them.

The PMCP is supported in the legislature by the Military Installation and Base Development Caucus, whose bipartisan, bicameral leadership also serve as voting members of the commission.

Military spending in the Commonwealth of Pennsylvania is responsible for over \$30 billion dollars in annual spending and over 213,000 jobs. In the first quarter of federal fiscal year 2014, \$4.1 billion dollars were contracted for work in Pennsylvania or to Pennsylvania companies.

8. Program Performance and Impact:

Though this program was created in FY 2012-13, there has already been one effort to eliminate a Pennsylvania military installation through a non-BRAC closure. The effort was rebuffed and that 911th Airlift Wing remains open and at full strength. The efforts of this commission are preemptive in nature to ultimately enhance the military value of the 10 major installations and organizations stationed in Pennsylvania.

MARKETING TO ATTRACT BUSINESS - 10303

	<i>\$ in Thousands</i>				
1. Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
State Funds	\$ 941	\$ 3,442	\$ 4,586	\$ 1,144	33.24%
State Funds Less Budgetary Reserve	\$ 941	\$ 3,442	\$ 4,586	\$ 1,144	33.24%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
State Funds	\$ 358	\$ 547	\$ 558	\$ 11	2.01%
			\$ -		0
Operating (6300000)					
State Funds	\$ 483	\$ 2,895	\$ 4,028	\$ 1,133	39.14%
Total Operating	\$ 483	\$ 2,895	\$ 4,028	\$ 1,133	39.14%
Grants and Subsidies (6600000)					
State Funds	100	0	0	\$ -	0.00%
3. Lapse History					
State Funds	\$ -	\$ -	\$ -		
4. Complement Information					
	Jan 25, 2013		Jan 24, 2014		FY2014-15
	Authorized	Filled	Authorized	Filled	Requested
State Funds	6	6	6	6	6

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law and the Act of April 9, 1929 (P.L. 177, Article XXV-C) known as the Administrative Code of 1929.

6. Cost Assumptions: The FY2014-15 request is in accordance with the Governor's budget proposal.

7. Overview of the Program:

Pennsylvania's Marketing to Attract Business program markets the state for investment. This appropriation funds the Department's economic development marketing and public relations activities, which include: print collateral such as Business Today in PA, maintaining and promoting newPA.com, collaborating with industry partners and providing marketing support to the Department's program offices (especially those engaged in attracting businesses to Pennsylvania).

8. Program Performance and Impact:

Marketing Pennsylvania nationally and internationally to support economic progress.

As our nation and state emerge from a lengthy recession and businesses look toward the future, Pennsylvania is competitively positioned as a state of innovation and opportunity. It is our challenge to create and extend a forward-looking view of PA as a thriving, business-friendly environment.

Our public relations plan prioritizes who we are talking to (target audiences), what we are saying to them (key messages), and how we will communicate to them (specific channels and frequency). The goal is to create a conversation with our target audiences, to engage them and tell them the positive story of DCED and Pennsylvania as a place to live and do business.

Pennsylvania needs to tell the story, or someone else will. The commonwealth has transformational changes and successes to tout. Marketing supports promotion, advertising and event-management efforts. These efforts can attract businesses to expand, relocate and start in Pennsylvania and inform constituents on what we are doing and what we have accomplished.

Surrounding states have large marketing budgets: \$50 million in New York and \$30 million in Ohio. Pennsylvania's marketing efforts are critical to ensure our benefits of doing business are not drowned out and we are achieving a competitive edge.

FY2012-13

Marketing Office propelled DCED and successful Pennsylvania companies to the front page this past year with a highly-successful Familiarization Tour, hosting business writers, an On The Road tour in the Northeast and Northwest, revitalized social media efforts and the inaugural Governor's ImPAct Awards, which continues to make waves in print and online media.

Press and Events

- ***Inaugural Governor's ImPAct Awards***
- ***DCED on the Road***
- ***newPA.com redesign***
- ***13 tradeshows, including:***
 - BIO International
 - Convention Corp. Real Estate Network (CoreNET)
 - Industrial Asset Management Council (IAMC)
 - International Economic Development Council (IEDC)
 - Medical Device Manufacturing (MDM) Conference
 - The Third Dimension

Press Coverage

- 162 Press Releases
- 73.5 million impressions - Inaugural Governor's Impact Awards
- 92,020,663 impressions

Social Media

- Twitter - 97% growth
- LinkedIn - 31% growth
- Almost 2,000 fans across our social media channels

newPA.com

- 1,451,452 Visits - *49% increase year over year*
- 4,189,437 Pageviews
- 112,781 Mobile and Tablet Visits - *8% of all site visits*
- 29,266 International Visits - International visits from 205 countries.

FILM TAX CREDIT

Program Overview:

The Pennsylvania Film Tax Credit Program is an economic development tool to foster the growth and development of the commonwealth's film industry. The program, authorized under Act 55 of 2007, provides a tax credit equal to 25 percent of a film production's "qualified Pennsylvania production expenses" for film productions where at least 60 percent of the total production budget is spent in Pennsylvania.

In the current economics of the industry and the highly competitive landscape, film tax credits have become a vital component to attract film production, both nationally and internationally. The presence of a film tax credit can be considered the "price of admission" for destinations to attract the attention of film producers and film production activities. Producers locally and nationally indicate their decision process is highly sensitive to access to tax credits.

Program Performance and Impact:

<u>Film Production Tax Credit Program FY2012-13</u>		
Businesses Assisted - Film Production Companies	Film Production Expenditures in thousands	Jobs Attributable to Film Production Activities
33	\$462,000	2,587

Overall Economic Impact: \$462 million was spent in film production across Pennsylvania in FY2012-13, creating 2,587 full-time jobs.

Demonstrated Success: 33 projects were approved for tax credits in FY2012-13. Major films included:

- ***Paranoia (Paranoia Productions LLC)*** – \$6.7 million in tax credits and \$27 million in PA production expenses (Philadelphia region)
- ***Foxcatcher*** (Fair Hill LLC) – \$6 million in tax credits and \$24.3 million in PA production expenses (Pittsburgh region)
- ***Those Who Kill*** (Pacific 2.1 Entertainment Group Inc.) – \$6.4 million in tax credits and \$25.6 million in PA production expenses (Pittsburgh region)

The Administration is committed to the success of the Film Tax Credit Program, and has made the following program enhancements to encourage and expand the future of the filming industry in Pennsylvania

- **Maintained Funding Level:** Pennsylvania's Film Tax Credit funding remained at \$60 million.

- **Increased Flexibility:** Designed specifically to attract greater participation of TV series filming in PA, the administration has developed a multi-year (30-20-10 percent) tax credit funding formula.
- **Increased Attraction for Selling/Applying Tax Credits:** While tax credits could only previously be applied to the Capital Stock/Franchise tax, Personal Income Tax or Corporate Net Income Tax, the program was recently expanded, allowing tax credits to be applied to bank shares and insurance as well.
- **Added Incentive for Utilizing PA Facilities:** The program now offers an additional five percent tax credit for the utilization of PA's (qualified) production facilities.
- **Improved Review Policy:** Applications are now selected based on the greatest economic impact (versus first-come, first-served).
- **Fostered State Wide Growth of Industry:** In addition to managing film tax credit program, the PA Film Office provides film productions of all sizes with location, permitting and similar support.

Suggested Improvements:

Tax Credit Maximum = \$10 million total project credit – The oversubscription of Film Tax Credits creates a competitive environment for attracting new production companies. Capping the credit at \$10 million allows greater distribution of the resources.

Applications must be made within 90 days of start of principal photography in PA. One 15-day extension provided for start of principal photography in PA. Production companies have started “reserving” the tax credits by making application before they were ready. This practice creates a hold for workers and suppliers to maintain a constant flow of business.

Documentation that 70% of financing is in place at time of application. Again, “holding” tax credits before the film is financed does not guarantee the project will get completed and holds valuable resources from other qualified productions.

During audit if tax credit qualifications are 10% or less in applied-for credits, the applicant will:

- Lose any additional bonus tax credits
- Forfeit future application bonus tax credits for 5 years
-

This will eliminate production companies from inflating their tax credit to “hold” funds for future use.

**OFFICE OF SMALL BUSINESS ADVOCATE - WORKERS
COMPENSATION FUND - 16297 & 16315**

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
Other Funds: Restricted Revenues Total		\$ 1,286	\$ 1,286	\$ 1,357	\$ 71	5.52%
Restricted Revenues Itemized						
Small Business Advocate (16297)		\$ 1,092	\$ 1,092	\$ 1,163	\$ 71	6.50%
Workers' Compensation Fund (16315)		\$ 194	\$ 194	\$ 194	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
Small Business Advocate (16297)		\$ 555	\$ 564	\$ 697	\$ 133	23.58%
Workers' Compensation Fund (16315)		\$ 95	\$ 99	\$ 96	\$ (3)	-3.03%
Total Personnel						
Operating (6300000)						
Small Business Advocate (16297)		\$ 537	\$ 528	\$ 466	\$ (62)	-11.74%
Workers' Compensation Fund (16315)		\$ 99	\$ 95	\$ 98	\$ 3	3.16%
Total Operating						
3. Lapse History						
		2011-12	2012-13	2013-14 Estim		
State Funds		\$ -	\$ -	\$ -		
4. Complement Information						
		Jan 25, 2013		Jan 24, 2014		FY2014-15
		Authorized	Filled	Authorized	Filled	Requested
Small Business Advocate (16297)		7	6	7	7	7

5. Legislative Authorization: Act of December 21, 1988 (P.L. 1871, No. 181), known as the Small Business Advocate Act; Act 44 of July 1993 (Article XIII)

6. Cost Assumptions:

The Office of Small Business Advocate (OSBA) is supported by the Small Business Advocate appropriation (16297) and the Workers' Compensation Administration Fund (16315). The complement of seven positions and related personnel costs, as well as general office operational expenses, are funded 85 percent from the SBA fund and 15 percent from the Workers Compensation fund.

A separate budget for expert witnesses is set aside from each appropriation. The FY2014-15 breakout of costs is:

		<u>Workers</u>	
	<u>SBA (149)</u>	<u>Comp</u>	<u>Total Request</u>
Personnel	\$ 697,000	\$ 96,000	\$ 793,000
Office Operating	97,000	38,000	136,000
Expert Witnesses	368,000	60,000	428,000
Subtotal Operating	\$ 466,000	98,000	564,000
Grand Total	\$1,163,000	\$194,000	\$ 1,357,000

7. Overview of the Program:

The Office of Small Business Advocate (OSBA) was established to represent small business customers in matters before the Pennsylvania Public Utility Commission. In 1993, the General Assembly assigned the additional responsibility to represent business interests in the setting of rates for Worker's Compensation insurance policies established by the Insurance Department.

8. Program Performance and Impact:

The OSBA does not administer "programs" as do other offices of the Department as described in these materials. Instead, the OSBA initiates or intervenes in formal legal proceedings before the Public Utility Commission in order to represent the interests of the small business customers of Pennsylvania's public utilities in those cases. At the time these materials were prepared in January 2014, the OSBA had participated in 44 cases at the PUC which were initiated in 2013. The OSBA also continued to participate in PUC cases which were initiated in prior years.

On behalf of Pennsylvania's businesses, the OSBA also reviews and files comments on the yearly loss cost proposals submitted by the Pennsylvania Compensation Rating Bureau and the Coal Mine Compensation Rating Bureau for approval by the Pennsylvania Insurance Department. In those annual filings, the two rating agencies propose revisions to the "loss costs" that are a major component of the premiums for the Workers' Compensation insurance policies purchased by Pennsylvania employers.

AMERICORPS TRAINING AND TECHNICAL ASSISTANCE - 70208

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
Federal Funds		\$ 128	\$ 75	\$ 75	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Operating (6300000)						
Federal Funds (70208)		\$ 128	\$ 75	\$ 75	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
Federal Funds (70208)		\$ 87	\$ 106	\$ -		
4. Complement Information		N/A				

5. Legislative Authorization: None

6. Cost Assumptions:

The program is administered by the Governor's Center for Local Government Services (GCLGS) through a Memorandum of Understanding with the PA Department of Labor and Industry.

7. Overview of the Program:

The program provides for administration of the PA Department of Labor and Industry's PennSERVE events (forums, conferences, training, etc.) by the Pennsylvania Local Government Training Partnership through a contract with the Pennsylvania State Association of Township Supervisors (PSATS). DCED's GCLGS provides oversight to PSATS. The contract includes the services listed below:

- Coordination of hotel, registration, certification materials and meeting handouts
- On-site management of events, such as registration and coordination with hotel staff.
- Periodic reports on the status and activities related to events administration, to include statements of payment in a timely fashion.

8. Program Performance and Impact:

There are no performance measures for this program.

PENNSYLVANIA FIRST - 11007

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
State Funds		\$ 29,500	\$ 37,800	\$ 42,500	\$ 4,700	12.43%
State Funds with PRR		\$ 29,500	\$ 37,800	\$ 42,500	\$ 4,700	12.43%
2. Detail by Major Object (Commitment Item)						
Grants and Subsidies (6600000)						
State Funds		\$ 24,500	\$ 32,800	\$ 37,500	\$ 4,700	14.33%
Total Grants		\$ 24,500	\$ 32,800	\$ 37,500	\$ 4,700	14.33%
Non Expense (6910000)						
State Funds		\$ 5,000	\$ 5,000	\$ 5,000	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
State Funds: 10305 Opportunity Grants		\$ -	\$ -	\$ -		
State Funds: 10308 Customized Job Training		\$ -	\$ -	\$ -		
State Funds: 10309 Infrastructure Devt		\$ -	\$ -	\$ -		
Total Lapse		\$ -	\$ -	\$ -		
4. Complement Information		This appropriation has no authorized complement.				

4. Complement Information: This appropriation has no authorized complement.

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law

6. Cost Assumptions:

The FY2014-15 funding request is in accordance with the Governor's budget proposal.

7. Overview of the Program:

The Pennsylvania First Program (PA First) was established as a comprehensive funding tool to facilitate increased investment and job creation in the commonwealth, and to enable the commonwealth to compete more effectively in the global economy. The PA First Program may provide grants, loans or loan guarantees. The PA First Program is a consolidation of three previously-existing programs: Customized Job Training Program (CJT), Opportunity Grant Program (OGP) and Infrastructure Development Program (IDP). By consolidating and retooling the three long-standing programs into PA First, DCED has created an effective program that can assist job creators, support workforce development, and invest in growth infrastructure. Eligible uses for PA First funding include job training, land and building acquisition and construction, purchase and upgrade of machinery and equipment, construction and rehabilitation of infrastructure, working capital, environmental assessment and remediation. Program requirements include competitive private investment, seven-year commitment to

operate the business at the approved project site and demonstration of significant job creation and/or retention. The Guaranteed Free Training (GFT) Program, commonly referred to as WEDnet, is funded through the PA First appropriation.

8. Program Performance and Impact:

PA First							
<u>Fiscal Year</u>	Jobs Pledged to be Created	Jobs Pledged to be Retained	Total Jobs Pledged to be Created & Retained	Businesses Assisted	Matching Funds Pledged to be Invested in thousands	Businesses Assisted Through WEDnet	Number Of Employees Trained Through WEDnet
FY2012-13	7,927	35,429	43,356	61	\$906,105	773	41,776

DCED will continue to monitor projects for commitments to investment, job creation/retention and site requirement. Imposed penalties shall continue to be in the form of partial to complete grant pay-back.

PA First at Work:

Certech Inc. \$150,000

Certech Inc. manufactures ceramic cores for aerospace and industrial turbine applications. The \$150,000 grant was awarded to assist the company with the relocation of its New Jersey operations along with the upgrading and reconfiguration of their manufacturing facility located in Hanover Township, Luzerne County. Within three years, the company will invest \$3,960,000 in the project, which will retain 185 existing employees and create 80 new, full-time jobs.

Eurofins Lancaster Laboratories, Inc. \$300,000

Eurofins Lancaster Laboratories, Inc. provides contract analytical services for pharmaceutical, biopharmaceutical and environmental clients worldwide. The \$300,000 grant was awarded for the purchase of machinery and equipment as part of the company’s expansion of operations located in Upper Leacock Township, Lancaster County. Within four years, the company will invest \$17,200,000 in the project, which will retain 870 existing employees and create 200 new, full-time jobs.

CEVA Logistics US, Inc. \$150,000

CEVA Logistics US, Inc. provides logistics solutions to a broad range of industries, including automotive production, energy and retail. The \$150,000 grant was awarded for the purchase of machinery and equipment as part of the company’s establishment of a warehouse and distribution facility located in Penn Township, Cumberland County. The new facility will support the distribution needs of Microsoft in the northeastern United States and eastern Canada. Within three years, CEVA will invest \$8,665,374 in the project, which will retain 100 existing employees and create 95 new, full-time jobs.

Guaranteed Free Training Program

PA First also funds the Guaranteed Free Training (GFT) Program, operated by the Workforce and Economic Development Network of Pennsylvania (WEDnetPA). The GFT Program provides funding to Pennsylvania companies for basic skills and information technology training. WEDnetPA is a job training alliance of 10 universities in the Pennsylvania State System of Higher Education, Pennsylvania's 14 community colleges, Pennsylvania College of Technology, North Central PA Regional Planning & Development Commission, Greater Altoona Career and Technology Center, and the University of Pittsburgh at Bradford. The Guaranteed Free Training Program requires the WEDnetPA alliance partners to seek the input of local Workforce Investment Boards and key economic development organizations to determine the target industries and training priorities in their regions. Since its inception, this program has trained more than one million Pennsylvania workers, including more than 90,000 in advanced technology skills.

GUARANTEED FREE TRAINING PROGRAM RESULTS									
Fiscal Year	Basic Skills			Information Technology			Combined		
	#	Employees	Invoiced	#	Employees	Invoiced	#	Employees	Invoiced
1998-2000	372	26,980	\$ 8,540,199.37	0	0	\$ -	372	26,980	\$ 8,540,199.37
2000-2001	461	34,931	\$ 5,992,031.00	496	7,742	\$ 4,923,216.51	957	42,673	\$ 10,915,247.51
2001-2002	856	66,115	\$ 12,351,477.00	940	12,162	\$ 6,126,292.00	1,796	78,277	\$ 18,477,769.00
2002-2003	1,703	97,608	\$ 18,666,427.22	1,319	10,159	\$ 6,125,671.83	3,022	107,767	\$ 24,792,099.05
2003-2004	1,355	86,062	\$ 15,842,867.71	801	9,809	\$ 5,447,071.50	2,156	95,871	\$ 21,289,939.21
2004-2005	1,610	106,355	\$ 14,872,006.01	1,191	8,879	\$ 4,626,683.00	2,801	115,234	\$ 19,498,689.01
2005-2006	1,501	101,948	\$ 14,082,070.57	1,040	7,339	\$ 3,778,369.19	2,541	109,287	\$ 17,860,439.76
2006-2007	1,369	86,934	\$ 12,523,685.00	983	6,814	\$ 3,634,456.00	2,352	93,748	\$ 16,158,141.00
2007-2008	1,543	100,810	\$ 15,524,103.00	1,052	7,880	\$ 4,042,012.00	2,595	108,690	\$ 19,566,115.00
2008-2009	1,529	82,319	\$ 12,256,943.00	1,106	7,391	\$ 4,012,343.00	2,635	89,710	\$ 16,269,286.00
2009-2010	1,091	41,550	\$ 5,782,531.00	798	3,806	\$ 1,991,306.00	1,889	45,356	\$ 7,773,837.00
2010-2011	1,077	44,634	\$ 6,489,153.00	734	3,538	\$ 1,878,271.00	1,811	48,172	\$ 8,367,424.00
2011-2012	723	37,654	\$ 5,328,025.00	400	3,165	\$ 1,594,985.00	1,123	40,819	\$ 6,923,010.00
2012-2013	756	39,498	\$ 5,842,802.00	343	2,278	\$ 1,383,610.00	1,099	41,776	\$ 7,226,412.00
Grand Total:	15,946	953,398	\$154,094,321	11,203	90,962	\$49,564,287	27,149	1,044,360	\$203,658,608

MARCELLUS LEGACY FUND ACT 13 Programs

The funding for these programs is not included in the budget. The funds are held and administered by a Trust.

The Marcellus Legacy Fund was created by Act 13 of 2012 to provide for the distribution of unconventional gas well impact fees to counties, municipalities and commonwealth agencies. Pursuant to Section 2315 (a) (6) (i) of the Act, a portion of the fee revenue will be transferred to the Commonwealth Financing Authority for statewide initiatives that will include abandoned mine drainage abatement; abandoned well plugging; sewage treatment; greenways, trails and recreation; baseline water quality data; watershed restoration; and flood control.

On January 29, 2013, the Commonwealth Financing Authority approved the opening of the following programs:

Abandoned Mine Drainage Abatement and Treatment Program

This program provides grants to restore and maintain stream reaches impaired by abandoned mine drainage and ultimately, to remove these streams from the Department of Environmental Resources Impaired Waters list.

Watershed Restoration Protection Program

This program provides grants to restore and maintain stream reaches impaired by the uncontrolled discharge of nonpoint source polluted runoff and ultimately to remove these streams from the Department of Environmental Protection's Impaired Waters list.

Baseline Water Quality Data Program

This program provides grants to use the scientific principles and practices for water sample collection and analysis to document existing groundwater quality conditions on private water supplies.

Flood Mitigation Program

This program provides grants for the acquisition, construction, rehabilitation and repair of flood control projects.

Greenways, Trails and Recreation Program

Provides grants for the planning, acquisition, development, rehabilitation and repair of greenways, recreational trails, open space, parks and beautification projects.

Orphan or Abandoned Well Plugging Program

This program provides grants to provide mechanisms to plug abandoned and orphaned wells that have the potential to cause health, safety or environmental concerns.

Program Performance and Impact:

These programs were deployed in January 2013, and the impacts were not available by June 2013, but will be reported next fiscal year.

Note: Act 89 of 2013 – Transfer to Commonwealth Financing Authority (CFA)

In Addition to the above programs, Act 89 of 2013 provides for funding to be transferred to the Commonwealth Financing Authority each year to assist with the implementation of a variety of transportation projects including: projects which coordinate local land use with transportation assets to enhance existing communities; projects related to streetscape, lighting, sidewalk, enhancement, and pedestrian safety; projects that will improve connectivity or the utilization of existing transportation assets; and projects related to transit oriented development. Financial assistance provided by the Commonwealth financing Authority will be matched by local funding in an amount not less than 30% of the non-federal share of the project costs.

BUSINESS IN OUR SITES

The funding for this program is not included in the budget. It is held and administered by a Trust.

The Business in Our Sites Program (BOS) provides grants to pay for the necessary planning and predevelopment work required to carry out strategically-important real estate development projects. The program also provides loans and grants for the acquisition and development of key sites for future use by businesses. Grants of up to \$5 million or 50 percent of the project cost, whichever is less, are available as well as low-interest-rate loans. In addition to the attractive interest rate, these capital loans have very flexible repayment terms. In most cases, interest does not begin to accrue nor are repayments due until after the first land sale is made or the first lease is executed.

Program Performance and Impact:

On September 7, 2004, the guidelines for BOS were approved by the Commonwealth Financing Authority. From inception through June 30, 2013, 71 planning grant projects that totaled \$9,743,669, and 73 construction projects that totaled \$322,789,338, were approved under BOS. The program will leverage \$1,095,678,077 in matched investments. Projects in 51 of Pennsylvania's 67 counties have received BOS funds.

BOS at Work:

There were no projects approved in FY2012-13.

FIRST INDUSTRIES LOAN GUARANTEE PROGRAM

The funding for this program is not included in the budget. It is held and administered by a Trust.

Legislative Authorization: The Act of April 1, 2004, No. 22, (P.L. _ “Act”)

Overview of the Program:

The First Industries Tourism and Agriculture Loan Guarantee Program provides loan guarantees for projects related to agriculture and tourism within Pennsylvania. Eligible applicants for a loan guarantee are for-profit business enterprises (such as a corporation, limited liability company, sole proprietor, cooperative or partnership), or non-profit organizations engaged in either agriculture-related or tourism-related activities as defined in the program guidelines.

Program Performance and Impact:

<u>FIRST INDUSTRIES LOAN GUARANTEE PROGRAM FY2012-13</u>	
Jobs Created/Pledged to be Created	15
Jobs Retained/Pledged to be Retained	0
Total Jobs Created & Retained/Pledged to be Created & Retained	15
Private Funds Leveraged in thousands	\$21,907
Public Funds Leveraged in thousands	\$140
Total Private/Public Funds Leveraged in thousands	\$22,047
Businesses Assisted	3

The program started with no designated reserve amount. It was part of the overall First Industries program, which includes planning grants and loans. In FY2012-13, three applications were approved for a total of \$4,581,385 in guarantees. These projects are expected to create and retain a total of fifteen jobs.

First Industries Loan Guarantee at Work:

LMT Greenhouse, LLC

The Reinvestment Fund received a 90 percent First Industries Guaranty of their \$162,650 loan to LMT Greenhouse, LLC. The project consists of the construction of a 53,424 square foot greenhouse to be located in Bucks County that will grow and supply fresh, healthy greens to a Pennsylvania-based supermarket chain and a Pennsylvania-based specialty food distributor. McCaffrey’s, based in Langhorne, PA is the supermarket chain under contract to purchase output from the greenhouse, and John Vena Inc. is the Philadelphia-based distributor who has signed a purchase contract. The cost of the project is estimated at \$2,459,949. The project is being financed by a \$1,262,650 loan from The Reinvestment Fund that is the subject of the First

Industries Guarantee, a \$600,000 subordinated loan from Nexus Corporation, and \$597,299 in Borrower equity.

FIRST INDUSTRIES FUND (SBF and MELF)

The funding for this program is not included in the budget. It is held and administered by a Trust.

Overview of the Program:

The First Industries Program was established by the General Assembly in July of 2004. The program is administered by the Commonwealth Financing Authority. Total funds available for the First Industries Program are \$150 million. Funds are allocated at \$10 million for planning grants and \$140 million for loans. Principal and interest payments are placed back in the Fund for relending.

The First Industries Program provides planning grants, loans, and loan guarantees for projects that relate to the development and enhancement of tourism and agricultural activities within Pennsylvania. First Industries planning grants may be awarded to eligible applicants to pay for the cost of predevelopment activities and feasibility studies. First Industries program loans are available through the Small Business First (SBF) program for land and building, machinery and equipment, and working capital costs, and through the Machinery and Equipment Loan Fund (MELF) program for machinery and equipment costs. Loan guarantees can be used by non-profit organizations or for-profit business enterprises that request a loan from a commercial lender or community development financial institution.

Program Performance and Impact:

Since program inception in 2004, over 700 First Industries Fund (FIF) loans have been approved to businesses located throughout the commonwealth. The loans account for nearly \$150 million in FIF approvals and are leveraged by \$370 million in matching funds. A large number of these loans are for production agriculture enterprises. Grant funding for the FIF program is exhausted.

First Industries Fund at Work:

There were no First Industries Fund Loans approved during FY2012-13.

TAX INCREMENT FINANCING GUARANTEE PROGRAM

The funding for this program is not included in the budget. It is held and administered by a Trust.

Legislative Authorization: Tax Increment Financing Act (TIF) of July 11, 1990 (the “TIF Act”).

Overview of the Program:

The Tax Increment Financing Guarantee Program is a loan guarantee program that promotes and stimulates the general economic welfare of various regions and communities in the commonwealth, and assists in the development, redevelopment and revitalization of brownfield and greenfield sites in accordance with the TIF Act. The program provides credit enhancement for TIF projects to improve market access and lower capital costs through the use of guarantees to issuers of bonds or other indebtedness.

The guarantee can help fund infrastructure and environmental projects for industrial enterprises and retail establishments, or infrastructure, environmental and building projects for manufacturers, hospitals, convention centers and associated hotels. TIF projects can include utilization of abandoned or underutilized industrial, commercial, military, previously-mined institutional sites or buildings, or undeveloped sites planned and zoned for development in accordance with any existing comprehensive municipal plan.

Program Performance and Impact:

The program began with \$100,000,000 in reserve. From its inception through FY2011-12, ten TIF guarantees were approved, for a total of \$48,500,000. No TIF guarantees were approved in FY2012-13.

TIF Guarantee At Work – Clinton Industrial Park

The Clinton Industrial Park TIF District is approximately 150 acres located along Clinton Road, 1/8 mile from the Interchange on SR 60 across from the Pittsburgh International Airport. The District is located in Findlay Township and is wholly within the West Allegheny School District and Allegheny County. The Clinton Industrial Park is an industrial park for large, bulk warehouse buildings ranging in size from approximately 100,000 square feet to 400,000 square feet. The Park consists of five sites totaling 88 acres with the site capacity for approximately 1.5 million square feet of bulk warehouse space.

Before the TIF District was created the property was blighted, undeveloped and had an assessed value of \$0 because it was tax exempt, but with the help of TIF the property is expected to generate a total of \$13,478,316 in tax revenue during the 20 year term of the TIF district. The \$5 million TIF Guarantee was used to guarantee a portion of a \$5.5 million TIF bond issued by the Redevelopment Authority of Allegheny County that was used to fund roadway construction, intersection improvements, sewer and roadway extension. These on-site and off-site improvements were crucial to carrying out the development plan of the Clinton Industrial Park. Phase I of the Park has been completed and several buildings are being occupied. The Buncher Company has completed a 400,000 square foot warehouse building

which is primarily occupied by FedEx Smart Post and American Tire. The Buncher Company also completed a 225,000 square foot facility for Flabeg, manufacturer of solar panels for the world market. Knepper Press constructed a 100,000 square foot building to expand their commercial printing business. There are currently over 600 people employed in the industrial park. The TIF guarantee was critical in ensuring the completion of this important economic development project for Allegheny County.

SECOND STAGE LOAN GUARANTY PROGRAM

The funding for this program is not included in the budget. It is held and administered by a Trust.

Legislative Authorization: The Act of April 1, 2004, No. 22,

Overview of the Program:

The Second Stage Loan Guaranty Program is a loan guarantee program that offers guarantees for bank loans to second stage manufacturers, advanced technology, and life sciences businesses to support growth in these vital sectors. The loan guarantees are primarily for working capital, but are also available to finance the asset needs of life sciences, advanced technology, or manufacturing businesses that have been in existence for at least two, but no more than seven, years at the time of application.

Program Performance and Impact:

The program began with \$50 million in reserve. In FY2012-13, no new projects were approved. From inception through FY2012-13, eight projects have been approved for guarantees that totaled \$3,360,000. These projects helped to preserve 176 jobs and create 148 new jobs.

NEW PA VENTURE CAPITAL INVESTMENT PROGRAM

The funds for this program are not included in the budget. They are held and administered by a Trust.

Program Overview:

The New PA Venture Capital Investment Program, a key component of the Economic Stimulus Package passed in 2004, is allocated \$60 million for investment in loans to Pennsylvania-focused venture capital firms. The program is designed to ultimately benefit and support Pennsylvania related early-stage companies by requiring venture firm recipients to invest the loans and a 3-to-1 private match in these early stage companies. Of the \$60 million, 50 percent is made available to venture capital partnerships located in historically underserved areas of Pennsylvania. Furthermore, the program encourages recipient firms to invest 50 percent of the received program loans in companies located in these underserved areas.

Program Performance and Impact:

<u>NEW PA VENTURE CAPITAL INVESTMENT PROGRAM</u>							
Fiscal Year	New VC Commitments (\$) in thousands	Jobs Created	Jobs Retained	Total Jobs Created & Retained	VC Investments in PA Companies (\$) in thousands	Total Private/Public Funds Leveraged (\$) in thousands	Businesses Assisted
FY 2012-13	\$7,000	0	192	192	\$14,052	\$31,401	8
Since Inception	\$48,925	1,058	1,904	2,962	\$285,469	\$771,185	87

The main objective of the program is to stimulate venture capital investment in Pennsylvania companies. Specifically, the program strives to:

- 1) Seek and support qualified emerging venture capital managers who are developing first time funds in Pennsylvania;
- 2) Continue to support existing venture capital funds who are raising additional funds and continuing to develop quality professional venture capital managers on their staffs;
- 3) Develop a robust venture capital community through outreach, networking and industry collaboration; and
- 4) Attract additional capital to Pennsylvania by leveraging program investments.

These investments have helped to create and retain jobs with a combined average annual salary of over \$81,000.

The program has currently committed 100 percent of the capital available to venture capital funds located in the Philadelphia and Pittsburgh markets. The \$8,525,000 that remains to be

committed is available to funds located in the underserved areas of Pennsylvania and outside these two markets.

New PA Venture Capital Investment Program at work:

Penn Venture Partners: Penn Venture Partners is an early stage venture capital fund located in Harrisburg, PA. The fund was started in 2003 and is a participant in the US Small Business Administration's New Markets Venture Capital Program, which leverages private capital with SBA debentures for investing in early stage companies in traditionally underserved areas. The CFA closed on a \$3 million commitment to the fund in February 2003, which Penn Venture Partners quickly put to work, investing in one existing portfolio companies and two new portfolio companies.

One of the new companies invested in was BioHiTech America, LLC. The new investment is the first Penn Ventures investment in the green technology space. BioHiTech distributes a patented Digester that transforms solid organic food waste into nutrient-neutral wastewater or effluent. The Digester is a proven model for diverting trash from landfills and producing significant savings for food waste heavy customers such as chain restaurants, cafeterias, prison systems and hospitality customers. The company is also currently working on a cloud-based interconnected dashboard to enhance customer decision making by further reducing waste, increasing productivity and increasing efficiency.

As a result of the Penn Ventures investment, BioHiTech has moved all of their IT and Administrative personnel to the Harrisburg, Pennsylvania area with plans to triple those personnel in the next two years. The company is in the process of re-shoring some manufacturing operations from South Korea to Pennsylvania through a contract manufacturing intermediary.

BUILDING PA PROGRAM

The funds for this program are not included in the budget. They are held and administered by a Trust.

Program Overview:

The Building PA program is a \$150 million real estate development program managed by the Commonwealth Financing Authority (CFA). Building PA places investments with real estate fund managers who match the CFA investment dollar-for-dollar with privately-raised capital. This combined \$300 million is used to provide crucial “gap financing” to viable commercial, industrial and multi-use real estate development projects throughout the commonwealth.

Program Performance and Impact:

<u>BUILDING PA PROGRAM FY2012-13</u>		
Jobs Created	Private Funds Leveraged in thousands	Number of Projects
125	\$18,132	2

Since inception June 30, 2013, \$144,319,400 had been awarded to 20 fund managers. Of that total, \$69,592,639 had been committed to 36 projects.

Building PA at Work:

Development Capital Investors (DCI)

DCI received \$4,890,000 on behalf of Smallman Street Hotel Associates, LP for construction costs related to the development of the Homewood Suites by Hilton hotel in the City of Pittsburgh, Allegheny County. The Homewood Suites by Hilton is a proposed extended stay hotel totaling approximately 148,518 sq. ft. within eight stories, and will feature 116 parking spaces on the first level. The hotel will consist of 150 guest rooms, two conference rooms, an indoor pool, fitness room, business center, courtyard terrace, and valet parking. The project site consists of .6 acres of land at Smallman Street in the Strip District and is conveniently located in the Strip District with direct access to the central business district and the David L. Lawrence Convention Center. Once dominated by wholesale produce markets, industrial buildings, and railroad yards, the Strip District today is a popular neighborhood. It is anticipated that the Homewood Suites by Hilton hotel project will create approximately 41 full time jobs.

H2O PA

Water Supply, Sanitary Sewer and Storm Water Projects, Flood control High Hazard Dams and High Hazard Unsafe Dams

The funding for this program is not included in the budget. It is held and administered by a Trust.

The H2O PA was established by the General Assembly in July 2008. The Act provides for single-year and multi-year grants for three infrastructure development components:

- To municipalities for municipal authorities, to assist with the construction of drinking water, sanitary sewer and storm sewer projects;
- To the commonwealth, independent agencies, municipalities or municipal authorities for flood control projects; and
- To the commonwealth, independent agencies, municipalities or municipal authorities for high-hazard unsafe dams.

Program Performance and Impact:

Number of Projects: Dam projects	Number of Projects: Flood-control projects	Number of Projects: Water/sewer projects	Private Funds Leveraged in thousands	# of dams that are removed from the High Hazard Unsafe Dams list.	# of communities assisted with major flood issues
0	4	0	\$3,150	0	4

From inception through June 30, 2013, funds for 18 dam projects with a total of \$51,179,557, 17 flood-control projects with a total of \$83,024,812, and 433 water/sewer projects with a total of \$653,860,212 were awarded.

H2O PA at Work:

Borough of Coudersport

The Borough of Coudersport (the Borough) received an H2O PA grant to raise the levee, add an embankment and remove debris and sediments from the Allegheny River levee and at the Mill Creek levee place riprap on portions of the levee, raise the levee, add embankment material and remove debris and sediments in the Borough of Coudersport, Potter County.

Borough of Sayre

The Borough of Sayre received a \$1,042,199 H2O PA grant to make repairs and upgrades to the Oliver Lane Pump Station in the Borough of Sayre, Bradford County. The Borough of Sayre plans to repair and upgrade the existing pump station that was damaged when the levee was overtopped in September 2011 during Tropical Storm Lee. The upgraded pump station will prevent interior runoff and levee seepage from building up and flooding over 50 homes.

ALTERNATIVE ENERGY

The funding for this program is not included in the budget. It is held and administered by a Trust.

The Alternate Energy Investment Act was signed into law in July 2008. The Act is comprised of several components to be administered in the Departments of Environmental Protection, Public Welfare and Community and Economic Development. The Commonwealth Financing Authority (CFA) manages these programs and funds to be administered within the DCED Center for Business Financing:

- \$165 million for loans and grants to businesses, non-profit economic development organizations and political subdivisions for clean and alternative energy projects. Projects include buildings, equipment and land development activities.
- \$25 million for loans and grants to individuals and small businesses for high-performance, energy-efficient building projects.
- \$25 million for loans and grants for geothermal and wind energy projects.
- \$80 million for grants and loans for alternative energy production projects involving solar technologies.

Program Performance and Impact:

<u>ALTERNATIVE ENERGY FY2012-13</u>				
-	Number of Projects	Jobs To Be Created	Private Funds Leveraged (Investments) in thousands	Energy Savings
Alternative and Clean Energy Program (ACE)	16	25	119,713	685,396 kWh/yr 245,020 MMBTU/yr 20,000 MWh generated/ year
High Performance Building Program (HPBP)	0	0	0	0
Renewable Energy Program (REP)	1	0	16	62,493 KBTU/year
Solar Energy Program (SEP)	0	0	0	0
TOTAL	17	25	119,729	

Since inception through June 30, 2013, 63 Alternative and Clean Energy projects were approved totaling \$72,241,653; 32 Renewable Energy Projects were approved totaling \$19,302,259; 80 Solar Energy Projects were approved totaling \$55,963,710.

Alternative and Clean Energy Program (ACE)

During FY2012-13, funds for 16 ACE projects totaling \$13,570,702 were awarded.

ACE at Work:

Mahoning Creek Hydroelectric Company, LLC

Mahoning Creek Hydroelectric Company, LLC received a \$3,800,000 ACE grant for the construction of a 6 MW hydroelectric plant at the Mahoning Creek Dam located in Wayne Township, Armstrong County. The plant will produce 20,000 MWh of electricity annually for the next 50 years. The company is planning on selling the electricity through a power purchase agreement to the Pennsylvania State University.

Beemac Trucking LLC

Beemac Trucking LLC received a \$469,292 ACE grant for the construction of a compressed natural gas (CNG) fueling station located in Ambridge Borough, Beaver County. The CNG fueling station will have two separate pump dispenser units and will be used by their tractor trailer fleet and the public. Beemac has ordered 20 brand new CNG dedicated class 8 tractors. The CNG tractor trailers will avoid the consumption of 254,800 gallons of diesel annually. This will be the first CNG fueling station in Beaver County.

Bensalem Township School District

Bensalem Township School District received a \$2,000,000 ACE grant for the renovation of the Bensalem High School into a high performance building located in Bensalem Township, Bucks County. The project will include a new ground-source geothermal HVAC system, installation of energy efficient lighting, and building thermal envelope upgrades. The project will eliminate fuel oil as an energy source and is anticipated to reduce energy consumption by 12,760,080 kBTU annually. In addition, new low-flow water fixtures will save the district over 3,476,000 gallons of water annually, a savings of 41%. The project will also feature three small wind turbines and a 350 kW solar photovoltaic system. The project will achieve USGBC LEED Gold.

PENNSYLVANIA ECONOMIC DEVELOPMENT FINANCING AUTHORITY

Legislation Authorization: Economic Development Financing Law, Act 48 of 1987, as amended.

Cost Assumptions:

The Pennsylvania Economic Development Financing Authority (PEDFA) is self-sufficient. All operation and administrative costs are covered by fees earned on bond transactions.

Overview of the Program:

PEDFA administers both tax exempt and taxable bond programs which can be used for land and building acquisition, building renovation and new construction, machinery and equipment acquisition and installation, designated infrastructure, refinancing and working capital. PEDFA's competitive interest rates and affordable closing costs make the funds cost effective for projects of all sizes. All bond funds are private investor proceeds; there are no commonwealth funds at risk and no state guarantee.

PEDFA's signature program is its pooled transaction program, where applicants are combined into one bond pool to save on the transaction costs typically associated with bond transactions. Companies looking to borrow a small amount of money can take advantage of lower interest rates or longer terms without prohibitive costs.

PEDFA can issue bonds anywhere within the commonwealth. It is ideally suited to projects that involve more than one jurisdiction. PEDFA also serves as the issuer of choice for tax-exempt bond projects (excludes housing) that will require tax-exempt volume cap in excess of \$25 million.

Program Performance and Impact:

<u>Pennsylvania Economic Development Financing Authority (PEDFA) FY2012-13</u>					
	Bonds Issued in thousands	Number of Projects	Jobs Created	Jobs Retained	Total Jobs Created & Retained
Stand-Alone Tax-Exempt Bonds	\$3,285,890	2	0	3,020	3,020
Taxable Pool Bonds	0	0	0	0	0
Stand-Alone Taxable Bonds	0	0	0	0	0
Total	\$3,285,890	2	0	3,020	3,020

PEDFA at Work:

Unemployment Compensation Bonds

On October 18, 2012, the Commonwealth, acting through PEDFA, the Department of Labor and Industry and the Office of the Budget, successfully closed its Unemployment Compensation (UC) bond issue. The significantly lower interest rates achieved through this transaction are estimated to save our PA employers more than \$150 million annually. Additionally, it is important to note that Pennsylvania implemented comprehensive solvency reforms to our Unemployment Compensation program through Act 60 of 2012, estimated to further save an estimated \$385 million annually.

Amtrak

The PEDFA Board of Directors approved a refunding of \$42,000,000 in Exempt Facilities Revenue Bonds that were originally issued by PEDFA in 2002 in order to construct a badly-needed parking garage adjacent to Amtrak's 30th Street Station Garage in Philadelphia. This refunding reduced the interest rate from 5.8 percent to 2.5 percent, enabling Amtrak to reduce the annual debt service from \$3.5 million to \$2.67 million. This is a huge savings for Amtrak's operations which in turn leads to savings for taxpayers.

SMALL BUSINESS FIRST FUND - 20045, 20046, 20056, 20057 & 20058

1. Summary Financial Data	\$ in Thousands			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
State Funds	\$ 28,306	\$ 25,458	\$ 25,458	\$ -	0.00%
State Funds Itemized					
SBF Admin (20056)	\$ 1,806	\$ 1,958	\$ 1,958	\$ -	0.00%
SBF Loans (20057)	\$ 19,000	\$ 19,000	\$ 19,000	\$ -	0.00%
SBF EDA Loans (20058)	\$ 3,000	\$ -	\$ -	\$ -	0.00%
SBF Pollution Prevention Loans (20045)	\$ 1,500	\$ 1,500	\$ 1,500	\$ -	0.00%
SBF CED Loans (20046)	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0.00%
Grand Total All Funds	\$ 28,306	\$ 25,458	\$ 25,458	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
SBF Admin (20056)	\$ 626	\$ 780	\$ 681	\$ (99)	-12.69%
Operating (6300000)					
SBF Admin (20056)	\$ 1,180	\$ 1,178	\$ 1,277	\$ 99	8.40%
Debt Service/Investment (6500000)					
SBF Pollution Prevention Loans (20045)	\$ 1,500	\$ 1,500	\$ 1,500	\$ -	0.00%
SBF CED Loans (20046)	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0.00%
SBF Loans (20057)	\$ 19,000	\$ 19,000	\$ 19,000	\$ -	0.00%
SBF EDA Loans (20058)	\$ 3,000	\$ -	\$ -	\$ -	0.00%
Total Debt Service	\$ 26,500	\$ 23,500	\$ 23,500	\$ -	0.00%
Non Expense (6910000)					
SBF EDA Loans (20058)	\$ -	\$ -	\$ -	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
SBF Admin (20056)	\$ 1,083	\$ 977	\$ -		
SBF Loans (20057)	\$ 14,567	\$ 11,703	\$ -		
SBF EDA Loans (20058)	\$ -	\$ -	\$ -		
SBF Pollution Prevention Loans (20045)	\$ 1,408	\$ 1,428	\$ -		
SBF CED Loans (20046)	\$ 2,660	\$ 2,749	\$ -		

4. Complement Information:

The personnel costs incurred in the 20056 appropriation originate in other appropriations, primarily General Government Operations. Costs are transferred to the SBF operating appropriation based on SAP hard codes or time sheets.

5. Legislative Authorization:

12 Pa.C.S.A. Section 2301 et. seq. Act of February 12, 2004 (P.L._ No. 12).

6. Cost Assumptions:

The Small Business First Fund (SBFF) is supported by interest and loan repayments. The requested level of funds for each appropriation is based on cash flow projections for the budget year. This appropriation would be included in DCED's proposed Pennsylvania Business Development Authority (PBDA).

7. Overview of the Program:

The SBF is an umbrella fund that includes several low-interest loan programs which specifically target small businesses. The largest of these is the Small Business First Program (20057) which provides loans for land and building, machinery & equipment, and working capital purposes. Additional programs under the SBF umbrella include the Pollution Prevention Assistance Account (PPAA - 20045) and the Community and Economic Development (CED) Loan program (20046).

Act 12 of 2004 removed the Small Business First program from the Job Enhancement Act and placed it in Title 12 of the PA. Consolidated Statutes.

20057 Small Business First (SBF) Program

SBF provides low-interest funds to small businesses (100 full time employees or less) unable to fully finance their projects from other sources. SBF is a job retention and creation program administered on a regional level by 27 area loan organizations (ALOs) that package, analyze, and submit SBF loan applications to DCED for approval. The SBF program is decentralized, which allows the individual ALOs to underwrite all credit and collateral decisions for their projects. However, the Department is the governing authority that makes the final determination regarding SBF loan approvals. Performance of the program is measured through performance audits of each ALO to ensure appropriate underwriting standards are in place and adhered to.

SBF loans can generally be used for a wide variety of purposes - land and building, machinery and equipment, and working capital. Agriculture production is also an eligible activity for SBF loan financing. Agriculture related loans are also facilitated through the First Industries Agriculture loan program.

20045 Pollution Prevention Assistance Account (PPAA)

The PPAA program is a job retention program that provides low interest loan funds to small businesses that install pollution-prevention and energy-efficient technology that results in the reduction of energy usage or the reduction in the production of waste material. The program provides loans at a rate of two percent for amounts up to \$100,000 or 75 percent of the total project cost. The program is administered jointly by the Department of Environmental Protection (DEP) and DCED. Examples of eligible costs include the installation of energy efficient lighting, electric motor upgrades, purchase of energy efficient drying/curing ovens, HVLP spray guns, ultrasonic cleaning, closed loop cooling, and process water systems.

20046 Community Economic Development (CED)

The CED program is a job retention program that provides low-interest loans at a rate of two percent to commercial, mercantile, and retail businesses with 100 or fewer full-time employees that are located in distressed communities and will stimulate the development and growth of community-oriented businesses. CED was designed to provide a tool to spark business growth in disadvantaged communities. Eligible costs include land and building acquisition, construction, machinery and equipment, working capital, and other legitimate business costs. Preference for loans is given to small business enterprises that will provide a positive impact in their community.

8. Program Performance and Impact:

<u>SMALL BUSINESS FIRST FUND FY2012-13</u>				
	Small Business First Program	Pollution Prevention Assistance Account Loan program (PPAA)	Community and Economic Development Loan program (CED)	TOTAL
-				
Loans Approved in '012	40	1	2	43
Jobs Created/Pledged to be Created	64	NA	NA	64
Jobs Retained/Pledged to be Retained	403	7	0	410
Total Jobs Created & Retained/Pledged to be Created & Retained	467	7	0	474
Private Funds Leveraged in '012 (in thousands)	\$18,592	\$24	\$334	\$18,950
Public Funds Leveraged in '012 (in thousands)	\$1,280	\$0	\$0	\$1,280
Total Private/Public Funds Leveraged in '012 (in thousands)	\$19,872	\$24	\$334	\$20,230
Businesses Assisted	40	1	2	43

FY2012-13 Activity:

- The Small Business First Fund (SBFF), which includes the SBF, CED, and PPAA loan programs, is comprised of approximately 675 active loans. Since FY2000, the SBF program has approved more than 1,450 loans to small businesses throughout the commonwealth. These loans account for more than \$221 million in SBF approvals and the program funds were leveraged by nearly \$753 million in matching funds. As a result of the SBF loans, the recipient companies have committed to retain over 26,000 full-time jobs and create over 16,000 full-time jobs.
- In FY2012-13, 43 loans were approved under the SBFF to small businesses throughout the commonwealth. The SBF Fund programs accounted for \$7.2 million in approvals and the loans were leveraged by \$20 million in matching funds. Recipient companies committed to create 64 full-time jobs and retain 410 full-time jobs.

Small Business First Fund at Work

P/M National, Inc. - \$180,000

P/M National, Inc. received a \$180,000 Small Business First (SBF) loan to purchase new equipment for its company located in St. Mary's, Elk County. P/M National, Inc. is a powdered metal company that continues to expand. The SBF funds were used to purchase equipment to accommodate the productivity demands of their increasing customer base throughout the United States, Canada and Europe. As a result of receiving the SBF funds, P/M National, Inc. committed to retain 24 full time jobs and create 2 additional full-time jobs.

GVM, Inc. – \$200,000

GVM, Inc. received a \$200,000 Small Business First (SBF) loan to purchase new equipment and to renovate a vacant lot into a testing facility for its business located in East Berlin, Adams County. The company manufactures spreaders and sprayers used in the agriculture industry. The equipment purchased as part of the project included a crane system to assist in the assembly process. As a result of receiving the SBF funds, GVM, Inc. committed to retain 49 full-time jobs and create an additional 8 full-time jobs.

Janel Beaston d/b/a The Blain Hotel and Restaurant - \$50,750

Janel Beaston received a \$50,750 Community Economic Development (CED) loan to purchase, renovate and re-open the Blain Hotel in Blain, Perry County. The acquisition included the Blain Hotel, a fixture in the Blain community since the 1800's. The business renovations to be completed include a new furnace and additional supplies to aid in running the restaurant. The business compliments the limited retail Main Street of the rural area of Pennsylvania. As a result of the CED loan, the Blain Hotel will allow a young entrepreneur the opportunity to re-open a business and to create two additional full time jobs.

Genco Dental Care, P.C. - \$71,477

Genco Dental Care, P.C. received a \$71,477 Pollution Prevention Assistance Account (PPAA) loan to purchase and install a digital radiology system at their Dental Offices located in Scranton, Lackawanna County and Forest City, Susquehanna County. The digital radiology system will replace their film-based radiology system and will eliminate the use of harmful chemicals and developer paper that produce toxic disposables. The PPAA loan will ensure that Genco Dental Care, P.C. will retain 7 full time jobs between the two locations.

PA INDUSTRIAL DEVELOPMENT AUTHORITY (PIDA)

The funding for this program is not included in the Budget. It is held and administered by a Trust.

Overview of the Program:

PIDA was authorized in 1955 by Act of May 17, 1956, P.L. 1609, known as the Pennsylvania Industrial Development Authority Act. It has been the commonwealth's flagship land and building financing program since 1956. PIDA has invested more than \$2.5 billion and leveraged nearly \$5.4 billion in additional local and private capital to create and retain more than 825,000 commonwealth jobs.

PIDA offers loans to for-profit businesses for land and building acquisition, as well as building construction and renovation. The program also offers loans to local Industrial Development Corporations (IDC's) for industrial park development and multi-tenant building construction, acquisition and renovation. Loans are available for both job creation and job retention. During FY2010-11, the maximum loan amount available was \$2,000,000, with up to \$2,250,000 available for projects located within certain targeted areas.

Program Performance and Impact:

PA INDUSTRIAL DEVELOPMENT AUTHORITY (PIDA) FY2012-13	
Loans Approved in thousands	\$61,934
Jobs Created/Pledged to be Created	1,643
Jobs Retained/Pledged to be Retained	8,565
Total Jobs Created & Retained/Pledged to be Created & Retained	10,208
Private Funds Leveraged in thousands	\$99,745
Public Funds Leveraged in thousands	\$29,208
Total Private/Public Funds Leveraged in thousands	\$128,853
Businesses Assisted	44

PIDA at Work:

Maple Donuts

MDY Acquisition Company d/b/a Maple Donuts Erie, LLC was approved for a PIDA loan in the amount of \$1,104,838 at 1.5% interest for 15 years. PIDA funds will be used to construct a 20,000 square foot addition to their existing 75,000 square foot building located in Lake City, Erie County. This will allow the installation of 2 more production lines for their growing production operation. The project will retain 110 jobs and create 60 new jobs. First National Bank will loan \$1,387,298 and the company will inject \$277,460 into the project.

PMF Industries

PMF Industries, Inc. was approved for a \$225,000 PIDA loan to construct a 12,000 sq. ft. addition on 5.59 acres located in an Enterprise Zone at 2601 Reach Road, Williamsport, Lycoming County. The addition will be attached to the company's existing 120,000 sq. ft. building. The company is expanding their operation to include the production of CNG cylinders for fueling stations and vehicles. The company is a manufacturer of precision metal components. Nineteen (19) of the company's existing employees will be transferred to the new manufacturing operation. Twenty-five (25) new jobs will also be created as a result of this expansion. Other project financing includes \$25,000 from Industrial Properties Corporation and \$200,000 from company equity, for a total project cost of \$450,000.

PA MACHINERY AND EQUIPMENT LOAN FUND (MELF) - 20043 & 20044

		<i>\$ in Thousands</i>				
1. Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change	
State Funds	\$ 25,676	\$ 25,778	\$ 25,778	\$ -	0.00%	
<i>State Funds Itemized</i>						
MELF Admin (20043)	\$ 676	\$ 778	\$ 778	\$ -	0.00%	
MELF Loans (20044)	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	0.00%	
Grand Total All Funds	\$ 25,676	\$ 25,778	\$ 25,778	\$ -	0.00%	
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
MELF Admin (20043)	\$ 492	\$ 603	\$ 515	\$ (88)	-14.59%	
Operating (6300000)						
MELF Admin (20043)	\$ 184	\$ 175	\$ 263	\$ 88	50.29%	
Debt Service/Investment (6500000)						
MELF Loans (20044)	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	0.00%	
3. Lapse History						
	2011-12	2012-13	2013-14 Estim			
MELF Admin (20043)	\$ -	\$ -	\$ -			
MELF Loans (20044)	\$ -	\$ -	\$ -			

4. Complement Information:

The 20043 appropriation has no direct complement. Personnel costs for designated employees are hard coded in SAP and transferred from the General Government Operations appropriation.

5. Legislative Authorization:

12 Pa.C.S.A. Section 2901 et. seq. Act of February 12, 2004 (P.L. __, No. 12).

6. Cost Assumptions:

A critical factor in the attraction and retention of businesses is the availability of land and buildings in which businesses can locate in a short time frame. To remain competitive with surrounding states, the commonwealth must provide businesses with attractive options to fund their land, buildings, machinery and equipment. The commonwealth administers multiple programs to address those issues. This appropriation would be included with DCED's proposed Pennsylvania Business Development Authority.

7. Overview of the Program:

MELF offers low-interest loan financing up to \$5 million to businesses engaged in:

- Manufacturing (including firms that produce and sell standard and customized software), industrial processing, agricultural production, and direct mining operations. Funds are used for acquisition and installation of new or used machinery and for the upgrade of existing machinery directly related to the manufacturing or industrial process.
- Information technology and biotechnology businesses for the purchase of machinery and equipment, including computer hardware and software.
- Medical facilities (licensed hospitals) may receive loan funds to acquire, install, and utilize machinery and equipment (including computer hardware and software) used to prescribe and dispense medication for medical facility patients.

With the exception of medical facilities, applicants must demonstrate one job either created or retained for every \$25,000 borrowed. MELF loans must take no less than a second lien position on the machinery and equipment financed.

8. Program Performance and Impact:

<u>PA MACHINERY AND EQUIPMENT LOAN FUND (MELF) FY2012-13</u>	
Loans Approved in thousands	\$28,042
Jobs Created/Pledged to be Created	1,808
Jobs Retained/Pledged to be Retained	7,496
Total Jobs Created & Retained/Pledged to be Created & Retained	9,304
Private Funds Leveraged in thousands	\$40,366
Public Funds Leveraged in thousands	\$24,500
Total Private/Public Funds Leveraged in thousands	\$64,866
Businesses Assisted	23

MELF at Work:

Cambridge-Lee Industries

Cambridge-Lee Industries, LLC. was approved for a \$3,000,000 MELF loan at 1.50% interest for five (5) years to assist with the purchase of machinery and equipment. The machinery will be installed at the company's 103 acre manufacturing facility at 86 Tube Drive, Berks County. The company is expanding manufacturing capacity by installing a state of the art "Cast & Roll" process, which provides significant manufacturing efficiencies not currently in place at

their Ontelaunee Township facility. As a result of this expansion project, the company anticipates retaining 319 existing employees and creating 269 full time jobs within three years. Additional financing for this Governor's Action Team project includes \$24,000,000 financing from the Pennsylvania Regional Center, LP VII (EB5) and \$3,000,000 from M&T Bank for a total project cost of \$30,000,000.

Edge Pennsylvania

Edge Pennsylvania, LLC d/b/a Edge Rubber received a MELF loan in the amount of \$2,500,000 at 2.75% interest for 10 years. MELF funds were used to purchase machinery and equipment that was installed at the company's facility in the Cumberland Valley Business Park, Greene Township. The project site is a Keystone Opportunity Zone. They will maintain operations at 811 Progress Road in Chambersburg in addition to starting operation in this new location. The company manufactures fine mesh crumb rubber. The project will retain 60 jobs at the Progress Road site, and create 50 new jobs at the Greene Township site. Other financing necessary to complete this project includes a \$2,653,000 loan from Susquehanna Bank.

PA MINORITY BUSINESS DEVELOPMENT AUTHORITY FUND - 20041 & 20042

		<i>\$ in Thousands</i>				
1.	Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	State Funds	\$ 1,271	\$ 1,302	\$ 1,302	\$ -	0.00%
	<i>State Funds Itemized</i>					
	PMBDA Admin (20041)	\$ 271	\$ 302	\$ 302	\$ -	0.00%
	PMBDA Loans (20042)	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
	Grand Total All Funds	\$ 1,271	\$ 1,302	\$ 1,302	\$ -	0.00%
2.	Detail by Major Object (Commitment Item)					
	Personnel (6100000)					
	PMBDA Admin (20041)	\$ 198	\$ 232	\$ 222	\$ (10)	-4.31%
	Operating (6300000)					
	PMBDA Admin (20041)	\$ 73	\$ 70	\$ 80	\$ 10	14.29%
	Debt Service/Investment (6500000)					
	PMBDA Loans (20042)	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
3.	Lapse History	2011-12	2012-13	2013-14 Estim		
	PMBDA Admin (20041)	\$ -	\$ -	\$ -		
	PMBDA Loans (20042)	\$ -	\$ -	\$ -		

4. Complement Information:

The 20041 appropriation has no direct complement. Personnel costs for designated employees are transferred from the General Government Operations appropriation via hard codes in SAP.

5. Legislative Authorization: Act of July 22, 1974 (P.L. 598, No. 206) known as the Pennsylvania Minority Business Development Authority Act.

6. Cost Assumptions:

This Fund is supported by interest and loan repayments. The funding level is based on cash flow projections for the budget year. This appropriation would be included with DCED's proposed Pennsylvania Business Development Authority.

7. Overview of the Program:

The Pennsylvania Minority Business Development Authority (PMBDA) offers low-interest loans to minority-owned businesses. The loan proceeds can be used to finance working capital needs, land and building acquisition/construction and acquisition/installation of machinery and equipment. The majority of PMBDA's client base is in the retail and commercial business sectors.

8. Program Performance and Impact:

<u>PA MINORITY BUSINESS DEVELOPMENT AUTHORITY FUND (PMBDA)</u>					
Fiscal Year	Businesses Assisted	Jobs Pledged to be Created	Jobs Pledged to be Retained	Total Jobs pledged to be Created & Retained	Private Investments Leveraged in thousands
FY2012-13	4	42	28	70	\$202

PMBDA at Work:

SUPRA Office Solutions, Inc.

On May 30, 2013 SUPRA Office Solutions, Inc. was approved for a \$100,000 Pennsylvania Minority Business Development Authority (PMBDA) loan at 4% interest rate for three (3) years. The loan was used to finance working capital costs consisting of workforce development, lease payments and other costs associated with the growth of the business.

The project involved the expansion of the business operations which required the addition of employees and acquisition of additional inventories. As a result of this project, the company was able to retain 7 existing employees and it is anticipating adding 7 new full-time jobs within the next three years at the project site located at 5070 Parkside Avenue, Suite 2106. The company invested equity in the amount of \$33,340 into the project for a total project cost of \$133,340. The loan closed on October 10, 2013.

TRANSFER TO COMMONWEALTH FINANCING AUTHORITY - 10852

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	State Funds	\$ 85,519	\$ 78,019	\$ 82,505	\$ 4,486	5.75%
2. Detail by Major Object (Commitment Item)						
	Non Expense Transfers (6910000)					
	State Funds	\$ 85,519	\$ 78,019	\$ 82,505	\$ 4,486	5.75%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
	State Funds	\$ -	\$ -	\$ -		
4. Complement Information		N/A				

5. Legislative Authorization: None

6. Cost Assumptions: The requested amount for FY2014-15 is needed to adequately fund the Commonwealth Financing Authority Operations bond payments.

7. Overview of the Program:

This appropriation transfers funds to support the Commonwealth Financing Authority Operations.

8. Program Performance and Impact:

There are no program performance measures for this appropriation. The impact of CFA programs is discussed throughout this section on a program-by-program basis.

INFRASTRUCTURE & FACILITIES IMPROVEMENT GRANTS - 10856

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	State Funds	\$ 19,409	\$ 19,409	\$ 19,409	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
	Grants and Subsidies (6600000)					
	State Funds	\$ 19,139	\$ 19,409	\$ 19,409	\$ -	0.00%
	Non Expense (6910000)					
	State Funds	\$ 270	\$ -	\$ -	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
	State Funds	\$ -	\$ -	\$ -		
4. Complement Information		N/A				

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law and the Act of April 9, 1929 (P.L. 177, Article XXV-C) known as the Administrative Code of 1929.

6. Cost Assumptions:

The net cost of this program is zero. The increased taxes generated by the projects are used to support and pay for the debt service.

7. Overview of the Program:

The Infrastructure and Facilities Improvement Program (IFIP) is designed to provide grants to certain types of issuers of debt to help finance debt service on a project. IFIP provides grants to authorities for projects on behalf of manufacturers, industrial, retail, research and development enterprises, as well as convention centers, hospitals, and hotels associated with convention centers. The grant amount is based on the anticipated amount of state sales tax, hotel occupancy tax, and employee withholding of personal income tax to be generated by the project.

8. Program Performance and Impact:

From inception through June 30, 2013, 52 projects were approved. Total funds awarded exceeded \$22 million. The projects are anticipated to create 28,311 jobs.

IFIP at Work:

No new IFIP projects were approved in FY12-13.

JOB CREATION TAX CREDITS

Note: This program is not included in the DCED budget, but is administered by the Department in cooperation with the Department of Revenue.

Overview of the Program:

The Job Creation Tax Credit (JCTC) program responds to the needs of businesses that desire to locate or expand operations in Pennsylvania. The program provides tax credits to for-profit businesses that create at least 25 or more full-time jobs or increase employment by 20 percent within a three-year time period. Eligible small businesses with 100 employees or less must increase employment by 10 percent within a three-year period. For each job created, the company may receive a tax credit of \$1,000 to apply against most Pennsylvania state-imposed taxes. The tax credit may be claimed as a single year or multiple year credit as authorized by the department. To be eligible, jobs created must pay at least 150 percent of federal minimum wage.

Currently, up to \$10.1 million in tax credits may be awarded each year. Of this amount, 25 percent must be reserved for small businesses (100 employees or less) until April 1 of each year. Unused tax credits from prior fiscal years may be captured and awarded.

Program Performance and Impact:

<u>JOB CREATION TAX CREDIT PROGRAM</u>						
<u>Fiscal Year</u>	Tax Credits Awarded in thousands	Businesses Assisted	Jobs Retained	Jobs Created	Total Jobs Created & Retained	Private Funds Leveraged thousands
FY12-13	10,100	51	22,055	5,187	27,242	\$484,638

In FY2012-13, DCED approved 51 projects in 23 counties. A total of \$10,100,000 in Job Creation Tax Credits was awarded. Those funds generated \$484,638,206 in private investment. The projects will create 5,187 jobs over the next three years.

JCTC at Work

Volvo Road Machinery, Inc. \$900,000

Volvo Road Machinery, Inc., one of the world's leading manufacturers of construction, road development, and compact equipment is expanding/relocating its manufacturing and various other operations in Southampton Township and Antrim Township, Franklin County and North Newton Township, Cumberland County, collectively referred to by the company as its Shippensburg Campus. By investing \$40,000,000 in machinery, equipment and infrastructure improvements Volvo will relocate its wheel loader manufacturing operations from North Carolina, add a new customer demonstration and training center, and transform the Shippensburg Campus into the company's regional headquarters. The company and its related companies Volvo Construction Equipment N.A., LLC and Volvo C.E. Rents, Inc., had

829 existing employees in Pennsylvania at the time of the start date. 300 new, full- time jobs will be created at the project site within three years which will pay new employees \$33 an hour. A total of \$900,000 in Job Creation Tax Credits will be awarded from Fiscal Year 2012-2013. This is a GAT Project. The company was also offered PA First and GFT.

COMMUNITY BASED SERVICES TAX CREDIT

Note: This program is not included in the DCED budget but is administered by the Department in cooperation with the Department of Revenue.

Overview of the Program:

The Community-Based Services Tax Credit gives businesses tax credits of up to \$100,000 to provide care for individuals who are intellectually disabled or mentally ill. This tax credit will provide jobs for caregivers who assist the most vulnerable in our society and for whom structure and stability are paramount. The agencies that employ these caregivers traditionally rely on state and federal programs that have been cut in recent years. Without the funds provided through the tax credits, these agencies will be forced to pare back their workforce and reduce the level of services provided to disabled Pennsylvanians. This is a program that will retain and create jobs, potentially lessen government assistance, and allow businesses to invest in a vital workforce. The program has a \$3 million annual cap.

Program Performance and Impact:

No credits were awarded in FY2012-13.

PENNSYLVANIA COMMUNITY DEVELOPMENT BANK

Legislative Authorization: Economic Development Financing Law, Act 48 of 1987, as amended.

Overview of the Program:

The Pennsylvania Community Development Bank (PCD Bank) program is an innovative government initiative that makes capital available for community and economic development lending and provides grants to promote the creation and expansion of Community Development Financial Institutions (CDFIs) in Pennsylvania. The PCD Bank leverages public sector funds with private sector investment to provide access to capital that is reinvested in distressed regions throughout the state. CDFIs play an important role in providing critical financial resources to low-and-moderate-income communities and in molding the financial acumen of small businesses and community development groups. The ultimate beneficiaries are low-income individuals, families and development organizations that support comprehensive community revitalization, including job creation.

PCD Bank was developed by the Department of Community and Economic Development and is administered through the Pennsylvania Economic Development Financing Authority (PEDFA). PEDFA established an Operational Committee of its Board of Directors to monitor operations, approve loans and grants and report program performance to the Board and participating financial partners. The Operational Committee does not approve individual loans made by CDFIs. In 2008 PEDFA created a new program under the auspices of the PCD Bank known as the Business Opportunities Fund (B.O.F.). The B.O.F. has since earned recognition as one of the most innovative programs of its kind in the country. The purpose of the program is to serve business owners (often women and minorities) who do not have access to lines of credit or other small business loans from traditional financial institutions. This lack of access to credit prevents these business owners from competing for governmental and other subcontracts. In addition, these business owners often require technical assistance in the area of governmental procurement including achieving certification where necessary and in the preparation of bids which meet governmental and prime contractor specifications.

Program Performance and Impact:

<u>PENNSYLVANIA COMMUNITY DEVELOPMENT BANK</u>		
<u>Fiscal Year</u>	Loan Amount to CDFIs in thousands	Number of Organizations helped
FY2012-13	\$245	1

Since program inception, 35 organizations have received more than \$29 million dollars of loan and grant funds used to augment their capital base, strengthen capacity, and increase product and service offerings. Those private sector partners who have participated in loan transactions

have provided approximately \$6.4 million of the funds. The combined resources have allowed the CDFIs to leverage millions of dollars in funds from additional sources, leading to substantial community investment in key regions throughout the Commonwealth and creating or retaining thousands of jobs.

Almost \$13,000,000 in capacity-building grants have been made to CDFIs since the inception of the program. Two kinds of grants assist CDFIs: Development Services grants, which are intended for CDFIs that have not yet received state accreditation, are meant to help build the capacity of CDFI business borrowers and increase outreach/marketing efforts to business lending markets for CDFIs. These grants may be used to assist in the operational costs of providing technical assistance and capacity building services to small businesses and other potential borrowers of CDFIs or community lending programs. CDFIs may also use these funds to subcontract or partner with non-CDFI firms to provide this technical assistance. Expansion grants, which are intended for CDFIs that have attained their state accreditation, fund the expanded operation and programs of state Accredited CDFIs. These grants may be used to support program development, organizational development, capacity building and/or expansion efforts to reach new markets, and/or to provide new financial products or services.

Since 2000, more than \$19,000,000 in PCD Bank loans have been disbursed to state-accredited CDFIs. The CDFIs have used these funds to help create more than 4,000 jobs, to leverage more than \$200,000,000 in additional funds, and to offer their customers crucial technical assistance. Collectively, as of 2010, defaults on loans made using PCD Bank funds averaged a low 3.4 percent, and more than 83 percent of borrowers were paying according to the terms of their loan. We are currently gathering updated information regarding default rates, but they have historically been low.

PCD Bank at Work:

The Progress Fund, a CDFI based in Western Pennsylvania, loaned \$245,000 including PCD Bank funds to Raymond and Cynthia Driscoll to expand their business. The Driscolls have owned The Yough Twister ice cream shop for more than 20 years. Their business has expanded greatly in recent years due to the opening of the Great Allegheny Passage trail, so they decided to expand the ice cream shop into an American contemporary classic casual restaurant. Opening the restaurant, now renamed Driscoll & Sons Café, has enabled the Driscolls to expand their employment to a dozen full-time and part-time jobs.

PENNSYLVANIA CAPITAL ACCESS PROGRAM

Legislative Authorization: Economic Development Financing Law, Act 48 of 1987, as amended.

Overview of the Program:

The Pennsylvania Capital Access Program (PennCAP) is a loan guarantee program, established in November 1994 by the Pennsylvania Economic Development Financing Authority (PEDFA). PennCAP provides banks with a flexible and non-bureaucratic tool to make business loans that are somewhat riskier than conventional bank loans, in a manner consistent with safe and sound bank regulations. PennCAP can thus assist banks to expand their markets and to better serve their customer base. The loans can also have an important positive impact on job creation and on improvement of the effectiveness of Pennsylvania's economy through support of the growth and success of Pennsylvania businesses.

PennCAP's loan guarantee program operates on a portfolio basis rather than as a guarantee on each loan made.

Program Performance and Impact:

Throughout FY2012-13, the level of program activity was essentially level over the previous two years, and continues to be well above the levels seen during the recent recession. New loans continued to be enrolled primarily by Huntingdon Bank and the newest participant in the PennCAP program, the Enterprise Development Fund of Erie County, a CDFI (Community Development Financial Institution). PNC Bank has also expressed renewed interest in the program. Participating lending institutions made sixteen loans, totaling \$1,791,436 to small and medium-sized companies in multiple counties. Those loans are projected to create and retain 346 jobs.

Fiscal Year	Number of Loans	Loan Amount	PEDFA Contribution	Jobs Projected to be Created/Retained
2009-10	4	\$ 32,413	\$ 2,443	4
2010-11	15	\$ 1,194,077	\$ 89,556	554
2011-12	17	\$ 2,561,939	\$ 192,145	281
2012-13	16	\$ 1,791,436	\$ 134,358	346

INDUSTRIAL DEVELOPMENT AUTHORITY BOND PROGRAM

The funding for this program is not included in the budget. This program is a legislative administrative function.

Legislative Authorization: Economic Development Financing Law, Act 102 of 1967, as amended.

Overview of the Program:

The Economic Development Financing Law requires the Department of Community and Economic Development to review and administratively approve requests for the issuance of bonds by Industrial Development Authorities (IDA) within the Commonwealth. DCED must determine that the proposed bond issuance is in conformity with the provisions of the law. Upon receiving DCED approval, the local IDA may proceed to issue bonds. However, if the authority proposes to issue tax-exempt bonds that require an allocation of volume cap, DCED must approve the volume cap allocation. (For more information, refer to the *Tax-Exempt Bond Volume Cap Allocation* description elsewhere in the Job Creation, Business Growth and Attraction section of this document).

RESEARCH & DEVELOPMENT TAX CREDIT PROGRAM

Note: This program is not included in the DCED budget, but it is administered by the Department in cooperation with the Department of Revenue.

Program Overview:

The Research and Development Tax Credit program (R&D) allows companies to apply for tax credits equal to the increase in qualified research and development expenditures and also provides for the transfer/sale of the tax credits. In FY2012-13, the R&D program had a total of \$55 million in tax credits to award. Of the \$55 million total, \$11 million was set aside for small businesses.

Pennsylvania companies conducting new research and development activities may apply for a tax credit of 10 percent (small businesses may apply for 20 percent) of their increased research and development expenses over a base period. The program also includes a provision that allows research-heavy start-up companies to trade tax credits for cash if they have no tax liability.

The Department of Revenue manages and provides guidelines for the program. DCED is responsible for only the approval of the assignment of the tax credits.

Program Performance and Impact:

<u>Research & Development Tax Credit Program</u>					
<u>Fiscal Year</u>	Tax Credits Awarded in thousands	# of Companies Awarded Tax Credits	Tax Credit Sales & Assignments in thousands	Average Tax Credit Exchange Rate	Total Trading Revenues for Companies in thousands
2012-13	\$55,000	569	\$9,132	91.47	\$4,657

The R&D program is designed to provide tradable tax credits to companies that perform research and development over a base period. In FY2012-13, the Department of Revenue awarded \$55 million in tax credits to 569 applicants; nearly \$7.1 million of the total was awarded to small businesses.

DCED approved 161 applications to sell tax credits in the eighth year of the program, for a total of nearly \$5.092 million worth of tax credits sold. These tax credits sold for an average of 91.47 percent of the face value and generated over \$4.657 million in revenue for the research and development companies.

TAX-EXEMPT VOLUME CAP ALLOCATION

Legislative Authorization: Internal Revenue Code, 1986 amendments, as amended; Job Enhancement Act, Act 100 of 1998

Overview of the Program:

The Federal Internal Revenue Code of 1986 imposed a state ceiling on the amount of certain tax-exempt private activity bonds that may be issued in each calendar year by or on behalf of each state. In 2000, Congress passed legislation to increase volume limits to \$62.50 per capita in 2001 and to \$75 per person in 2002. Future increments are determined by increases in inflation and are increased in increments of \$5 per capita. Currently, the per capita is \$100.

The state's allocation ceiling is calculated for the year by multiplying the amount indexed for inflation by a state's estimated population figure as provided by the U.S. Department of Census. Pennsylvania received approximately \$1.212 billion in volume cap in calendar year 2013 and \$1.210 billion in 2012. (Refer to the chart on the next page).

Federal law also requires each state to enact a mechanism for the distribution of volume cap to certain qualified tax-exempt projects within the state. Through legislation originally enacted in 1986 and subsequently re-enacted and amended into the Job Enhancement Act in 1998, Pennsylvania chose DCED to serve as the administrator for volume cap distribution.

At the beginning of each calendar year, the available volume cap is allocated among various categories: small issue manufacturing bonds (which typically are awarded to individual projects issued by local Industrial Development Authorities (IDAs) or the PA Economic Development Financing authority (PEDFA)); exempt facility bonds (awarded to local IDAs or PEDFA); education bonds (awarded to the Pennsylvania Higher Education Assistance Agency); housing bonds (awarded to the Pennsylvania Housing Finance Agency); and agriculture bonds (awarded to the Pennsylvania Department of Agriculture). The DCED Secretary has the discretion to shift volume cap allocation from one category to another during the year based on demands. Carry forward of unused volume cap is provided only to statewide issuers.

Program Performance and Impact:

Tax Exempt volume Cap Allocation chart					
Initial Allocation:	Cal Year 2013	Cal Year 2012	Cal Year 2011	Cal Year 2010	Cal Year 2009
Category					
Small Issue-IDA	\$115,000,000	\$ 115,000,000	\$ 115,000,000	\$115,000,000	\$115,000,000
Small Issue-PEDFA	\$110,000,000	\$ 110,000,000	\$ 110,000,000	\$110,000,000	\$110,000,000
Exempt Facility	\$672,535,000	\$ 775,574,000	\$ 771,726,000	\$890,000,000	\$780,000,000
Housing-PHFA	\$300,000,920	\$ 200,000,170	\$ 200,000,005	\$9,429,030	\$5,345,110
Education-PHEAA	\$0	\$ -	\$ -	\$ -	\$100,000,000
Housing-PEDFA	\$0	\$ -	\$ -	\$ -	\$ -
Agriculture	\$15,000,000	\$ 10,000,000	\$ 10,000,000	\$10,000,000	\$10,000,000
Qualified Redevelopment	\$0			\$0	
Total	\$1,212,535,920	\$ 1,210,574,170	\$ 1,206,726,005	1,134,429,030	\$1,120,345,110
Allocation Usage:	Cal Year 2013	Cal Year 2011	Cal Year 2011	Cal Year 2010	Cal Year 2009
Category					
Small Issue-IDA	\$25,223,000	\$ 26,456,000	\$ 40,619,000	\$76,323,000	\$23,560,000
Small Issue-PEDFA	\$0	\$ -	\$ 1,800,000	\$ -	\$17,500,000
Exempt Facility	\$0	\$ 24,995,000	\$ -	\$36,243,246	\$154,995,745
Housing-PHFA	\$84,669,934	\$ 82,850,405	\$ 26,580,000	\$ -	\$4,000,000
Education-PHEAA	\$0	\$ -	\$ -	\$ -	\$ -
Housing-PEDFA	\$0	\$ -	\$ -	\$ -	\$ -
Agriculture	\$5,186,000	\$ 11,663,000	\$ 3,110,548	\$4,975,000	\$4,299,400
Total	\$115,078,934	\$ 145,964,405	\$ 72,109,548	\$117,541,246	\$204,355,145

** Unused volume cap at the end of each calendar year is provided to PEDFA, PHEAA or PHFA. Carryforward volume cap may be used for a period of up to three years.*

Issues:

- (1) Volume Cap is allocated on a calendar year basis. DCED determines which categories of usage will receive allocation. Likewise, unused volume cap from 2013 will be assigned to the appropriate state agency for carry forward purposes in January 2014.

Although housing allocation has traditionally been provided to PHFA and the decision to use or reallocate that volume cap has been made by that agency, DCED is often approached by applicants or local authorities to request volume cap for housing projects.

DISCOVERED IN PA, DEVELOPED IN PA (D2PA) - 11023

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	State Funds	\$ 9,900	\$ 9,900	\$ 9,900	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
	Personnel (6100000)					
	State Funds	\$ 436	\$ 414	\$ 580	\$ 166	40.10%
	Operating (6300000)					
	State Funds	\$ 15	\$ 15	\$ 15	\$ -	0.00%
	Grants and Subsidies (6600000)					
	State Funds	\$ 9,449	\$ 9,471	\$ 9,305	\$ (166)	-1.75%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
	State Funds	\$ 990	\$ -	\$ -		

4. Complement Information

This appropriation has no authorized complement. Personnel costs are transferred from other appropriations via SAP hard codes.

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law

6. Cost Assumptions:

The FY2014-15 funding request is in accordance with the Governor's budget.

7. Overview of the Program:

The Discovered in PA, Developed in PA program (D2PA) was designed to spur innovation and entrepreneurship across Pennsylvania. This widely-focused program allows both private and public entities to receive grant dollars to support economic development initiatives as they relate to entrepreneurship, technology transfer, capacity building for regional economic development and outreach to businesses to aid in their success.

Examples of program activities include but are not limited to:

- Youth business camps and incubators
- Analytical, assessment tools for business
- Prototyping utilizing advanced manufacturing technologies
- Entrepreneur-in-residence programs
- Seed grants to commercialize university research

- Intensive technology labs that build a bridge from the academic to the professional to jump-start careers or launch a new enterprise
- Hackathons to develop technology solutions for problems/needs of existing businesses
- Regional business plan competitions to attract/launch business

8. Program Performance and Impact:

<u>Discovered in PA, Developed in PA Program (D2PA) FY2012-13 Impact</u>	
Jobs Created	165
Jobs Retained	157
Total Jobs	307
Private Funds Leveraged (in thousands)	\$5,308
Public Funds Leveraged (in thousands)	\$6,341
Total Private/Public Funds Leveraged (in thousands)	\$11,649
Businesses Assisted	1,376
New Tech Comps Formed	21
Venture Investments Made (in thousands)	\$443
Patents Issued	10
Intell Property	4
Tech Licenses	12
New Products	34

D2PA At Work:

Greater Reading Chamber of Commerce & Industry - \$286,000

The (GRCCI) "Reignited in PA" project will provide intensified and targeted outreach, coaching, mentoring, training and consulting to high-growth potential companies. This initiative will focus on existing manufacturing companies, and suppliers to manufacturers, with less than 100 employees in the greater Reading area.

Utilizing a case manager approach, GRCCI will begin the project with a one-on-one comprehensive assessment/scorecard of each company. The use of business and economic development tools and resources that businesses were either not aware of, or were unable to financially access on their own will be accelerated. The program's success will be measured by the number of companies engaged in the program, the increased scorecard valuation of the business, and the number of jobs added or retained.

Franklin Center of Beaver County- \$263,147

Franklin Center of Beaver County is building upon its successes by establishing a replicable model that creates entrepreneurship opportunities for young Beaver County residents (middle

school and high school students). They plan to do this through the support and expansion of introductory and advance business camps, market day events, business plan competitions, year-long mentoring programs, a youth business incubator, community entrepreneurship centers, educational seminars, and community forums.

Funds will be used to support renovations, new equipment, salaries & fringes, training & technical assistance, consumable supplies, entrepreneurial assistance, travel, promotion/public relations/advertising, space costs (rent), and professional services/consultants.

York College of Pennsylvania - \$204,600

The goal of this project is to expand and enhance the ability of York College's J.D. Brown Center for Entrepreneurship to deliver on its mission to promote entrepreneurship throughout the region. York College will increase its capacity to serve the region's entrepreneurial community through a three-pronged strategy:

1. Make capital improvements to its existing business incubator, in order to add a student incubator and a wet-lab space, which will provide students a dedicated space for entrepreneurial activities;
2. Broaden the resources available to the south-central Pennsylvania region by both expanding the College's existing entrepreneurship conference, as well as creating new programs, such as a monthly tech roundtable collaboration with York SCORE and a York College Enterprise Grant program; and
3. Infuse student-centered programming with funding so that students can take advantage of a robust offering of educational and internship opportunities, including an annual elevator pitch competition and a regional business plan competition.

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND - 10281

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
State Funds		\$ 28,000	\$ 19,000	\$ 19,000	\$ -	0.00%
State Funds Less Budgetary Reserve		\$ 28,000	\$ 19,000	\$ 19,000	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
State Funds		\$ 462	\$ 390	\$ 584	\$ 194	49.74%
Operating (6300000)						
State Funds		\$ 120	\$ 120	\$ 113	\$ (7)	-5.83%
Grants and Subsidies (6600000)						
State Funds		\$ 26,418	\$ 17,490	\$ 17,303	\$ (187)	-1.07%
Non Expense Transfers (6910000)						
State Funds		\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
3. Lapse History						
		2011-12	2012-13	2013-14 Estim		
State Funds		\$ 221	\$ 7,040	\$ -		

4. Complement Information:

This appropriation has no direct complement. Personnel costs for all or a portion of five employees are hard coded in SAP and transferred from the General Government Operations appropriation by way of cross charges. Personnel costs for a percentage of some Legal staff are also transferred in from General Government Operations.

5. Legislative Authorization: Act 38 of June 22, 2001, known as the Ben Franklin Technology Development Authority Act (BFTDA).

6. Cost Assumptions:

The FY2014-15 budget request is in accordance with the Governor's budget proposal.

7. Overview of the Program:

The BFTDA Fund is a key component in the strategy and mission of the Technology Investment Office. The Ben Franklin Technology Development Authority (BFTDA) strategically supports programs and investments which create a continuum of financial and technical services to

advance the creation, growth, success and global competitiveness of PA's companies and universities. The BFTDA provides grant dollars to its partners in technology based economic development including but not limited to the Ben Franklin Technology Partners as well as the Keystone Innovation Network and various university partners including Carnegie Mellon University, the University of Pennsylvania, Lehigh University and Penn State University. Investments in these programs and/or partner organizations allow for investment at a local level in entrepreneurial activities and direct investment in early stage technology companies.

The BFTDA oversees five programs addressing the needs of technology-related companies throughout their business life cycles. The programs are: the University Research Commercialization Grant Program, Keystone Innovation Network (combined two program – Keystone Innovation Zones and the Innovation Grant program), Technology Development Grant Program, Ben Franklin Technology Partners, and the Venture Investment Program.

The FY2014-15 budget will build on the existing infrastructure and programs previously funded by the BFTDA and other DCED Technology Investment Office programs. Despite current economic challenges, the financial and technical support provided through the BFTDA is essential to the continued success of the commonwealth's technology-based economic development sector. BFTDA's goal is to prudently invest in, and provide support services, to ensure continued development of infrastructure which is critical for the advancement of new technologies, new companies and increased employment opportunities for Pennsylvanians.

The following activities are under the auspices of the 21-member BFTDA Board of Directors, which is chaired by DCED Deputy Secretary Carolyn Newhouse (official proxy for Secretary C. Alan Walker) and includes, but is not limited to, members of the General Assembly including Senators John Gordner and Andrew Dinniman and House of Representative Members Doyle Heffley and Bryan Barbin. The Board also includes members of various universities as well as a member of each of the four regional boards for the Ben Franklin Technology Partners.

University Research Commercialization Grants

The BFTDA University Research Commercialization Grant program supports collaborations between universities, industry and government to stimulate economic development. The primary program strategies are to enhance university-based resources, to increase commercialization of applications, to form new spin-off companies, to leverage other sources of funds, to create consortia-driven educational programs and to develop strategies for financial sustainability. The commonwealth has a world-renowned university base with capabilities in information technology, optics, nanotechnology, biosciences, advanced materials, energy and the environment. The University Research Commercialization Grant program provides a unique opportunity to advance university/company relationships and to leverage significant federal research funds. In addition to other funded research projects, the BFTDA continues to invest grant funds into nanotechnology projects guided by the Pennsylvania Initiative for Nanotechnology funding strategy and into energy and environmental projects guided by the Pennsylvania Initiative for Energy and the Environment.

Keystone Innovation Network Program

The Keystone Innovation Network Program focuses on two complimentary areas. The first area encourages and supports innovation and entrepreneurship in and around Pennsylvania's colleges and universities. While, the second area assists in the development or expansion of technology transfer offices and the critical programs they offer to support the commercialization

of new technologies. This program unites the BFTDA's partners in each area and encourages the use of public dollars to support operational expenses associated with projects funded. The BFTDA dollars are to be used solely for programmatic activities designed to encourage entrepreneurship. A \$1:\$1 match is required to receive BFTDA funds for this program.

Ben Franklin Technology Partners

The BFTDA is responsible for the operation and oversight of the Ben Franklin Technology Partners (Partners) program. The four regional Partners create a statewide network dedicated to fostering technology innovation, identifying the most promising technology ventures and providing those companies with technical assistance and capital. In conjunction with the other programs funded through the BFTDA, the Partners carry out the commonwealth's vision for the growth of Pennsylvania's young emergent companies and offer a continuum of assistance and funding opportunities. An internationally recognized and highly-acclaimed economic development program, the network is celebrating over 30 years in operation.

Venture Investment Program

The BFTDA's Venture Investment Program seeks to develop a robust environment that supports the creation and growth of innovative, technology-based companies. A critical component of that environment is capital to research, develop and commercialize exciting technologies that have the opportunity to disrupt accepted processes and existing markets. The companies creating and commercializing these technologies often require significant risk capital at times when they are not self-sustaining. Venture capital fills this critical gap in a company's capital life cycle. The BFTDA Venture Investment Program provides support to fill this capital gap by making loans to venture capital funds who will ultimately invest those loans along with required matching capital into promising Pennsylvania related companies. The primary purpose the program is to serve as a catalyst for increasing the supply of risk capital available to Pennsylvania companies.

8. Program Performance and Impact:

BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY (BFTDA) FY2012-13						
	University Research Commercialization Grant Program	Keystone Innovation Network Program	Technology Development Grant Program	Ben Franklin Technology Partners	Venture Investment Program	Total
Jobs Created	158	824	0	1,353	13	2,348
Jobs Retained	62	2,171	0	520	24	2,777
Total Jobs Created & Retained	220	2,995	0	1,873	37	5,125
Private Funds Leveraged (in thousands)	\$7,026	\$656,215	\$0	\$227,491	\$0	\$890,732
Public Funds Leveraged (in thousands)	\$50,523	\$25,794	\$0	\$20,946	\$0	\$97,263
Total Private/Public Funds Leveraged in '000 (in thousands)	\$57,549	\$682,009	\$0	\$248,437	\$995	\$988,990
Businesses Assisted	410	608	0	1,032	2	2,052
New Technology Companies Formed	10	122	0	34	0	166
Venture Investments Made (in thousands)	\$586,900	\$0	\$0	\$0	\$0	\$586,900
Patents Issued	16	100	0	128	0	244
Intellectual Property	44	28	0	0	0	72
Technology License	11	1,903	0	159	0	2,073
New Products Commercialized	10	251	0	195	0	456

University Research Commercialization Grants

In FY2012-13, the University Research Commercialization Grant Program saw continued benefits previous investments in several university research projects. As a result of those investments, the program leveraged more than \$7.0 million in private funds and over \$50.5 million in public funds, formed ten new companies, created 158 new jobs, retained 62 jobs and assisted 410 businesses.

University Research Grant at work:

Nanotechnology Institute (NTI): (\$150,000)

Project: Commercialization of Large-Area Graphene for Programmable Ligand Detection.

Graphene Frontiers, residing at the University City Science Center, is an early-stage company based on the groundbreaking technology developed by A .T. Charlie Johnson, Professor, Department of Physics and Astronomy, University of Pennsylvania. Graphene Frontiers is an advanced materials and nanotechnology device company that has developed patented methods for manufacturing graphene films for use in sensors, energy storage and flexible electronics.

The NTI has provided approximately \$150,000 in funding for research that helped move the technology from bench to start-up, from non-commercializable carbon nanotube-based technologies to the current graphene formats. NTI has funded applications for Bio-molecular Functionalization of Large-Area Graphene for Programmable Ligand Detection as well as improvements to the manufacturing process to meet the threshold requirement of, "Can it be manufactured?"

The NTI is now providing critical commercialization funding directly to Graphene Frontiers. Graphene Frontiers has raised over \$1M and pending in grants and secured its first angel investment in 2012. New N TI funding is anticipated in 2013. To date, 3 jobs have been created.

Keystone Innovation Network

This program operates off the same premise as the former Keystone Innovation Zone and Innovation Grant programs - to not only support entrepreneurship but to encourage it. Pennsylvania is blessed with a plethora of institutions of higher education. These economic drivers are poised and ready to move forward, creating new opportunities for students and faculty in the spirit of new company formations and the commercialization of new technologies.

In FY2012-13, the KIN the program leveraged more than \$656.2 million in private funds and nearly \$25.8 million in public funds, formed 122 new companies, created 824 new jobs, retained 2,171 jobs and assisted 608 businesses.

Keystone Innovation Network at work:

StrengthABCs, LLC, is a newly formed company to assist cancer survivors in becoming healthier. Initially the company's programs focuses on breast cancer survivors providing training for health professionals and an innovative on-line coaching program. The program has been proven to be successful by work at the University of Pennsylvania and funded by the National Cancer Institute (NCI).

The University City KIZ provided support to StrengthABCs to participate in a MidAtlantic Diamond Ventures coaching session and subsequent presentation to angel investors and business leaders. The coaching session helped StrengthABCs formulate a message/pitch that can be used in front of investors and potential strategic partners for soliciting funding and development support. The KIZ/MADV program gave StrengthABCs access to some of the leading investor and strategy minds in the Philadelphia area including legal advisors and financial advisors. The participation in the program resulted in formulating realistic financial projections and go-to-market strategy, which are currently helping the company in ongoing talks with two potential strategic partners.

Ben Franklin Technology Partners

The Ben Franklin Technology Partners track impact measures on a calendar year basis. For the year ended December 31, 2012:

- Jobs Created 1,353
- Jobs Retained 520
- Total Leverage \$248,437,441
- New Companies Formed 34
- New Products Commercialized 195
- Patents and Software Copyrights Awarded 128

Ben Franklin Technology Partners at work:

Ben Franklin Technology Partner of Central and Northern PA (CNP):

Mission Critical Partners (MCP) - In 2009/2010, Ben Franklin made two investments totaling \$350,000 in Mission Critical Partners (MCP). The purpose of the funding was to help start a three-person company that would provide innovative consulting to clients with “mission critical and life safety” communication systems, such as 911 call centers. Today that business has grown to become a company with 61 professional employees working across three offices in Pennsylvania – State College, Harrisburg, and Pittsburgh – as well as offices in Southlake, Texas and a new location in Raleigh, North Carolina. MCP has experienced rapid growth since opening its doors in 2008. At a ribbon cutting ceremony in May 2013, the company officially dedicated its 10,000 square foot corporate headquarters at its new location in Port Matilda, PA – a facility that represents their intention to create a strong physical footprint in Central PA that corresponds with their current and future plans for growth.

In September 2013, the company was named by Inc. Magazine as one of the fastest-growing private companies in the nation. Just three months later in December 2013, MCP was honored by the Team Pennsylvania Foundation, the Department of Community and Economic Development (DCED), and the Central Penn Business Journal at an awards ceremony at the Lancaster County Convention Center, as one of the top 10 Best Places to Work in PA for 2013

BFTP/NEP-the Ben Franklin Technology Partner of Northeastern PA:

EcoTech Marine LLC, Allentown, was launched by three undergraduates at Lehigh University. Those founders have built the company into a multi-million dollar enterprise with the help of several regional partners including the BFTP/NEP. The company's success represents true regional economic development collaboration. In addition to BFTP/NEP, the company received support from the Southside Bethlehem Keystone Innovation Zone, the City of Bethlehem, Lehigh University's Integrated Product Development Program, the Small Business Development Center, the Manufacturers' Resource Center (the local Industrial Resource Center), and Northampton County.

EcoTech continues to grow substantially, and generated more than \$14.5 million in revenue in 2013, increasing 2011 sales by more than 223%. Ben Franklin invested a total of more than \$110,000 in the company since 2006, providing strategic plan development and branding, marketing planning, a software assessment and CFO assessment, and comprehensive support developing EcoTech's Enterprise Resource

Planning system. Beginning with three founders, the company now employs 50 and relocated last year to a new facility that increased its previous space by more than eight times.

Reef aquarium ownership is a sizeable and growing hobby. Conventional pumps located within the tank are large and generate considerable heat, which can harm or kill sensitive and expensive aquarium inhabitants. EcoTech's patented VorTech propeller pump allows the motor to be located on the outside of the aquarium through a magnetically coupled design for better heat control and flow to protect aquatic life. EcoTech has also adapted the pump for use in the spa/pedicure market.

In addition to the propeller pump, Eco-Tech developed a radion LED lighting unit which features energy-efficient LEDs with a five-color spectrum. It improves aquarium growth and provides wider coverage, better energy efficiency, and a customizable spectral output. EcoTech maintains control and protection of its products by completing all assembly in-house in its Allentown facility.

BFTP/SEP-the Ben Franklin Technology Partner of Southeastern PA:

Neat® is a Philadelphia-based technology company that makes desk and portable scanners to transform paper documents into digital files in the cloud, and develops software that employs optical character recognition and patented parsing technology to read information from these files, whether they are receipts, business cards or documents. A 2002 university-spin out, Neat® is a national leader in document digitization, employing over 100 people in Center City Philadelphia and generating annual revenue of \$100 million.

Critical investments made by BTP/SEP have allowed Neat® to attract additional capital from various venture capital firms, including those located in Pennsylvania such as MentorTech Venture Partners, a venture fund focused on spinouts from the University of Pennsylvania.

Innovation Works (IW) - the Ben Franklin Technology Partner of Southwestern PA:

The Resumator, a Pittsburgh-based company, takes the hassle out of the hiring process and efficiently connects companies searching for talent with the right applicants. The Resumator's web-based software product is a system to recruit, store, manage and track job applicants, that replaces email and other manual processes for small and mid-sized companies without sophisticated human resources capabilities. The Resumator uses social media features and more traditional recruiting tools to make it easier for companies to find, sort and review applicants. The service also includes tools to administer skill tests and a number of social features that help teams make better hiring decisions together.

A \$150,000 investment from IW allowed the Resumator to commercialize its product, which then swiftly moved the customer adoption process due to early sales successes and subsequent coverage in major business and trade publications. The Resumator recently earned a spot on *Entrepreneur* magazine's list of "100 Brilliant Companies," just one endorsement among numerous enthusiastic reviews of the company's first product.

In October 2012, The Resumator raised a \$2.1 million round of financing led by Birchmere Ventures, a BFTDA-funded venture capital firm introduced to The Resumator by IW. IW also participated in the funding round, which was a follow up to a 2011 series A investment round in which it also participated. In both cases, the IW team worked closely with The Resumator's founder to help position the company to attract venture capital. IW typically provides this type of hands-on business assistance to portfolio companies in addition to seed funding. To succeed, companies need guidance on product development, fundraising, market strategy and other issues critical to the company's growth.

The Resumator founder, Don Charlton, began the company as the sole employee while in the IW AlphaLab program. Staffing has since increased to 20 people and the company has moved to a larger office space near Pittsburgh with room to grow. With the recent round of funding, the company plans to expand its leadership team, increase customer acquisition and secure strategic partnerships.

Venture Investment Program

The BFTDA Venture Investment Program helps to build and form the venture capital industry in Pennsylvania which ultimately supports innovative seed and early stage companies. Through direct investment into venture capital firms with a Pennsylvania focus, the commonwealth encourages additional private and public investment into Pennsylvania's startup and emerging companies.

As of June 30, 2013 the program committed \$39.5 million to 18 venture capital funds whose total investable capital exceeds \$900 million. The program is fully committed and not seeking new investments. Returns from the investments continue to flow back to the BFTDA which continue to support additional grant and investment programs approved by the board.

Venture Investment Program at work:

Draper Triangle Partners is a regional venture capital fund located in Pittsburgh, Pennsylvania. The BFTDA has invested in two of Draper's funds including funds II and III. A seed and early stage investor, the fund seeks first round investments of \$250k to \$2m in companies with a strong opportunity to achieve profitability and generate sales of \$50m within 3-5 years. The firm is an example of the BFTDA venture programs success having raised three funds in the last 13 years and developing a strong track record of success. The firm has invested in many Pennsylvania based companies including BitArmor Systems, Landslide, ClearCount Medical, Inspired Technologies, Entermedia, Direct Works and Plextronics.

Plextronics Inc is a Pittsburgh based spinout of Carnegie Mellon University. Plextronics specializes in the development, manufacturing and selling of conductive polymers and inks used in organic electronic applications. The company focuses its expertise on applications in organic light emitting diodes (OLEDs for next-generation display and lighting), batteries for enhanced power performance and emerging organic electronics for a range of flexible low-cost devices.

Draper Triangle Partners was one of the first institutional investors in Plextronics in 2006 which has led to significant additional investment by numerous other capital firms

including Newlin Investment Company, Birchmere Ventures, Firelake Strategic Technology Fund, Applied Ventures, Universal Display Corporation and Solvay North America Investments.

TOBACCO SETTLEMENT INVESTMENT BOARD - 10861

		<i>\$ in thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	State Funds	\$ 361	\$ 284	\$ 217	\$ (67)	-23.59%
	Grand Total - All Funds	\$ 361	\$ 284	\$ 217	\$ (67)	-23.59%
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
	State Funds	\$ 118	\$ 166	\$ 83	\$ (83)	-50.00%
	Total Costs	\$ 118	\$ 166	\$ 83	\$ (83)	-50.00%
Operating (6300000)						
	State Funds	\$ 243	\$ 118	\$ 134	\$ 16	13.56%
	Total	\$ 243	\$ 118	\$ 134	\$ 16	13.56%
		2011-12	2012-13	2013-14 Estim		
3. Lapse History:		\$ 75	\$ 166	\$ -		

4. Complement Information:

This appropriation has no direct complement. Personnel costs are charged to the program by way of SAP hard codes based on the amount of time TSIB and Legal staff devote to the program.

5. Legislative Authorization:

Act 77 of 2001, known as the Tobacco Settlement Act

6. Cost Assumptions:

The amounts appropriated to the Tobacco Settlement Investment Board (TSIB) were funded by the Health Endowment Account for Long Term Hope (Endowment). The Health Endowment Account for Long Term Hope was collapsed into the Tobacco Settlement Fund (TSF). The amounts appropriated to the TSIB are now funded by the TSF. Any funds approved by the TSIB but not required for the final budget are placed into budgetary reserve. In November of 2012, the TSIB approved a \$343,000 budget for FY2013-14. In November of 2013, the TSIB approved a \$343,000 budget for FY2014-15. One-quarter of the TSIB Executive Director's salary is paid for by TSIB. There is one full time TSIB employee.

Note: The Governor's budget proposes a transfer of assets and cash reserves in the Tobacco Settlement Fund and the Health Venture Investment Account in the amount of \$225 million to PSERS. This transfer of private equity investments and cash assets will be made in lieu of a full General Fund transfer to support the PSERS' General Fund program.

7. Overview of the Program:

The TSIB has had three areas of focus: the **Health Venture Investment Account** (to provide critical financial resources to startup and emerging life sciences companies through early, mid and later-stage venture capital investments); the **Health Endowment Account for Long-Term Hope** (to preserve and grow a portion of MSA receipts to ensure funds for future generations, sustain critical programs if tobacco allocations decreased and provide ongoing revenue if tobacco allocations ceased); and the **Tobacco Settlement Fund** (to provide funding for health care programs such as home-and-community-based services for seniors, tobacco use prevention and cessation, broad-based health research, medical care for workers with disabilities, and hospital uncompensated care).

Health Venture Investment Account:

The Health Venture Investment Account (HVIA) was created by an initial appropriation of \$60 million, to invest in private venture firms that extend financial resources to early-stage startups and emerging life sciences companies in Pennsylvania. Another appropriation of \$6 million was made in 2008. These investments create a pool of available capital at a leverage factor greater than 3:1 for investment in Pennsylvania Health Venture funds. This provides support to funds that turn research and development into viable companies and high-wage jobs.

Health Endowment Account for Long-Term Hope:

The Health Endowment Account for Long-Term Hope was transferred to the Tobacco Settlement Fund.

Tobacco Settlement Fund:

The Tobacco Settlement Fund is the general account for Tobacco funds. This account holds cash, short-term investments and the private equity portfolio from the Endowment. The Legislature appropriates spending by the agencies from this Fund.

8. Program Performance and Impact:

<u>TOBACCO SETTLEMENT INVESTMENT BOARD FY2012-13 - HVIA</u>			
Total Jobs Created & Retained	Total Private/Public Funds Leveraged (in thousands)	Life Sciences Businesses Assisted	Life Sciences Companies Funded
825	\$23,400	24	24

Health Venture Investment Account:

As of June 30, 2013, the Health Venture Investment Account funds are fully committed. Four private venture firms were selected by the TSIB to manage and leverage the \$66 million appropriation: \$20 million to PA Early Stage Partners (now Novitas Capital); \$21.75

million to Quaker BioVentures; \$13.333 million to Birchmere Ventures III; and \$10.962 million to Commerce Health Ventures. In FY2012-13, these managers extended approximately \$2.2 million to start-up companies, which brought the total to more than \$61 million. Distributions of \$2.9 million were received from successful exits in FY2012-13, which brought the total to \$23.4 million. Combined, the four funds leveraged \$59.4 million and created or retained 825 jobs.

Health Venture Investment Account Program at work:

Neuronetics, Inc is a Malvern, Pennsylvania-based medical device company developing and commercializing therapies for psychiatric and neurological disorders using the energy in magnetic fields. The company's lead product, the NeuroStar TMS Therapy System, was developed for the treatment of major depression. It utilizes highly focused, pulsed magnetic fields to stimulate nerve cells in brain regions linked to depression. TMS Therapy is non-invasive and is utilized in an outpatient setting. The product does not require anesthesia or sedation, so patients can resume normal activities immediately after treatment.

The company's major multicenter, randomized, controlled clinical trial demonstrated that NeuroStar is an effective, safe, and well-tolerated antidepressant for the treatment of patients with depression who have not received adequate benefit from antidepressant medications. On the basis of this clinical data, NeuroStar was approved by the FDA in late 2008 and is currently marketed and sold by the company throughout the United States and in Japan.

Quaker Partners initially invested in Neuronetics' Series C round in June 2006. Other investors in the company include Accuitive Medical Ventures, InterWest Partners, Investor Growth Capital, New Leaf Ventures, ONSET Ventures, Pfizer Ventures, Polaris Ventures and Three Arch Partners. Most recently, the company has been growing at 30–40 percent growth rates year over year and has been making significant progress securing reimbursement for NeuroStar treatment with managed care plans. On June 30, 2013 Neuronetics employed 142 people, with 71 based in Pennsylvania.

Tobacco Settlement Fund:

The Master Settlement Agreement payments are received in April each year and are deposited directly into the Tobacco Settlement Fund. Tobacco Settlement Fund balances are highest after the MSA payment is received and decrease over the course of the year as appropriated program spending occurs. TSIB has responsibility for investment of the funds and has used a conservative policy to ensure preservation of capital and daily liquidity. As of June 30, 2013, the TSF also had a portfolio of approximately \$182 million in private equity holdings.

LIFE SCIENCES GREENHOUSE - 10773

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
State Funds	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0.00%
Total Less Budgetary Reserve	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Budgetary Reserve (6000000)					
State Funds	\$ -	\$ -	\$ -	\$ -	0.00%
Operating (6300000)					
State Funds	\$ 150	\$ 150	\$ 150	\$ -	0.00%
Grants and Subsidies (6600000)					
State Funds	\$ 2,850	\$ 2,850	\$ 2,850	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds	\$ 7	\$ -	\$ -		
4. Complement Information	N/A				

5. Legislative Authorization: Act 2001-77 of July 1, 2001, known as the Tobacco Settlement Act.

6. Cost Assumptions:

The funding allocation of \$3 million to the program supports the Life Sciences Greenhouses operations, investments in biotech companies and business development activities is funded through a portion of the Tobacco Settlement Fund as a result of payments from the Master Settlement Agreement.

7. Overview of the Program:

The three Life Sciences Greenhouses (LSGs) were established in 2001 by the Tobacco Settlement Act with a \$100 million, one-time appropriation to create “evergreen” investment pools and to strengthen the regional competitiveness in the life sciences. In 2006 the annual operation grants were established under the Tobacco Settlement Funds to further strengthen each region, build on the success to the program and to continue to support the economic development mission and activities of the centers.

The LSG program was designed as a flexible mechanism for regional growth in the life sciences sector. Regional flexibility allows each Greenhouse to develop its model in accordance with the unique industry strengths and needs of each region. The LSGs were created to fill the critical seed-stage funding gap for emerging life sciences companies, especially during the phase which occurs between university research and company formation. The LSGs offer critical

sector focused capabilities that otherwise do not exist while focusing on starting and attracting the best high growth biotech companies. While each LSG offers different programs to meet the needs of their distinct regions, the activities can be summarized into three areas: operational funds (includes general and administrative expenses); company investment capital activities (includes grants, loans and equities participation); and business development programs (includes entrepreneur services, CEO development and recruitment, business incubation and other support).

Given the very long product-development cycle for life science companies, especially new drugs, the LSGs have been efficient and effective mechanisms for DCED investments in early-stage life sciences companies. Companies funded and assisted through the LSGs have a greater ability to successfully commercialize technologies that produce high-pay technology jobs for Pennsylvanians. The LSGs also have the ability to attract private investors to exponentially leverage the commonwealth investment, resulting in a 40:1 return on state funds.

8. Program Performance and Impact:

LIFE SCIENCES GREENHOUSE (LSG) FY2012-13								
Jobs Created	Jobs Retained	Total Jobs Created & Retained	Private Funds Leveraged (in thousands)	Public Funds Leveraged (in thousands)	Total Private/Public Funds Leveraged (in thousands)	Businesses Assisted	New Technology Companies Established	Early Stage Companies Funded
117	849	966	\$228,000	\$8,000	\$236,000	337	0	23

Since their 2001 inception, the LSGs assisted in the formation of 156 new companies, leveraged approximately \$2.89 billion in private funds and \$97.25 million in federal research funds. LSG companies have reported 6,782 direct jobs created/retained and over 24,179 indirect jobs created, based on the Milken Multiplier. Additionally, the three LSGs received a total of 1,720 requests for \$1.8 billion in funds.

Life Sciences Greenhouses Program at work:

LSGPA-Life Sciences Greenhouse of Central PA:

Novasentis (formerly Strategic Polymer Sciences), is headquartered in State College at Innovation Park, is the developer of the world's thinnest actuator, which has been designed to animate medical application, mobile devices and consumer electronics with touch feedback screens (known as haptics) that can also include sound and deformation capabilities. The company likes to say that it "breathes life" into devices. The technology upon which the company was founded is an electro-mechanical polymer developed in the lab at Penn State University. An extremely versatile technology, it is also being used in the development of novel catheters for use in cardiac surgery. Collectively, the Life Sciences Greenhouse of Central PA has invested \$1,000,000 into Novasentis. The LSG's investments, beginning in 2006, have leveraged over \$23 million in private and public funding to grow the company and further develop the technology applications.

BioAdvance-the Life Sciences Greenhouse of Southeastern PA:

Innovative Supply Solutions (ISS), headquartered in Bucks County, is a unique independent specialty contract service organization, focused on drug supply management and coordination. Their mission is to help customers optimize their drug supply management technologies and processes providing cost effective, high quality end-to-end clinical supplies services – serving as a virtual “in-house” drug supply management group. In April 2010 BioAdvance provided ISS entrepreneur start-up funding of \$50,000 allowing the Company to initiate operations, develop commercialization plan, complete market research and ramp up business development activities. In addition to adding new customers every year, all of ISS’s existing clients have returned for additional work. As a result of the combination expansion within existing customers and the addition of new customers each year, ISS has grown significantly since 2010 and has at least doubled revenue in each successive year (2011 sales increase of 234 percent, 2012 sales increase of 171% and 2013 on track for at least a 200% increase). ISS utilizes a staff of permanent employees as well as a base of specialized consultants.

PLSG-Pittsburgh Life Sciences Greenhouse:

Personal Health Recording for Quality of Life (PHRQL, pronounced *freckle*), a Pittsburgh-based electronic health record (EHR) developer who launched a system for medical nutrition therapy (MNT) that enables registered dietitians in retail grocery settings or independent practices to help customers develop healthy eating plans for general health and wellness. There is an unmet technical need in the retail supermarket setting for an electronic record system to support dietetic services. Medical Nutrition Therapy (MNT), normally delivered in a clinical setting by registered dietitians, is now being offered by a growing number of supermarket chains to customers in their store/pharmacy locations. In addition to MNT, supermarket dietitians are delivering a variety of nutrition and disease management group training sessions, individual consultations, and personal services. Dietetic services that are delivered in a community supermarket/pharmacy are convenient for the customer, lower cost than delivering similar services in a traditional clinical setting, and reimbursable for the supermarket through the customer’s health plans. PHRQL’s *Connect & Coach™* solution is unique for this market. PHRQL is filling a gap left by vendors of traditional MNT electronic record systems with a cost effective solution following the Nutrition Care Process that meets the security and enterprise requirements for a multi-site retail supermarket customer. The Pittsburgh Life Sciences Greenhouse investment of \$75,000 will help southwest PA build the growing Healthcare IT segment. The Company is early stage but has made excellent progress in terms of product development and establishing corporate relationships. The Greenhouse funds were efficiently utilized to allow the company to make meaningful commercialization progress.

Note: Due to an adverse ruling in Tobacco Settlement litigation announced in September 2013, the commonwealth is projected to receive \$180 million less in its Master Settlement Agreement payment in April 2014. The Governor’s Budget Office proactively froze some discretionary spending in the amount of approximately \$100 million that was to be paid from TSF funds during this fiscal year. Only one DCED program was impacted by this freeze – the Life Sciences Greenhouses (LSGs). The LSGs were to receive \$3 million from TSF funding in the current fiscal year and have received \$0. However, the governor’s proposed budget restores that funding for FY 2014-15.

TRANSFER TO BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND - 10312

	<i>\$ in Thousands</i>				
1. Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
State Funds	\$ 14,500	\$ 14,500	\$ 14,500	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Non Expense Transfers (6910000)					
State Funds	\$ 14,500	\$ 14,500	\$ 14,500	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds	\$ -	\$ -	\$ -		
4. Complement Information	N/A				

5. Legislative Authorization: None

6. Cost Assumptions:

The FY2014-15 budget is in accordance with the Governor's budget proposal.

7. Overview of the Program:

This appropriation transfers funds to support the Ben Franklin Technology Development Authority.

8. Program Performance and Impact:

Refer to Ben Franklin Technology Development Authority Fund for program performance.

**BROADBAND OUTREACH AND AGGREGATION FUND
ADMINISTRATION: 20317; ARRA ADMINISTRATION 87521 GRANTS:
20318, ARRA 87534**

	<i>\$ in Thousands</i>					Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request	Change		
1. Summary Financial Data						
State Funds (20317)	\$ 50	\$ 50	\$ 40	\$ (10)	-20.00%	
State Funds (20318)	\$ 1,500	\$ 1,450	\$ 1,260	\$ (190)	-13.10%	
Federal Funds (ARRA 87521)	\$ 81	\$ 60	\$ 60	\$ -	0.00%	
Federal Funds ARRA Broadband Grants 87534	\$ 1,121	\$ 800	\$ 800	\$ -	0.00%	
Grand Total All Funds	\$ 2,752	\$ 2,360	\$ 2,160	\$ (200)	-8.47%	
2. Detail by Major Object (Commitment Item)						
Budgetary Reserve (6000000)						
State Funds: Broadband Admin 20317	\$ -	\$ -	\$ -	\$ -	0.00%	
State Funds: Broadband Outreach 20318	\$ -	\$ -	\$ -	\$ -	0.00%	
Total Budgetary Reserve						
Personnel (6100000)						
State Funds: Broadband Admin 20317	\$ 50	\$ 37	\$ 37	\$ -	0.00%	
Federal Funds: ARRA Broadband Admin 87521	\$ 76	\$ 37	\$ 37	\$ -	0.00%	
Total Personnel	\$ 126	\$ 74	\$ 74	\$ -	0.00%	
Operating (6300000)						
State Funds: Broadband Admin 20317	\$ -	\$ 13	\$ 3	\$ (10)	-76.92%	
State Funds: Broadband Outreach 20318	\$ -	\$ 750	\$ 560	\$ (190)	-25.33%	
Federal Funds: ARRA Broadband Admin 87521	\$ 5	\$ 23	\$ 23	\$ -	0.00%	
Total Operating	\$ 5	\$ 786	\$ 586	\$ (200)	-25.45%	
Grants and Subsidies (6600000)						
State Funds: Broadband Outreach 20318	\$ 1,500	\$ 700	\$ 700	\$ -	0.00%	
Federal Funds ARRA Broadband Grants 87534	\$ 1,121	\$ 800	\$ 800	\$ -	0.00%	
Total Grants	\$ 2,621	\$ 1,500	\$ 1,500	\$ -	0.00%	
3. Lapse History	2011-12	2012-13	2013-14 Estim			
State Funds: Broadband Admin 20317	\$ 32	\$ 15	\$ -			
State Funds: Broadband Outreach 20318	\$ 930	\$ 1,176	\$ -			
Federal Funds: ARRA Broadband Admin 77888/87521	\$ 897	\$ 302	\$ -			

4. Complement Information:

Prior to FY2011, personnel costs for one employee were split equally between General Government Operations (GGO) and the Broadband Outreach and Aggregation fund (BOAF appropriation 20317). During FY2013-14, the GGO portion became supported by the ARRA administration appropriation (87521). The 87521 appropriation will pay 50 percent of personnel costs through December 31, 2014, with the remaining 50 percent paid by BOAF Operations (20317). The sole employee provides administrative and contract support to the program administrator of the ARRA fund.

5. Legislative Authorization: 66 Pa. C.S.A. Public Utilities Code Chapter 30 of Title 66, as amended by Act 183 of 2004, P. L. 1398, No. 183 also known as the Reauthorization of Chapter 30; American Recovery and Reinvestment Act of 2009 (ARRA)

6. Cost Assumptions:

Act 183 provides that up to \$5 million may be made available to DCED annually from BOAF, which will be funded on an annual basis until the expiry of Act 183 on Dec. 31, 2015. Payments into BOAF are determined by the PUC, based on a formula assessed on the incumbent local exchange carriers (ILECs) when they increase rates. Based on the prior years' actual amounts transferred from the PUC to DCED, the estimate used for the FY2014-15 receipts is \$500,000. DCED can retain 3% of the total fund balance for program administration. As of December of 2013, the BOAF fund balance is \$1.476 million. This provides \$26,000 for the Administrative appropriation (20317) and the remaining \$1.45 million for the Grants appropriation (20318).

The American Recovery and Reinvestment Act of 2009 provided supplemental funds for designated federal programs. ARRA funds for Broadband (which will be in effect from January 1, 2010 through December 31, 2014) are granted directly to the Office of Administration (OA). DCED and the OA entered into an interagency sub-grant to support personnel costs of the program administrative officer and sub grants administered by DCED on behalf of OA to carry out programmatic components.

7. Overview of the Program:

Act 183 of 2004 created several telecom-related initiatives, which included BOAF. By virtue of the implementation of the BOAF program, DCED is responsible for outreach programs about the benefits, use, and procurement of broadband services. DCED accomplishes this by administering a grant program to provide seed funds to aggregate customer demand in communities with limited broadband service so the acceleration of the deployment of broadband can be achieved and a community can be positioned for growth.

8. Program Performance and Impact:

BROADBAND OUTREACH AND AGGREGATION FUND FY2012-13			
Total Jobs Created or Retained	Businesses Assisted	# Persons Assisted	# Rural Communities that Met Deployment Threshold
65	231	814	N/A

During FY2012-13, the commonwealth continued a coordinated statewide broadband technical assistance program, co-funded by both BOAF and ARRA, targeting small businesses and community anchor institutions to promote adoption and use of broadband solutions. During the fiscal year the project:

- Completed 109 one-on-one technical assistance cases with small business and community anchor institution clients and had another 31 in process.
- Completed 91 broadband assessments and 81 strategic technology plans for manufacturers.
- Placed 19 undergraduate IT student interns within businesses or community anchor organizations to implement broadband-related recommendations and projects
- Provided training or assistance to 814 individuals.
- Awarded 28 federal broadband implementation micro-grant awards totaling over \$56,000 to graduates of the broadband technical assistance program from 15 counties. The technical assistance provided, along with the micro-grant were integral in leveraging more than \$632,000 in private company investment (11:1 leverage ratio) to support broadband-related project implementations, which will improve the operations of the client companies, while generating significant ROI, economic impact, job creation/retention.

BOAF at work:

A small manufacturing company with 45 employees in rural Union County had been struggling with cash flow in recent years and therefore had not invested in IT infrastructure or new broadband technologies. The company had no in-house IT staff and had instead been sharing computing assets with another manufacturer in the area by accessing programs remotely on the other company's systems. The speed for the shared programs was naturally very slow, the level of support was very low, and the software and systems were out of date and at risk of failure.

Through the BOAF program in coordination with the federal ARRA broadband program, this business received a broadband assessment from technical experts, which identified serious deficiencies in their website and email system while also revealing opportunities for the client to leverage cloud-based technologies to better serve their business needs and improve their bottom line. The technical assistance and actionable recommendations provided through this program led to the company's decision to implement a \$16,717 project to improve its use of broadband by transitioning to cloud-based computing and overhauling its website presence.

This project, supported in part by a federal broadband implementation micro-grant, enabled the company to improve its supply chain management, increase remote sales, reduce network downtime, improve network security, and expand their geographic reach. As a result, the company expects the project will generate \$200,000 in additional revenues, lead to the creation of new full time positions, and save the company approximately \$105,000 over the next three years, allowing for that money to be reinvested into their manufacturing operations.

KEYSTONE INNOVATION ZONE (KIZ)TAX CREDITS

The funds for this program are not included in the budget. They are held and administered by a Trust.

Program Overview:

Tax credits are available for Keystone Innovation Zone (KIZ) companies less than eight years old that operate within the geographic boundaries of a KIZ. The tax credits are based on revenues derived from operations in the KIZ for the two years prior to application for the tax credit. The revenues from two years before the submission are subtracted from the revenues from one year before the submission to get the increase in revenues. Tax credits are one half of this increase in revenue or \$100,000, whichever is the lesser amount. The tax credits may be used by the company awarded the credits for up to five years, or they may be sold/assigned if the original company awarded the credits has no tax liability in the year in which the tax credits are awarded

Program Performance and Impact:

<u>KIZ TAX CREDITS</u>					
<u>Fiscal Year</u>	Tax Credits Awarded (in thousands)	# of Companies Awarded Tax Credits	# of Tax Credit Sales & Assignments	Average Tax Credit Exchange Rate	Total Trading Revenues for KIZ Companies(in thousands)
2012-13	\$13,730	179	236	92.27	\$11,798

In FY2012-13, the seventh year of the program, nearly \$13.730 million in KIZ Tax Credits were awarded to 179 KIZ companies. There were 236 sales or assignments of tax credits, which resulted in almost \$13.145 million of approvals. These tax credits sold at an average of 92.27 cents per dollar of credit purchased, and generated nearly \$11.798 million in revenue for the KIZ companies.

WORLD TRADE PA - 10302, 70448, 70449, 70950

	<i>\$ in Thousands</i>				
	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
1. Summary Financial Data					
State Funds 10302	\$ 6,143	\$ 7,296	\$ 7,900	\$ 604	8.28%
State Funds Plus PRR	\$ 6,143	\$ 7,296	\$ 7,900	\$ 604	8.28%
Federal Funds SBA State Trade & Expo 70448	\$ 8,070	\$ 2,000	\$ 2,000	\$ -	0.00%
Federal Funds Mining Equip Export 70449	\$ 190	\$ 100	\$ 100	\$ -	0.00%
Federal Funds EDA Expanding Expo 70950	\$ 160	\$ 1,000	\$ 1,000	\$ -	0.00%
Total Federal Funds	\$ 8,420	\$ 3,100	\$ 3,100	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
State Funds 10302	\$ 2,053	\$ 1,720	\$ 2,211	\$ 491	28.55%
Total Personnel 10302	\$ 2,053	\$ 1,720	\$ 2,211	\$ 491	28.55%
Operating (6300000)					
State Funds 10302	\$ 3,631	\$ 5,117	\$ 1,591	\$ (3,526)	-68.91%
Other	\$ -	\$ -	\$ -	\$ -	0.00%
Total State Operating 10302	\$ 3,631	\$ 5,117	\$ 1,591	\$ (3,526)	-68.91%
Federal Funds SBA State Trade & Expo 70448	\$ 4,035	\$ -	\$ -	\$ -	0.00%
Federal Funds EDA Expanding Expo 70950	\$ 10	\$ -	\$ -	\$ -	0.00%
Total Operating	\$ 7,676	\$ 5,117	\$ 1,591	\$ (7,052)	-137.82%
Grants and Subsidies (6600000)					
State Funds 10302	\$ 459	\$ 459	\$ 4,098	\$ 3,639	792.81%
PRR: Promoting PA Abroad	\$ -	\$ -	\$ -	\$ -	100.00%
Total State Grants 10302	\$ 459	\$ 459	\$ 4,098	\$ 3,639	792.81%
Federal Funds SBA State Trade & Expo 70448	\$ 4,035	\$ 2,000	\$ 2,000	\$ -	0.00%
Federal Funds Mining Equip Export 70449	\$ 190	\$ 100	\$ 100	\$ -	0.00%
Federal Funds EDA Expanding Expo 70950	\$ 150	\$ 1,000	\$ 1,000	\$ -	0.00%
Total Grants	\$ 4,834	\$ 3,559	\$ 7,198	\$ 7,278	204.50%
3 Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds 10302	\$ -	\$ -	\$ -		
4. Complement Information	Jan 25, 2013		Jan 24, 2014		FY2014-15
	Authorized	Filled	Authorized	Filled	Requested
State Funds	19	19	19	19	19

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law

6. Cost Assumptions:

Operating costs include international trade and investment activities by department staff and overseas contractors. Grants include a contract with the Council of Great Lakes Governors for representation in four countries and the Pennsylvania Export 2000 Program to support our Regional Export Network (REN).

The World Trade PA program provides funds to expand and promote Pennsylvania exports in key markets and to attract foreign investments to Pennsylvania. This makes Pennsylvania businesses, communities and universities more competitive in the global economy, through an increase in export capacity and the creation of new connections between Pennsylvania and customers and partners worldwide. The Office of International Business Development (OIBD) and its Regional Export Network partners will continue to provide critical export information and customized assistance to businesses. OIBD will also continue to provide a critical service of research and support, attracting foreign investors and new jobs to Pennsylvania.

The FY2014-15 Governor's budget includes \$604,000 in additional funds requested. These additional funds will help OIBD maintain export promotion programs in "emerging markets" that were previously federally funded and would close otherwise; increase exports overall; continue grants to companies to support their global market development; support an energy focused initiative and agriculture strategy that will elevate both of these strategic industries resulting in increased export dollars, investments, and taxes.

In 2013, DCED continued to administer three federal grants to enhance OIBD's export promotion program; each requires state funds matching, which is provided from the requested World Trade PA appropriation. ARC and STEP grants will partly extend into the FY14-15 and conclude on September 29, 2014, the end of the Federal fiscal year. OIBD is pursuing additional federal funding but nothing has been formally applied for at this time.

- **Appalachian Regional Commission (ARC):**

The ARC grant is a three-year program providing \$33,000 annually to increase job opportunities and per-capita income in the Appalachian region. The grant is being used to increase the number of mining equipment manufacturers in the ARC region to develop new sales channels into 7 southern African markets. To date, client-reported sales attributed to the PAMEX program total \$1.36 million. This grant will close out in September 2014.

- **SBA State Trade and Export Promotion Grant Program (STEP):**

STEP is a two-year trade and export promotion pilot initiative to provide matched-fund grants for states to assist eligible small business exporters. The two year term has concluded but CTD was permitted to carry over unused funds into a third year which will conclude in September 2014. A portion of the funds are being used to provide in-country export assistance to Pennsylvania companies targeting markets in Russia, Central and Eastern Europe and Indonesia. A second portion funds the Global Access Program grant which provides funds to firms to help offset their international marketing costs, including participation in trade shows and trade missions, foreign market sales trips, subscriptions to services provided by the Department of Commerce, website translation, and design of international products will be provided to eligible small businesses.

7. Overview of the Program:

The mission of the Office of International Business Development (OIBD) is to contribute to the growth and strength of the commonwealth's economy through a comprehensive global business development strategy, focused primarily on the attraction of foreign direct investment to the commonwealth and the provision of value-added export assistance services to Pennsylvania companies and universities. The goals are to:

- Develop and implement a coordinated and integrated methodology to enhance the export capacity of small to medium-sized businesses in the commonwealth and attract foreign direct investment to Pennsylvania.
- Provide transaction-based technical and marketing services to assist Pennsylvania companies in the development of their export potential and expansion of their presence in foreign markets, in addition to offering international companies opportunities for business expansion within the commonwealth.

To achieve these goals, OIBD has expanded its outreach to private and non-profit entities through the establishment of partnerships and cooperative ventures with Team PA Foundation and other organizations in efforts to promote current programs and identify new program opportunities.

Far too few PA firms are aware of the opportunities to grow their firms in the global economy. Many firms lack the technical know-how and/or the resources to market their products abroad. The World Trade PA program is the only state-funded resource that can provide the technical, on-the-ground assistance needed to make Pennsylvania businesses more competitive in the global economy, thus creating more job opportunities and tax revenue for the commonwealth.

8. Program Performance and Impact:

OIBD	Estimated State and Local Tax Revenues Generated (\$Thousands)	Export Sales Facilitated (\$Thousands)	FDI: Capital Investments Facilitated (\$Thousands)	FDI: Projects Completed	Businesses Assisted	Return on Investments: Export Sales and FDI Facilitated Investments to DCED Costs
FY2012-13	\$99,554	\$795,862	\$74,811	21	2,097	157.53

FY12-13

OIBD continues to refine and expand its best-in-class, low-cost and performance-driven network of international contractors to promote Pennsylvania as a prime investment location for international companies and increase market access for Pennsylvania goods and services. As of December 2013, OIBD maintains a network of 33 authorized trade and investment representatives covering 73 countries. Services provided to Pennsylvania companies include but are not limited to product marketability assessments, development of market-entry strategies, agent/distributor searches, competitive analyses on products and services, and trade show participation

With its international consultants and key partners, OIBD developed and implemented strategic initiatives which resulted in several key investments. In FY2012-13, OIBD's Center for Direct Investment (CDI) participated with their authorized international consultants in various activities. Within the current budget context, CDI implemented an innovative and low-cost investment finders' fee program for a select number of trade representatives to also handle investment attraction. The CDI activities and marketing actions resulted in: 758 foreign direct investment (FDI) leads generated worldwide, 159 qualified FDI projects were submitted to CDI, 71 business visits to Pennsylvania were organized, and 21 projects that pledged to create or maintain 1,867 jobs in PA were completed, in partnership with local economic development partners and the Governor's Action Team.

To expand business opportunities for PA companies into international markets, OIBD participated in targeted international events. OIBD's Center for Trade Development (CTD) led trade delegations to 26 trade events in FY2012-13, including trade shows and missions to the UAE, Mexico, Russia, Kazakhstan, Colombia, Panama, Canada, Taiwan, Australia, South Africa, and Chile and multiple buyers' delegations to PA. The events attracted a total of 178 PA company participants in international trade shows, missions and catalog shows.

CTD continued its Emerging Markets initiative to capture new export opportunities and identify future international trade and investment markets. The program capitalizes on challenging but dynamic international markets that recently experienced favorable changes in economic, political or regulatory conditions. As a result of this strategy, OIBD now has representation in Indonesia, and Central Eastern Europe.

To achieve greater efficiency and realize operational savings, CTD consolidated its trade operations in China by closing the Shanghai office and enhancing operations in the Beijing office.

In July 2013, using carry-over federal funds from the STEP grant, CTD established a trade representative office in Moscow, Russia to assist PA exporters navigate and enter a very large but challenging market. The office has experienced strong demand from PA firms and a trade mission to Moscow and Kazakhstan is planned for April 2014.

As a result of CTD's efforts a total of 7,027 jobs were pledged to be created; \$796M in export sales realized; 2,806 projects completed by the authorized trade representatives; and over \$155K in grants were given to support PA companies' export initiatives.

FY13-14

OIBD's Center for Trade Development (CTD) will assist PA companies to attain at least \$525 million in export sales during FY2013-14. By the beginning of the second half of FY13-14, \$279 million in program-attributed export sales (53 percent of the year's goal) were collected.

Qualifying small and medium-sized Pennsylvania companies will continue to benefit from the "Market Access Grant" (MAG) program (funded by Team PA) as well as the federally funded Global Access Program (GAP), supported under the STEP grant from SBA through October 2014. GAP finances international activities such as trade show or trade mission participation and translation services, and assists companies with export-related activities. The maximum grant amount is \$5,000 per company, per year.

OIBD's Center for Direct Investment (CDI) directly assists with attraction of foreign companies to the state. The goal for successful investment prospects is 21 for FY2013-14. By the beginning of

the second quarter of FY2013-14, OIBD had completed ten successful investment projects (48 percent of the FY2013-14 goal).

A successful project in FY2013-14 included Charles and Alice from France, which is as a result of the Governor's Mission to France in March 2012. The company is creating 50 jobs in Lancaster County to produce apple desserts.

Currently, CDI has more than 20 projects pending, including a major potential Chinese investment in the Lehigh Valley in the plastics industry and a construction equipment parts manufacturer in Franklin County that was a direct result of the Governor's Mission to Brazil in April 2013. These two projects alone are more than \$30 million capital investment and more than 150 new jobs to be created in Pennsylvania.

Collaborative marketing of Pennsylvania's "T" region with local economic development partners, to support their federal Make It In America grant award from EDA. OIBD and International representatives will provide support to their international marketing efforts to attract prospects to PA. Additionally Pennsylvania is the host of the World Forum for Foreign Direct Investment to be held in Philadelphia June 16-18, 2014. This was made possible through a collaboration of OIBD, DCED Marketing and the Team Pennsylvania Foundation. This will be the first time for this internationally recognized forum to be held in the Americas. Site Selectors at the show will also be offered the opportunity to go to Lancaster, Lehigh Valley and Berks counties.

FY14-15 Program Initiatives:

OIBD would like to pursue value added activities with the additional funds in FY2014-15.

- Strengthening of our public-private partnership with the Team PA Foundation with the purpose of (1) increasing private sector input in our trade and investment strategies and (2) raising private sector dollars to further expand our program and increase the percentage of private funds vs. public funds.
- Strengthening our cooperation with the Bicameral International Commerce Caucus (co-chaired by two Senators and four Representatives) by including the members in various events and delegation visits, in addition to Pennsylvania International Week and annual Embassy visits in Washington, DC.
- Increasing our efforts to support our Universities and Colleges with their international development needs, with a particular focus on student recruitment which brings substantial amounts of income and tax revenue to the Commonwealth. This includes the continuation of our India Higher Education Initiative and its possible expansion to other important markets for student recruitment such as China, Taiwan and South Korea.
- Develop cooperative efforts with DCED's Tourism Office and regional tourism partners to leverage our international network and train some of our trade reps on tourism promotion strategies, at a very low cost to the Commonwealth because we will use our existing trade and investment offices as opposed to creating a separate international tourism promotion network.
- Develop a better balance between our export assistance programs and our international business attraction efforts in terms of budgets and other resources. Continue to develop opportunities for cooperation between our trade and investment teams in order to leverage existing events and missions at very little additional cost to the Commonwealth.
- In partnership with Team PA and regional trade and investment partners, develop a network and statewide database of international experts and potential "ambassadors"

who can increase the impact of our program globally at no additional cost to the Commonwealth.

- In partnership with the PREP partner network, develop an in-state business outreach strategy focused on foreign-owned companies in order to make sure these companies will keep their operations in Pennsylvania and further grow and expand their investment and employment base in the Commonwealth. This effort has already started in FY13-14 but will be expanded in FY 14-15.
- Continue to research and determine emerging markets, both for trade and investment that will allow us to have a “first-mover” advantage over other states by opening up new markets for our small- and medium-sized companies and exploring new markets for business attraction. Pennsylvania has a long track record of successfully opening new offices in emerging markets before any other state. We want to continue to be the leader in this area.
- Restructure and simplify our international contracts by incorporating operating expenses into fixed monthly payments to all our trade and investment representatives. This will generate substantial savings to the Commonwealth, both in staff time and financial resources. At the same time, continue to improve and strengthen our unique, first-in-the-nation, performance-based compensation system for all our contractors, both in-state (REN partners) and internationally (our overseas contractors).
- Maintain emerging markets that had been federally funded and would close otherwise; increase exports overall; continue grants to companies to support their global market development; support an energy focused initiative and agriculture strategy that will elevate both of these strategic industries resulting in increased export dollars, investments, and taxes.
- Transition to Executive Pulse for OIBD in FY 2014-15. Executive Pulse delivers a greatly enhanced capacity for OIBD to manage projects.

MARKETING TO ATTRACT TOURISTS - 10294

1. Summary Financial Data	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
State Funds (10294)	\$ 5,810	\$ 7,435	\$ 3,806	\$ (3,629)	0.00%
Other Funds - Augmentations					
Dept of State (4435659)	\$ 310	\$ 60	\$ 60	\$ -	0.00%
Grand Total - All Funds	\$ 6,120	\$ 7,495	\$ 3,866	\$ (3,629)	-48.42%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)			\$ -		
State Funds (10294)	\$ 537	\$ 591	\$ 594	\$ 3	0.51%
Operating (6300000)					
State Funds (10294)	\$ 2,153	\$ 2,374	\$ 1,962	\$ (412)	-17.35%
Grants and Subsidies (6600000)					
PRR: State Funds (10294)	\$ 3,120	\$ 4,470	\$ 1,250	\$ (3,220)	-72.04%
Other Funds	\$ 310	\$ 60	\$ 60	\$ -	0.00%
Total Grants	\$ 3,430	\$ 4,530	\$ 1,310	\$ (3,220)	-71.08%

3. Lapse History	2010-11	2011-12	2012-13 Estim.		
State Funds (10294)	\$ 315	\$ 197	\$ -		
4. Complement Information					
	Jan 27, 2012		Jan 25, 2013		FY2013-14
	Authorized	Filled	Authorized	Filled	Requested
State Funds	5	4	5	5	5

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law Act and the Act of April 9, 1929 (P.L. 177, Article XXV-C) known as the Administrative Code of 1929.

6. Cost Assumptions: The previously-existing appropriation for Tourist Promotion Assistance (TPA) has been consolidated with this appropriation. The FY2014-15 request is in accordance with the Governor's budget proposal.

7. Overview of the Program:

Inspire, motivate, and generate travel to the commonwealth through marketing and promotional activities with the express purpose of job creation and tax generation. These are the guiding, operational principles of the Pennsylvania Tourism Office. Most Pennsylvania tourism businesses are small, with no advertising and promotional presence in out-of-state feeder markets. A core mission of the Tourism Office is to represent those small businesses.

8. Program Performance and Impact:

Marketing To Attract Tourism FY2012-13	
Hotel Rooms Sold (Thousands)	29,082
Travelers' Expenditures (\$Millions)	\$38,767
Estimated State and Local Tax Revenues Generated (\$Thousands)	\$4,057,800

The activities of the Pennsylvania Tourism Office inspire and motivate travelers to visit the state who would otherwise not have done so – travelers whose spending supports Pennsylvania jobs, provides income to our residents, and additional tax revenues to the state and local governments. The vast majority of the state tax revenues support critical government functions at levels far exceeding the state's investment in tourism marketing.

The Calendar Year 2013 Results:

- Pennsylvania hosted an estimated 189.2 million US travelers and 952,000 travelers from overseas markets. These travelers:
 - ▶ Injected an estimated \$38.4 billion into Pennsylvania's economy.
 - ▶ Generated an estimated \$4.0 billion in state and local tax revenues.
 - ▶ Directly supported an estimated 298,200 Pennsylvania jobs, and 470,950 jobs in total when secondary impacts are included.

Preliminary Calendar Year 2013 Results

- While highly positive, Pennsylvania's tourism economy has begun to lag that of other states. PA's 2013 hotel room demand was essentially unchanged from 2012 and significantly below the 2.1% average growth nationwide, with room revenues growing by an anemic 1.7% compared to the 6.1% average nationwide. As a result, state and local governments can expect to see little growth in revenues from the hotel room tax.
- Other states and destinations are taking advantage of PA's lack of a strong marketing presence and are actively targeting consumers in PA's traditional markets. If Pennsylvania had experienced the same increase in room revenues and room demand as the average of the top-performing states in 2013, it would have realized an estimated \$150 million more in hotel room revenues and generated an estimated \$9 million more in state hotel tax revenues alone. Recognizing that lodging is only one component of traveler spending, PA would have realized well over an estimated \$700 million in total additional economic activity and \$43 million in additional tax revenues from the state's 6% sales and use tax if its performance had equaled the average of the top-performing states.

Tourism Office

- PA has slipped from 4th most visited state to 7th during Corbett Administration and is ranked in the bottom eight of the list in dollars spent on tourism.
- Philadelphia experiencing consecutive years of decrease in international visitation.
- Desire to expand into niche markets: Sports Tourism, International/Edu-Tourism, Agri-

Tourism.

- Administration has committed to \$1 million in matching funds to launch PA Tourism Partnership (PTP).

Advertising Paradigm

The Pennsylvania Tourism Office has faced significant challenges, from state budget cuts and rising gas prices, to a global economic recession and the downsizing or elimination of key media outlets. These changes have impacted our efforts to promote Pennsylvania as a place to visit. All of this has taken place in an extremely aggressive marketplace where, in most cases, we've been outspent by our competitor states.

The Pennsylvania Tourism Office has embraced a revenue-generation/minimal cost model to support the majority of its domestic and international marketing efforts in response to the Office's 65 percent funding reduction. Recognizing it no longer had the funding necessary to invest in traditional marketing (i.e., print, radio, TV, outdoor, among others), efforts were concentrated on a suite of online tools that are either low-cost or self-supporting through revenue generation, including partnership opportunities to market the commonwealth to potential visitors.

visitPA.com

The state Tourism Office adopted a revenue generation model to maintain and update *visitPA.com*, the state's official tourism website by providing Pennsylvania's businesses and destinations the opportunity to purchase and place ads on the website. Under its existing contract with the publisher of the office's main publication (the PA Vacation Guide), the publisher's sales team sells advertising space on *visitPA.com*. The publisher also now maintains and updates the *visitPA.com* site.

The Tourism Office's monthly e-newsletter was also converted to a revenue generation model, offering paid advertising opportunities. The *visitPA.com* sales team works with advertisers to create customized, integrated campaigns that connect with potential travelers through *visitPA.com*, the office's mobile site, and its monthly e-newsletter.

The Tourism Office continued to build its portfolio of "Fantastic Roadtrip-a-Matic" packaged, multi-day road trips available on *visitPA.com*. We now have 44 complete road trip itineraries that feature specific attractions, dining, and lodging recommendations throughout Pennsylvania. The itineraries center on 16 distinct themes (e.g., Civil War Trails & Beyond, Taste Buds on Tour, Artisan Ways, Trail Mix, Snow Days, Shutterbugs, etc.). The itineraries promote more than 550 destinations and attractions throughout Pennsylvania, and contain links to over 75 partner websites.

The Calendar Year 2013 Results:

- visitPA.com had almost 2.4 million visits in 2013 and almost 5.3 million page views. PA Events & Festivals along with Attractions & Activities were top viewed pages after the homepage. Romantic Getaways and the live video stream of Groundhog Day were close followers in audience for the year.
- Since the new site launch in April, there were 4.6 million ad impressions, delivering more than 100,000 click-throughs, demonstrating to advertisers that visitPA.com is worth their investment.

- Advertisers' click-through rate (CTR) on the new visitPA.com jumped to 2.2% from just above 1%, an average CTR that is 10 times higher than the average for an ad on major travel sites like Expedia.
- We know that search engines are where more than 60% of users start their online travel process. This is why we have chosen to invest in this space. Since September we have been investing more aggressively and in doing so we have seen an increase of 315,048 visits from search engines last year. This is close to a 70% increase in year over year traffic.

Advertiser Highlight

The Gateway Lodge in the PA Wilds is featuring a Romantic Getaway Deal that is receiving a click-through rate above 35%, the highest CTR of any ad on the site (and well above the industry standard). This ad, which is scheduled for a six-month presence, is directing 1,000+ highly qualified clicks to the Gateway Lodge site every week.

Social Media

The Tourism Office is committed to taking full advantage of the marketing opportunities and potential offered by social media. The office views social media as an extremely cost-effective method to promote the "Pennsylvania brand," as well as specific destinations, events and attractions throughout the commonwealth, to a growing cadre of dedicated fans and followers.

The tourism team posts inspiring travel photos and information on its Facebook page and sends out tweets on its Twitter accounts several times each day – including weekends. We also maintain a new Pinterest page to highlight the visual diversity of the state, adds themed lists to its Foursquare channel, updates a Google + account and shares videos of all regions via a YouTube channel.

The 2013 Calendar Year Results:

- The PA Tourism Office experienced a 10% increase in the number of Facebook fans in 2013 and now has a base of nearly 73,500 dedicated fans.
- @visitPA on Twitter had a 34% increase in the number of followers in 2013, now totaling more than nearly 27,000. The office is averaging 10-15 each day, with roughly 10,100 click-thrus for the year to the links and photos we share.
- Pennsylvania attracted nearly 153,000 Foursquare followers – a 12% increase over 2012. • The commonwealth's Groundhog Day badge, which was available only on February 2, was unlocked by 35,407 people worldwide.
- The Tourism Office will continue to tell Pennsylvania's story to national travel media via its media-focused Twitter profile, which is currently followed by more than 13,200 journalists, media organizations, and other destination marketing organizations (a 30% increase from 2012).

Publications

The Tourism Office produced its annual Vacation Guide, which is advertising-supported and highlights Pennsylvania's unique destinations, events, and attractions, but also began production of the inaugural Outdoor Adventure Guide – a first-of-its-kind publication that will serve as a complement to the Vacation Guide while providing in-depth information regarding the array of outdoor recreation assets, activities, locations and opportunities around the Commonwealth for sportsmen and women.

Pennsylvania Vacation Guide

The PA Tourism Office focused on its 11 tourism regions in the 2013 guide, with a focus on the 150th anniversary commemoration of the Civil War in Gettysburg. In addition to a not-to-miss list in each region, the vacation guide also included new and noteworthy items, a focus on Kidsylvania attractions and Pursuits-style stories.

The Results:

Both publications are widely received by both consumers and advertisers. The PA Tourism partners are particularly eager to receive and distribute the inaugural Outdoor Adventure Guide, a project that was completed with collaboration between PA Tourism, DCNR, Fish & Boat and the Game Commission.

CENTER FOR LOCAL GOVERNMENT SERVICES - 11052

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
State Funds	\$ -	\$ 7,308	\$ 8,500	\$ 1,192	16.31%
PRR: Municipal and Local Assistance Initiative	\$ -	\$ -	\$ -	\$ -	100.00%
State Funds Less Budgetary Reserve	\$ -	\$ 7,308	\$ 8,500	\$ 1,192	16.31%
Augmentations (4400000)	\$ -	\$ 570	\$ 453	\$ (117)	-20.53%
Total Including Augmentations and PRR	\$ -	\$ 7,878	\$ 8,953	\$ 1,075	13.65%
2. Detail by Major Object (Commitment Item)					
Budgetary Reserve (6000000)					
State Funds	\$ -	\$ -	\$ -	\$ -	0.00%
Personnel (6100000)					
State Funds	\$ -	\$ 2,026	\$ 2,603	\$ 577	28.48%
Operating (6300000)					
State Funds	\$ -	\$ 778	\$ 1,393	\$ 615	79.05%
PRR: Municipal and Local Assistance Initiative	\$ -	\$ -	\$ -	\$ -	100.00%
Total Operating	\$ -	\$ 778	\$ 1,393	\$ 615	79.05%
Grants and Subsidies (6600000)					
State Funds	\$ -	\$ 4,504	\$ 4,504	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds	\$ -	\$ -	\$ -		
4. Complement Information					
	Jan 25, 2013		Jan 24, 2014		FY2014-15
	Authorized	Filled	Authorized	Filled	Requested
State Funds	0	0	34	34	35

5. Legislative Authorization:

Act of Jun. 27, 1996, (P.L. 403), known as the Community and Economic Development Enhancement Act, the Act of May 10, 1939 (P. L. 111) known as the Commerce Law and the Act of April 9, 1929 (P.L. 177, Article XXV-C) known as the Administrative Code of 1929.

6. Cost Assumptions:

The FY2014-15 budget year request is In accordance with the Governor's budget proposal.

7. Overview of the Program:

For the rest of the line item, the Governor's Center for Local Government Services (GCLGS) provides legislatively mandated (Act 58 of 1996) assistance to over 4,500 local government units (LGUs, which include counties, municipalities, school districts, and authorities), across the Commonwealth.

GCLGS staff administers numerous local government programs, including the Distressed Communities Program (Act 47), the Early Intervention Program, the Municipal Assistance Program (which includes components for shared services, planning, and floodplain management), the Local Government Capital Project Loan Program, and the State Tax Equalization Division.

In addition to administering these programs, the Center offers LGUs a wide range of technical assistance involving experts in Fiscal Distress, Finance, Management, Municipal Planning, Fire Services, Police Services, Flood Plain Management, Local Taxation, Municipal Statistics, and Economic Development. This expertise in Harrisburg is supplemented by regional experts in the Northeast, Northwest, Southwest, and Southeast. Center experts also provide guidance and expertise to local government associations as well as the Governor's office on nearly all local government issues, including legislative inquiries, bill analyses, and policy initiatives. This breadth and depth of experience allows Center staff to act as subject matter experts in professional settings throughout the Commonwealth and nation.

The Center continues to provide support for Act 32, which, by consolidating local Earned Income Taxes at the county level, has dramatically increased LGU revenue. Additionally, Center staff coordinate training for LGU officials, provide disaster recovery support to LGU's, collect statutorily-required LGU statistics, disburse Uniform Construction Code fees for the benefit of LGU's, and work with the State Tax Equalization Board (STEB) to ensure accurate distribution of education funds to LGU's. The Center retains and manages extensive LGU records (including tax ordinances, audits, and other statutorily-required records); creates, manages, and maintains dozens of publications designed to assist LGU's; and regularly corresponds with all LGU's through a variety of newsletters and outreach.

Finally, the Center works diligently to ensure that municipalities maintain strong fiscal health: the Center is implementing an Early Warning System to track and monitor municipal fiscal status so that it can provide assistance early. Municipalities that receive early assistance are far less likely to enter Act 47 status, which is very costly to maintain.

8. Program Performance and Impact:

It is not hyperbole to state that the Center's work literally impacts every single Local Government Unit in the Commonwealth of Pennsylvania. All municipalities that seek assistance receive assistance, and Center staff have had some contact with every single municipality within the last year. The Center's work is truly all-encompassing, and "all-encompassing" is a difficult concept to quantify. Needless to say, if an entity is bound by Article IX of the Pennsylvania Constitution, then the Center has provided it with assistance in the past year.

Governor's Center for Local Government Services program at work:

Because the Center's role is all-encompassing, the following success stories provide only a small sample of the Center's vast work.

Act 32

The Center has played a critical role in the implementation of Act 32, the most significant local government tax collection legislation in a generation. By creating and enforcing standardized forms and procedures, greater consistency has been achieved throughout the system. On a daily basis, technical assistance provided by the Center facilitates and promotes understanding of the local tax collection system in Pennsylvania. Most notably, through the successful implementation of Act 32, providing for the more efficient collection of local income taxes, local government revenues are expected to increase without having to raise any Earned Income Tax (EIT) rates. For example, the city of Scranton has experienced a 19.8% increase in its EIT revenues from 2012 to 2013 without having to raise any EIT rates. According to Lancaster Online, Lancaster City Council members "learned the city is expected to receive more than \$700,000 in additional revenue this year from its earned income tax." Furthermore, based on data provided by local tax collectors, from 2012-2013, total EIT collections are up by approximately 22.65% in third class cities throughout Pennsylvania.

Pennsylvania Local Government Training Partnership (LGTP)

CLGS has developed new video training courses through the Pennsylvania Local Government Training Partnership, including:

- Basic Elements of Financial Management
- Capital Budgeting, Financing Projects and Asset Management
- An Introduction to Basic Accounting Principles
- Assessing Your Financial Condition
- Intermediate Accounting
- Working with Less: Tools to Handle Municipal Budgeting Today

Other online training courses were developed to complement in-class training opportunities. Courses offered through the partnership are designed to keep municipal officials current on new laws and legislative requirements and enhance their ability to govern more effectively. All of these online training modules can be found on the Pennsylvania Local Government Training Partnership's website: www.palocalgovtraining.org.

The LGTP provides for the effective coordination and delivery of a comprehensive set of training opportunities for local officials, using resources available from private and public sectors. Each year:

- Thousands of local government officials and employees benefit from training through the Pennsylvania Local Government Training Partnership, and
- Hundreds of local tax collectors are qualified through the LGTP.

Technical Assistance

The Center provides technical assistance to local governments throughout the Commonwealth. This technical assistance may be as simple as answering questions by phone or email or as complicated as meeting with a community to assist in the merger of several municipal fire or

police departments. The Center also provides assistance to municipalities that install modern accounting software to more efficiently manage their finances. This software can be complicated and hiring a private consultant to set up the software and train staff can be costly, especially for rural municipalities with minimal revenue.

Nicholson Borough: Nicholson Borough in Wyoming County is a perfect example of this. The Borough was unable to utilize its accounting software, and its ability to maintain proper finance records was in jeopardy. DCED provided assistance to the Borough, and within just a few weeks, Nicholson was able to update all of its financial records. The borough can now more adequately and accurately plan and budget for the future, while maintaining a good record of past expenditures. Because municipalities that do not know their fiscal position are in grave danger of distress, it is important for DCED to assist local governments in their financial management to the greatest extent possible.

Keystone Valley Fire Department/Keystone Valley Regional Fire District – Chester County, PA: Another example is the Parkesburg, Pomeroy and Atglen Fire Companies in western Chester County, which have been working together for several years on many different levels. Whether it was responding to emergencies, training or shared staffing of paid ambulance personnel, the leadership in all three fire companies realized a need to improve the administrative and operational aspects of their organizations. Working with company members and elected officials from the communities served, a fact-finding committee was established to research their options. With resources from the Governor's Center for Local Government Services staff, a formal steering committee chartered a plan for the future.

The Keystone Valley Fire Department and Keystone Valley Regional Fire District officially commenced operations in 2013. The new consolidated and regional department covering Sadsbury, West Sadsbury and Highland townships and Parkesburg Borough responds to over 250 fire-rescue calls and 800 EMS calls per year. Currently, the department operates out of three (3) fire-rescue stations, has over 50 active volunteer members, two full-time EMS providers and a part-time administrator.

The successful consolidation and regional effort was a direct result of the Center's technical assistance, municipal cooperation, and the will to provide local communities with stronger emergency services in a more cost efficient manner.

KEYSTONE COMMUNITIES - 11009

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
State Funds 11009	\$ 10,800	\$ 11,300	\$ 10,799	\$ (501)	-4.43%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
State Funds 11009	\$ 96	\$ 126	\$ 75	\$ (51)	-40.48%
Total Personnel	\$ 96	\$ 126	\$ 75	\$ (51)	-40.48%
Operating (6300000)					
State Funds 11009	\$ 504	\$ 542	\$ 592	\$ 50	9.23%
Total Operating	\$ 504	\$ 542	\$ 592	\$ 50	9.23%
Grants and Subsidies (6600000)					
State Funds 11009	\$ 10,200	\$ 10,632	\$ 10,132	\$ (500)	-4.70%
Non Expense (6910000)					
State Funds 11009	\$ -	\$ -	\$ -	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds 11009	\$ -	\$ -	\$ -		

4. Complement Information: These appropriations have no direct complement. All costs are initially incurred in GGO (10313) and transferred to the appropriate appropriation.

5. Legislative Authorization:

Act of May 10, 1939 (P.L. 111) known as the Commerce Law

Act of April 9, 1929 (P.L. 177, Article XXV-C) known as the Administrative Code of 1929

Main Street Program

73 P.S. 392.1001 et. Seq. Act of April 23, 2002 (P.L. 298, No. 39)

Elm Street Program

Act of February 9, 2004 (P.L., No. 7)

6. Cost Assumptions:

The funding request is in accordance with the Governor's FY2014-15 budget proposal.

6. Overview of the Program:

Keystone Communities replaced the New Communities Appropriation with a more effective designation program that rewards community initiative and superior performance. All newly-designated communities can become a Keystone Community, a Keystone Main Street, a Keystone Elm Street or a Keystone Communities Enterprise Zone. For all designations, the applicant must have a documented plan that commits to self-sufficiency through the use of identified resources, such as business improvement districts for Main Street, business partnerships supported by the Neighborhood Assistance Program tax credits for Elm Street, or another identified funding stream. In addition, the community must submit a five-year strategy that incorporates a traditional Main Street, Elm Street, or Enterprise Zone approach or one or more aspects of any of the approaches.

The designated communities will be eligible for expert, advanced training and technical assistance that will guide them to achieve high levels of performance rather than funding multiple years of operational costs. Keystone Communities will continue to support all existing Main Street, Elm Street and Enterprise Zone communities that were designated under the New Communities Appropriation. Keystone Communities will continue to fund operational costs for these communities if all program funding criteria is satisfied. These existing programs have the option to apply for designation under the Keystone Communities Program.

Keystone Communities also replaced the Housing and Redevelopment Assistance Program and will continue to fund development projects through a competitive process that will focus on awards that will demonstrate a return on the investment of state funds for a range of physical improvement and community development projects. Keystone Communities will continue to support Accessible Housing efforts. This program component assists persons with physical disabilities to remain in their own home through accessible modifications. These housing improvements help people avoid more costly nursing home care as well as assist family care givers to return to employment.

Communities will need to find additional partners and funding sources to compete successfully for grants provided through the Keystone Communities program.

8. Program Performance and Impact

KEYSTONE COMMUNITIES FY2012-13					
Jobs Created	Jobs Retained	Total Jobs Created & Retained	Private Funds Leveraged in thousands	Housing Units Assisted	Number of Projects
93	138	231	\$23,311	243	56

The Department estimates 2013-14 performance and impact results will be similar since the appropriation remained relatively constant. If the PRR is approved, an additional 30 communities would benefit beyond these figures.

Keystone Communities Program at work:

Memorial Homes – Williamsport

The Department of Community & Economic Development (DCED), in conjunction with the Pennsylvania Housing & Finance Agency (PHFA), funded Memorial Homes, a housing development project in the City of Williamsport. Memorial Homes is a critical and visible component to a holistic comprehensive community revitalization initiative and an overall City of Williamsport housing strategy. This strategy will eliminate slum and blight, improve the existing neighborhood infrastructure and enhance the overall Brodart Neighborhood by returning a brownfield site back to productive use, and introduces much needed mixed-income housing into a community that has been impacted by the Marcellus-Shale industry. Memorial Homes will be located on a portion of a 3.5 acre brownfield site known as the “Former Brodart Manufacturing and Warehouse Facility”.

Memorial Homes is the culmination of a plan that has engaged the entire community to promote and fund the demolition and remediation of this brownfield site. The community has secured \$1.3 million in funding for demolition and environmental remediation, which has been completed. Lycoming County and the City of Williamsport have allocated an additional \$1.6 million in funds to encourage development of Memorial Homes.

The total development plan will include three phases: 2 single family home ownership units to be developed by Habitat for Humanity; a market-driven 32 unit rent to own townhome development; and Memorial Homes, which will be a 43,792 square foot 40 unit three story multi-family housing development containing one and two bedroom units. This development will provide housing options for a range of households, from young singles, to older couples, and disabled individuals requiring support services, unit visitability and accessibility in order to thrive in expansive independent living. Four of the units will be fully accessible and will be set-aside for those residents with special needs including physical disabilities.

The DCED funds are a key component to a multi-tier finance strategy that enables construction of the 40 unit apartment complex. DCED provided \$375,000 of Keystone Communities funding. Total funding sources include local community support evidenced via a total funding commitment of \$1,600,000 comprised of \$100,000 in Act 13 funds from the City of Williamsport, \$200,000 in Act 13 funds from Lycoming County, and \$1,300,000 in PHARE funds from Lycoming County.

The Development’s 40 units will serve households whose income does not exceed 60 percent of the area median income. The rent structure was specifically tailored at the request of the City and County to attempt to respond to the dire need of housing for mid-income households in Lycoming County which has been exacerbated by the influx of households related to the Marcellus Shale industry.

HISTORIC PRESERVATION INCENTIVE TAX CREDIT

Note: This program is not yet included in the DCED budget, but is administered by the Department in cooperation with the Department of Revenue and the Pennsylvania Historical and Museum Commission.

Overview of the Program:

The Historic Preservation Incentive Tax Credit provides individuals or businesses with tax credits of up to \$500,000 to restore and rehabilitate blighted historic properties. Restoration of a historic property contributes a multitude of positive community effects. The restoration process itself creates jobs: workers are needed to restore the building, building materials are required from local material suppliers, and numerous other jobs are indirectly created. Additionally, restoring a building through a tax credit allows businesses to inexpensively expand into a new property, stimulating business growth and allowing more funds with which to create additional jobs. Restoring historic properties also allows communities to be restored, for if Pennsylvania's most historic properties are in disrepair, those properties detract from our cultural heritage and the attractiveness of our core communities. An important historic structure restored for business growth allows the rest of the community to grow around that structure and once again take community pride in the place in which they live and work. The program has a \$3 million annual cap.

Program Performance and Impact:

DCED has developed the guidelines for this tax credit program. No tax credits were awarded in FY2012-13.

MUNICIPAL ASSISTANCE PROGRAM - 11008

1. Summary Financial Data	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
State Funds: Municipal Assistance 11008	\$ 642	\$ 642	\$ 642	\$ -	0.00%
Federal Funds					
Federal Funds: FEMA TA (70214)	\$ 350	\$ 350	\$ 350	\$ -	0.00%
Federal Funds: FEMA Mapping (70463)	\$ 250	\$ 100	\$ 100	\$ -	0.00%
Total Federal Funds	\$ 600	\$ 450	\$ 450	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
State Funds: Municipal Assistance 11008	\$ -	\$ -	\$ -	\$ -	0.00%
Federal Funds: FEMA TA (70214)	\$ -	\$ 113	\$ 105	\$ (8)	0.00%
Federal Funds: FEMA Mapping (70463)	\$ 128	\$ -	\$ -	\$ -	0.00%
Total Personnel	\$ 128	\$ 113	\$ 105	\$ (8)	-7.08%
Operating (6300000)					
State Funds: Municipal Assistance 11008	\$ 56	\$ 56	\$ 56	\$ -	0.00%
Federal Funds: FEMA TA (70214)	\$ 350	\$ 237	\$ 245	\$ 8	3.38%
Federal Funds: FEMA Mapping (70463)	\$ 122	\$ 100	\$ 100	\$ -	0.00%
Total Operating	\$ 528	\$ 393	\$ 401	\$ 8	2.04%
Grants and Subsidies (6600000)					
State Funds: Municipal Assistance 11008	\$ 586	\$ 586	\$ 586	\$ -	0.00%
3. Lapse History					
	2011-12	2012-13	2013-14 Estim		
State Funds: Municipal Assistance 11008	\$ -	\$ -	\$ -		
State Funds: 10277 Flood Plain Mgmt	\$ 1	\$ -	\$ -		
State Funds: 10316 Shared Munic Srv.	\$ 9	\$ -	\$ -		
State Funds: 10330 LUPTAP	\$ 11	\$ -	\$ -		
Federal Funds: FEMA TA (70214)	\$ 57	\$ -	\$ -		
Federal Funds: FEMA Mapping (70463)	\$ 180	\$ -	\$ -		

4. Complement Information: No personnel costs are charged to the state appropriation. Charges to the federal appropriations are based on actual time worked.

5. Legislative Authorization:

Act 166 of 1978, Flood Plain Management Act and Public Law 90-448.
 Act 78 of 1970, amending Section 2501-C of Act of April 9, 1929 (P.L. 177, Article XXV -C) known as the Administrative Code of 1929.
 General Appropriations Act 1A of 1996

6. Cost Assumptions:

The FY2014-15 request is in accordance with the Governor's budget proposal.

7. Overview of the Program:

Through FY 13-14, the Municipal Assistance Program (MAP) provides matching grants to municipalities and counties for three activities: 1) shared services, 2) community planning, and 3) floodplain management. MAP funding provides an incentive for cooperative approaches to municipal services and sound land use strategies through enhanced public/private partnerships that have a high impact and provide a strong return on investment. MAP funds are awarded on a merit-based, competitive process. Selected projects will meet DCED's strategic principles including forging new public and private partnerships, promoting innovation, demonstrating real and long-term commitments, and achieving results such as cost savings, cost avoidance, improvement in levels of public service, and improvement in community livability and attractiveness for investment.

Below are types of activities funded under the MAP framework and priorities.

Shared services:

Projects that enhance municipal operational efficiencies through intergovernmental cooperation. Typical projects include: joint code enforcement programs, shared public works, regional police and fire operations, shared energy initiatives, municipal insurance pooling, regional recreation activities, and other inter-municipal projects that will reduce local government costs and implement more efficient and coordinated local government services.

Community planning:

Preparation, update and implementation of multi-municipal, municipal, and county comprehensive plans, plus zoning and subdivision and land development ordinances. This area addresses issues such as: economic revitalization and expansion; municipal infrastructure, services and transportation needs; commercial and neighborhood rehabilitation efforts; land use controls; capital improvement programs and budgets; and housing development.

Floodplain management:

Reimbursement to local governments for their costs in preparing, administering, and enforcing floodplain management regulations. (The PA Flood Plain Management Act - Act 166 of 1978 - requires all flood-prone municipalities in Pennsylvania to have floodplain management regulations.) The act designates DCED to administer a reimbursement program for municipal costs of complying with the act. This part of MAP is not competitive. The act directs DCED to fund all reimbursement requests.

Related Federal Programs:

FEMA Technical Assistance (70214)

Funds from the Federal Emergency Management Agency (FEMA), are used to support some Department administrative costs, and for technical assistance and monitoring of local flood plain development activities. Given limited internal capacity, technical assistance and monitoring included under this FEMA grant have been outsourced to County Conservation Districts and paid interns. Currently, ten Districts and one paid intern participate in this program. At FEMA's request a business plan to guide the commonwealth in implementation of FEMA's Community

Assistance Program in Pennsylvania has been developed. Some technical assistance funds have been provided to our agency to develop this plan. At least eight regional floodplain management workshops, to help local officials better administer their floodplain zoning ordinance, will be conducted again this year. The Department will also sponsor FEMA's L-273 Course (Managing Flood Plain Development Through the National Flood Insurance Program) two times this year and will proctor the Certified Flood Plain Managers exam associated with this course. Disaster recovery seminars will also be scheduled on an as-needed basis in response to the 2012 federal flood disaster declaration for Hurricane Sandy.

FEMA Emergency Mapping program (70463)

Some FEMA funds are provided to Pennsylvania under the FEMA Map Modernization program to address the nation’s flood mapping needs. Funds are used to help the Center prioritize the flood mapping needs of Pennsylvania by county, and to gather other state agency flood data for FEMA. Ongoing meetings of GIS stakeholders are held to better coordinate Act 166 and NFIP activities with statewide GIS and other mapping efforts. Funds from this FEMA program are used to finance the costs associated with these meetings to identify ways combined federal, state and local resources can be used to improve the quality of FEMA floodplain mapping and better coordinate available resources. These funds will also be used for improvements and maintenance of DCED's pafloodmaps.com website dedicated to FEMA's new Digital Flood Insurance Rate Maps.

8. Program Performance and Impact:

<u>MUNICIPAL ASSISTANCE PROGRAM FY2012-13</u>		
Local Governments Assisted	# of Inter- Municipal Efforts Supported	# of Municipalities Updating Their Flood Maps
351	28	118

In FY2012-13, DCED’s Governor’s Center for Local Government Services (GCLGS) awarded 28 shared services and community planning grants totaling \$537,791 – 17 shared services grants for \$320,591 and 11 community planning grants for \$217,200. Grants benefitted 233 municipalities, with 23 grants involving cooperative intergovernmental activities. Examples of the projects include:

Northern Lancaster County Regional Police Department: \$44,000

Funds were used for the merger of the police departments of Clay Township, Penn Township, and Warwick Township. MAP funds help pay start-up costs of the new regional police department, including uniforms, vehicle markings and records management systems. The municipalities will have stronger and more cost-efficient police service as a result of the merger.

Lower Saucon Township: \$10,000

Funds were used for the merger of two volunteer fire companies that serve Lower Saucon Township in Northampton County. MAP funds help pay merger transition costs, including uniforms, vehicle markings, signs, and legal costs. The merger represents a huge cost savings

to the township and the volunteer fire company. It is believed to be the first successful fire company merger in the county.

Steel Valley Council of Governments: \$55,000

Funds were used to assist in a “Fight blight” strategy. The project involves a partnership of three different councils of government representing 42 municipalities in the Mon Valley of southwestern PA. Many of the municipalities are fiscally distressed. Four are currently under Act 47, and four were formerly under Act 47. The COGs will plot strategies to combat blight and attract investment to blighted and vacant properties to revitalize the communities.

City of Greensburg: \$30,000

Funds were used for the Greensburg health care district. The city is partnering with the Greensburg Community Development Corporation and Excelsa Health Westmoreland Hospital to revitalize the neighborhoods around the hospital. It will include new zoning regulations to promote growth of the health care market and regulate against blight. The project will also include a redevelopment plan for vacant and blighted properties.

Floodplain Management:

Also in FY2012-13, the GCLGS provided floodplain management reimbursements to 118 municipalities totaling \$104,209, with 63 of the municipalities including costs to prepare floodplain management regulations.

The PA Flood Plain Management Act (Act 166 of 1978) requires all flood-prone municipalities in Pennsylvania to participate in the National Flood Insurance Program, and to enact and administer floodplain management regulations that meet minimum NFIP standards. Currently, approximately 2,450 of 2,562 municipalities statewide participate in the NFIP. The act designates DCED to administer a reimbursement program for municipal costs of complying with the act. This part of MAP is not competitive. The act directs DCED to fund all reimbursement requests.

The demand for DCED floodplain management reimbursements has grown in recent years. FEMA is instituting a Map Modernization Program in Pennsylvania, which involves a systematic, county-by-county updating of floodplain maps for local governments. This project requires corresponding updates in local floodplain-management regulations and generates demand for MAP floodplain management reimbursements. The \$104,209 awarded in reimbursements in FY2012-13 represents a backlog of increased demand not met due to funding shortages in prior years. Future demand is anticipated to be \$80,000-\$100,000 per year compared to \$50,000-\$60,000 per year prior to FEMA Map Modernization.

Floodplain management regulations funded by MAP yield significant return on investment in terms of preventing loss of life and limiting property damage. Likewise, the ability of businesses and residents to obtain federal flood insurance, which is excluded from a normal property insurance policy, protects business or residential property owners from potential devastating loss caused by a flood disaster.

EARLY INTERVENTION FOR DISTRESSED MUNICIPALITIES - 10844

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
	State Funds	\$ 1,785	\$ 1,785	\$ 1,785	\$ -	0.00%
	State Funds Less Budgetary Reserve	\$ 1,785	\$ 1,785	\$ 1,785	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
	Grants and Subsidies (6600000)					
	State Funds	\$ 1,785	\$ 1,785	\$ 1,785	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
	State Funds	\$ -	\$ -	\$ -		
4. Complement Information		N/A				

5. Legislative Authorization: Act of May 10, 1939 (P. L. 111) known as the Commerce Law and the Act of April 9, 1929 (P.L. 177, Article XXV-C) known as the Administrative Code of 1929.

6. Cost Assumptions:

The FY2014-15 budget year request is In accordance with the Governor's budget proposal.

7. Overview of the Program:

The Early Intervention Program (EIP) was established to help Pennsylvania local governments address financial management and fiscal difficulties in a timely and planned manner, to avert an adverse impact on health, safety and welfare of their residents. It was established in recognition of an increase in fiscal stress being experienced by a number of municipalities across the commonwealth. The program provides matching grants to municipal and county governments to develop and implement multi-year financial management plans. The plans provide both short and long-term direction to address fiscal difficulties before they reach a crisis point. The EIP is designed to train and increase the capacity of local officials on how to implement sound financial management practices and track revenues and expenditures over a multi-year period.

The Center for Local Government services has embarked upon an Early Warning System to further examine the financial-management reporting information submitted by statewide municipalities. The system will provide a financial management analysis to help to determine which municipalities are in, or will soon face, serious financial distress. The system will include a consulting component to reach out to municipalities that are recognized by the Early Warning System.

8. Program Performance and Impact:

<u>EARLY INTERVENTION FOR DISTRESSED MUNICIPALITIES FY2012-13</u>	
Local Governments Assisted	# of Inter- Municipal Efforts Supported
16	3

The EIP provides support to municipalities that experience financial stress. It addresses fiscal management and problems in a proactive and professional manner to avert financial crisis. In FY2012-13 16 grants worth a total of \$526,600 were awarded to five counties, four cities, five boroughs, and two townships to undertake and implement multi-year financial plans as well as planning and zoning ordinance updates. Since the program's inception in 2004, 84 municipalities (16 counties, 38 cities, 20 boroughs and 10 townships) have participated in the program. A key advantage of the EIP program is the requirement for a five-year financial plan. Most local governments involved in EIP have never forecasted beyond a fiscal year or engaged in long-range fiscal analysis or comprehensive planning and zoning ordinance updates. Such a strategy looks for long-term solutions to fiscal and planning issues as opposed to a band-aid approach that simply moves the problem one year down the road. In addition to direct grants, investment was made through the EIP Program to improve educational opportunities to municipal clients. The program has successfully averted a significant increase in the number of Act 47 municipalities, even during the current recessionary environment. The Center believes the newly developed Early Warning System to recognize these financial concerns will further reduce the number of Act 47 filings.

EIP at work:

City of Lebanon, Lebanon County

In 2006, the City of Lebanon received an Early Intervention Program grant for a five-year financial forecast and operational review. The analysis found the need for serious fiscal-policy changes in order for the City to remain fiscally solvent. The City implemented many of the recommendations, including new financial management policies, and was able to maintain fiscal stability even in the face of the economic downturn over the past several years.

In FY2011-12, the mayor and City Council updated the financial forecast and operational review. In addition to the financial review, the plan pursued several economic development efforts to strengthen the City's tax base. Economic development strategies were designed to build off of existing economic development projects to maximize their positive economic impact.

In FY12-13 the City submitted an EIP Phase III initiative to further pursue economic development strategies, including a retail attraction plan. Inexpensive amenity upgrades to the City were also recommended. The City has reached out to neighboring communities to pursue intergovernmental cooperation opportunities for neighborhood improvements that it hopes will lead to a downtown resurgence. The economic development climate in Lebanon County has begun to improve. Consequently, the City is hoping to be part of that economic growth through improved communication with current businesses and business assistance programs for new or expanding business within the City.

Exeter Township, Berks County

The EIP plan included a detailed five-year financial forecast and management plan to serve as a strategic fiscal plan for the Township. The EIP Coordinator has worked with the Township to develop a program/priority based budget process that will help to implement the performance management system the Township hopes to develop for the 2015 budget process.

The EIP included recommendations for the development of a Five-Year Capital Improvement Program (CIP). CIP advantages will include: implementing long-term goals and objectives; incorporation of capital investments into the Township's comprehensive plan; and proper management and execution of long-term capital projects.

Borough of Wilkesburg, Allegheny County

Confronted with annually decreasing fund balance monies, real estate millage rate increases, furloughing of employees and curtailing of spending on services, including not filling key management positions, the Borough of Wilkesburg, Allegheny County entered the DCED Early Intervention Program in 2010. Simultaneously, the Borough engaged in an update to its comprehensive plan and developed a business plan focused on revitalization of the commercial district. As a result, the Borough is engaged in an organization-wide managerial and administrative capacity-building process, community and economic development revitalization strategy, tax base growth and sustainability initiative, and enhancing the quality of life for residents/taxpayers.

Wilkesburg Borough is in the process of implementing multiple recommendations in both the Early Intervention Program report and Comprehensive Plan using DCED grant funds. For example, the Borough is:

- Initiating the process to seek accreditation of the police department to professionalize management and operations;
- Making improvements in the area of information technology and management of the building and codes department to improve administrative, inspection, enforcement, reporting and recordkeeping practices;
- Establishing an inventory of vacant property to implement a vacant property management system resulting in a redevelopment plan;
- Conducting an information technology assessment to identify methods to address departmental needs, concerns and solutions including a risk assessment and a continuity of government plan;
- Developing a multi-year capital improvement plan and budget, capital asset policy and financial management policies and procedures manual; and
- Updating its zoning ordinance to create an environment conducive to initiate and continue current and future community and economic development to grow and stabilize the tax base.
- Developing financial policies and procedures and job descriptions in the Finance Office.

Currently Wilkesburg is operating with a positive year-end fund balance, stable real estate tax millage rate, growing tax base through increased residential and commercial redevelopment, creation of a local community development corporation, reduced spending through efficiencies and intergovernmental cooperation/shared services and enhanced managerial/administrative capacity at the department head and staff level.

Community and economic development initiatives are being implemented simultaneous to managerial and administrative improvements in the Borough through the Wilkinsburg Community Development Corporation (CDC). The CDC is addressing the challenge of vacant and abandoned properties through the marketing of the Allegheny County Vacant Property Recovery Program to convert empty parcels and dilapidated residential and commercial properties into tax-paying properties. To facilitate the program, Borough Council utilized a 2013 grant from the Pittsburgh Partnership for Neighborhood Development and adopted a tax-abatement program for improvements and rehabilitation to residential and commercial/industrial properties.

Wilkinsburg Borough's officials, businesses, non-profits, and community organizations have proven that by working together on a comprehensive/strategic planning process and Early Intervention Program plan, improvements can be made organizationally and to the tax base. These ongoing improvements use limited financial resources, but work to improve the quality of life for Wilkinsburg residents while growing the business sector.

MUNICIPALITIES FINANCIAL RECOVERY PROGRAM – ACT 47 - 20048

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
State Funds	\$ 12,000	\$ 9,000	\$ 9,000	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Operating (6300000)					
State Funds	\$ 5,620	\$ 1,490	\$ 1,490	\$ -	0.00%
Debt Service/Investment (6500000)					
State Funds	\$ 3,600	\$ 4,260	\$ 4,260	\$ -	0.00%
Grants and Subsidies (6600000)					
State Funds	\$ 2,780	\$ 3,250	\$ 3,250	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds	\$ 863	\$ 5,957	\$ -		
4. Complement Information	N/A				

5. Legislative Authorization: Municipalities Financial Recovery Act, Act 47 of 1987 as amended.

6. Cost Assumptions:

The budget request represents fund continuation for the Municipalities Financial Recovery Program (MFRP).

7. Overview of the Program:

Act 47 empowers the Department to declare certain municipalities as distressed and provides grants and loans through the Financially Distressed Municipalities Revolving Loan Fund to aid in the recovery process. The fund assists municipalities in recovery from conditions which caused them to become financially insolvent. The resources provided by the MFRP are vital to municipalities that experience severe financial distress, to ensure their ability to provide for the health, safety and welfare of their residents. After a municipality is designated as distressed, a recovery plan coordinator, funded by the program, is designated. The coordinator develops a comprehensive fiscal recovery plan for the municipality, assists the municipality to implement the plan and monitors the recovery process. The recovery plan addresses all operational aspects of the municipality and includes strategies to revitalize the local economic base and corresponding tax base through development of effective public-public and public-private partnerships and targeted state funds and action. Loans made under the program are repaid into the Revolving Fund and are then used to make additional loans and grants for other distressed municipalities. Grants are used to implement key recovery plan objectives.

8. Program Performance and Impact:

<u>Municipalities Financial Recovery Program - Act 47 FY2012-13</u>	
Local Governments Assisted	Recovery Plans Enacted
21	27

DCED has provided assistance to 27 designated distressed municipalities. Currently, 21 municipalities are designated as distressed. During FY2011-12, the City of Altoona, Blair County was designated as distressed. A coordinator was appointed in June 2012 and worked with the City to develop a recovery plan, which was approved by City Council December 19, 2012. The Coordinator began implementation of the plan at a meeting with the City Manager, Finance Director and Mayor on January 23, 2013. As implementation of the Altoona Recovery Plan continued through FY2012-13, Altoona was able to successfully negotiate public services contracts, offering the City the opportunity to more effectively manage the costs for these services.

Recovery plans have been completed in 27 municipalities, and are being implemented in all currently-designated distressed municipalities. Over the last year updated recovery plans have been enacted in Scranton, New Castle and Chester.

Intensive recovery efforts continue with the other designated municipalities especially with several of the larger 3rd class cities: Pittsburgh, Altoona, Aliquippa, Harrisburg, Scranton, Reading, Johnstown and New Castle. GCLGS staff is also providing assistance to several municipalities that meet the threshold requirements for Act 47 consideration. Although efforts are underway to resolve the fiscal problems of those municipalities short of Act 47, the remedies of the Act may become necessary in some instances.

The level of technical assistance in all municipalities is extensive with very significant efforts taken in the larger communities (Pittsburgh, Johnstown, Aliquippa, Chester and Scranton) as well as in Reading and Altoona, two newer Act 47 municipalities. The Pittsburgh engagement has been very complex, and involves not only the Act 47 process but extensive coordination with the Intergovernmental Cooperation Authority (ICA) created under Act 11 of 2004. Act 11 requires that Act 47 and Act 11 processes work concurrently and equally. The effort in Pittsburgh resulted in not only the adoption of the Act 47 plan in June 2004 and a comprehensive updated plan in June 2009, but also in the approval of a five-year plan by the ICA that led to legislative approval of a revenue enhancement package for the city in November 2004. Coordination between the city, the ICA and DCED has occurred with each subsequent update of the city's five-year plan and their approval by the ICA, with the most recent update approved on December 30, 2013.

The City of Harrisburg is currently in Commonwealth Receivership headed by Major General William Lynch. The initial Receiver's plan was confirmed by Commonwealth Court in March 2012. The Receiver's team has focused on resolution of Resource Recovery Facility (incinerator) debt and operational issues. The Receiver's office led negotiations with creditors (AGM, Dauphin County, CIT, and Covanta) and was able to reach consensual solution to debt issues by the summer of 2013. This anticipated the filing of the Harrisburg Strong Plan in August 2013, and subsequent confirmation by the court in September 2013. Contract amendments have been negotiated with the FOP and AFSCME, while negotiations with IAFF

are ongoing. The Office of the Receiver has worked closely with the city to manage its budget and cash flow to ensure that necessary and vital services have been provided to city residents during this period.

Act 47 Program at work:

City of Reading (Berks County)

The City of Reading continues to be a success story. During FY2012-2013, the Act 47 coordinator worked with the mayor, city council and others in Reading to initiate implementation of a comprehensive recovery plan that was enacted in June 2010. The plan addressed the City's ongoing structural imbalance and provided a multi-year strategy to return the City to fiscal solvency. Key provisions of the plan involve building City financial management capacity, resolving unpaid obligations (including the restoration of funds borrowed from the sewer fund), and the development of a housing and economic development strategy. The City's approved budget for 2014 continues to experience financial challenges with respect to pension and other post-employment benefit costs. There is still considerable work to be done as plan implementation efforts continue in 2014, the City's once perilous fiscal condition has been stabilized.

Millbourne Borough (Delaware County)

The Borough of Millbourne began having financial difficulties in 1989 due to the closing of a Sears Department Store and eventually entered Act 47 status in January, 1993. The Coordinator's plan focused primarily on improving the borough's financial management system, but also included provisions to increase administrative efficiencies and to hire a part-time borough manager. The borough has implemented all three of these plan objectives and in so doing has greatly improved its financial condition.

The Borough has largely eliminated the conditions that caused it to enter Act 47, and it now has a consistent series of revenue streams to provide more realistic and affordable service levels to its residents. The economic void left by the closing of the Sears Department Store and other economic decline has been partly filled by revenues generated from a SEPTA substation. Other economic development has allowed property values to stabilize, and managerial changes have allowed the Borough to better deal with those factors that led to the distress determination. Because of the Borough's many improvements and successes, DCED will seriously consider rescinding Millbourne's Act 47 status during the 2013-14 fiscal year.

Distress Determinations

City of Farrell, Mercer County on November 12, 1987
City of Aliquippa, Beaver County on December 22, 1987
City of Clairton, Allegheny County on January 19, 1988
Borough of Braddock, Allegheny County on June 15, 1988
Borough of Franklin, Cambria County on July 26, 1988
Borough of Rankin, Allegheny County on January 9, 1989
City of Duquesne, Allegheny County on June 20, 1991
City of Scranton, Lackawanna County on January 10, 1992 (*Sanctions effective 1/1/99 – Sanctions rescinded 11/22/02*)
City of Johnstown, Cambria County on August 21, 1992
Borough of Millbourne, Delaware County on January 7, 1993
City of Chester, Delaware County on April 6, 1995
Borough of Greenville, Mercer County on May 8, 2002
Borough of West Hazleton, Luzerne County on March 27, 2003
City of Pittsburgh, Allegheny County on December 29, 2003
Township of Plymouth, Luzerne County on July 27, 2004
City of Nanticoke, Luzerne County on May 26, 2006
City of New Castle, Lawrence County on January 5, 2007
Westfall Township, Pike County on April 14, 2009
City of Reading, Berks County on November 12, 2009
City of Harrisburg, Dauphin County on December 15, 2010
City of Altoona, Blair County on May 3, 2012

Distress Determination Rescissions

Borough of Shenandoah - Schuylkill County - Designated 5/20/88; Rescinded 4/16/93
Borough of Ambridge - Beaver County - Designated 4/10/90; Rescinded 4/16/93
Borough of Wilkensburg Allegheny County - Designated 1/19/88; Rescinded 11/10/98
Borough of East Pittsburgh - Allegheny County Designated 11/13/92; Rescinded 12/27/99
Borough of North Braddock - Allegheny County on May 22, 1995; Rescinded 4/11/03
Borough of Homestead – Allegheny County on March 22, 1993; Rescinded 3/28/07

LIHEAP WEATHERIZATION - 70212, 70213

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
Federal Funds						
LIHEAP Administration 70212		\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
LIHEAP Grants 70213		\$ 31,000	\$ 40,000	\$ 40,000	\$ -	0.00%
Total Federal Funds		\$ 32,000	\$ 41,000	\$ 41,000	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
Federal Funds 70212		\$ 761	\$ 968	\$ 905	\$ (63)	-6.51%
Operating (6300000)						
Federal Funds 70212		\$ 239	\$ 32	\$ 95	\$ 63	196.88%
Grants and Subsidies (6600000)						
LIHEAP Grants 70213		\$ 31,000	\$ 40,000	\$ 40,000	\$ -	0.00%
Non-Expense (6900000)						
LIHEAP Grants 70213		\$ -	\$ -	\$ -	\$ -	0.00%
3. Lapse History						
		2011-12	2012-13	2013-14 Estim		
LIHEAP Administration 70212		\$ 256	\$ 392	\$ -		
LIHEAP Grants 70213		\$ 13,687	\$ 350	\$ -		

4. Complement Information:

The appropriations have no direct complement. Personnel costs are incurred in other appropriations and transferred to this appropriation via SAP hard codes and time sheets.

5. Legislative Authorization:

LIHEAP Weatherization

Low Income Home Energy Assistance Act of 1981

COATES Human Services Reauthorization Act of 1998 (PL 105-285)

Energy Policy Act of 2005 (PL 109-58)

6. Cost Assumptions: Funds for this program are supported by federal grants.

7. Overview of Crisis Interface Program

The LIHEAP Weatherization and Crisis Interface program has varied widely in federal funding from a low of approximately \$15.7 million to more than \$28 million annually. LIHEAP funds are distributed by the US Department of Health and Human Services through the Pennsylvania Department of Public Welfare, which allocates them to the Department. DCED manages the Crisis Interface through the Weatherization Assistance Program (WAP) network of 40 non-profit

agencies, housing authorities and local governments. Refer to DOE Weatherization immediately following this LIHEAP presentation for detail on the WAP.

Traditionally, the LIHEAP Crisis Interface was run as part of the WAP, so that clients who were crisis referrals also received weatherization services. However, during the ARRA program (FY 2009-2012), the program became primarily a crisis response program. In 2012-13, when ARRA concluded, the full 15% transfer of LIHEAP funds for Crisis Interface and Weatherization was restored. The crisis interface responds to emergency situations throughout Pennsylvania. These emergency situations include frozen pipes, broken heating equipment, leaking lines that must be repaired and heating systems that might require replacement.

Eligibility for crisis services is determined by the local County Assistance Office (CAO) or crisis contractor. DCED must address the crisis situation from the CAO referrals within 48 hours (or 18 hours if the situation is considered to be life-threatening or health-threatening). The Crisis Interface has grown steadily since implemented in 1993. The program is intended to operate during cold weather. In general this often includes part of November, all of December, January, and February and part of March.

Once Crisis Interface concludes in April, any balance of DCED LIHEAP funds are used for standard Weatherization with priority given to those homes who experienced Crisis Interface.

8. Program Performance and Impact

<u>Weatherization (LIHEAP)</u>						
Program Budget Funds in thousands	Weatherization Assistance (Crisis)				Average Household Savings	Annual Energy
	# of Households	# of Individuals	Elderly/Disabled Individuals			
			#	%	\$	%
\$21,721	4,829	5,201	2,858	55	NA	NA

<u>Weatherization (LIHEAP)</u>						
Program Budget Funds in thousands	Weatherization Assistance (Standard)				Average Household Savings	Annual Energy
	# of Households	# of Individuals	Elderly/Disabled Individuals			
			#	%	\$	%
\$6,900	1,276	2,236	1,215	54	\$437	NA

In FY2012-13, DPW transferred \$28,621,497 to DCED, which served 4,829 households in Crisis Interface and according to the State Plan, when the crisis interface period ends, any fund balance can then be applied to weatherization services. The spending period for these funds has not yet concluded, but at present, approximately \$6.9 million has been used to perform standard weatherization of 1276 LIHEAP Crisis households. The effort remains to weatherize the homes of these LIHEAP Crisis clients so that the energy used for new or repaired heating systems will be contained in an appropriately-weatherized home.

**DOE WEATHERIZATION - 70216, 70222, ARRA
77858, 77859**

	<i>\$ in Thousands</i>					
1. Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change	
Federal Funds						
DOE Administration (70216)	\$ 1,258	\$ 600	\$ 600	\$ -	0.00%	
DOE Grants (70222)	\$ 20,000	\$ 10,000	\$ 10,000	\$ -	0.00%	
ARRA DOE Wx Administration (77858)	\$ 1,500	\$ -	\$ -	\$ -	0.00%	
ARRA DOE Wx (77859)	\$ 5,000	\$ -	\$ -	\$ -	0.00%	
Total Federal Funds	\$ 27,758	\$ 10,600	\$ 10,600	\$ -	0.00%	
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
DOE Administration (70216)	\$ 472	\$ 348	\$ 348	\$ -	0.00%	
ARRA DOE Wx Administration (77858)	\$ 1,055	\$ -	\$ -	\$ -	0.00%	
Total Personnel	\$ 1,527	\$ 348	\$ 348	\$ -	0.00%	
Operating (6300000)						
DOE Administration (70216)	\$ 586	\$ 252	\$ 252	\$ -	0.00%	
ARRA DOE Wx Administration (77858)	\$ 445	\$ -	\$ -	\$ -	0.00%	
Total Operating	\$ 1,031	\$ 252	\$ 252	\$ -	0.00%	
Grants and Subsidies (6600000)						
DOE Administration (70216)	\$ 200	\$ -	\$ -	\$ -	0.00%	
DOE Grants (70222)	\$ 20,000	\$ 10,000	\$ 10,000	\$ -	0.00%	
ARRA DOE Wx (77859)	\$ 5,000	\$ -	\$ -	\$ -	0.00%	
Total Grants and Subsidies	\$ 25,200	\$ 10,000	\$ 10,000	\$ -	0.00%	
Non Expense (6910000)						
ARRA DOE Wx Administration (77858)	\$ -	\$ -	\$ -	\$ -	0.00%	
ARRA DOE Wx (77859)	\$ -	\$ -	\$ -	\$ -	0.00%	
DOE Grants (70222)	\$ -	\$ -	\$ -	\$ -	0.00%	
Total Non Expense	\$ -	\$ -	\$ -	\$ -	0.00%	
3. Lapse History	2011-12	2012-13	2013-14 Estim			
DOE Administration (70216)	\$ 465	\$ 647	\$ -			
DOE Grants (70222)	\$ 20,677	\$ 7,541	\$ -			
ARRA DOE Wx Administration (77858)	\$ 226	\$ 266				
ARRA DOE Wx (77859)	\$ 954	\$ 1,746				

4. Complement Information:

The appropriations have no direct complement. Personnel costs are incurred in other appropriations and transferred to this appropriation via SAP hard codes and time sheets.

5. Legislative Authorization:

DOE Weatherization:

Title IV, Part A of the Energy Conservation and Reduction Act, PL 94-385.

The American Recovery and Reinvestment Act (ARRA) of 2009, Public Law 111-.

6. Cost Assumptions:

Funds for these programs are supported by federal grants. Personnel costs are a combination of employees in authorized positions assigned to the Weatherization or ARRA Weatherization programs and employees assigned to other programs. Costs for employees initially assigned to other programs are charged to the Weatherization programs by SAP hard codes or time sheets.

7. Overview of the Program:

From its inception in 1977, the annual DOE Weatherization Assistance Program (WAP) has served the commonwealth by providing energy conservation and weatherization services to low income families. WAP is intended to increase the energy efficiency of owner or renter-occupied, low-income housing through the addition of energy-conservation measures to the building envelope. This includes the installation of weather-stripping, insulation, application of caulking, the repair or replacement of furnaces, windows or doors and the education of clients about energy savings practices. Program benefits include reduction of client residential energy costs, the safeguarding of client health and safety, and improved living conditions.

Services are provided through a statewide network of 40 sub-grantees (non-profits, local governments and local housing authorities) and the Pennsylvania Housing Finance Agency (PHFA). A separate contracts with the National Sustainable Structures Center at the Pennsylvania College of Technology, supports the Weatherization Training and Certification program by providing technical training to Weatherization provider staff and subcontractors.

During the ARRA years of 2009-2013, the program changed dramatically with the addition of ARRA funding support of \$252 million dollars in Pennsylvania. The Office of Energy Conservation and Weatherization was created within DCED to provide a higher level of management and oversight to the program. DCED established a minimum production target for each agency. The final production goal achieved was 42,837 units which surpasses the original production goal of 30,000 units.

In August of 2010, DCED was approved for an additional \$1.4 million of ARRA funds to install hybrid water heaters in Luzerne, Scranton and Lackawanna counties as a national experiment in energy efficiencies and technology. In the final count, 377 hybrid water heaters have been installed. In total, Pennsylvania managed over \$254 million of ARRA funds for Weatherization, in addition to \$3.8 million in FY2011-12 of regular DOE Weatherization funds. Continued reduction in funds (\$2.2 million allocated to PA in the 2013-14 program year) has greatly impacted the inflated and improved weatherization structure created to support ARRA; four agencies to date, have discontinued their weatherization program and their areas have been covered by existing contiguous county agencies. Within DCED, the Weatherization Program has been combined with other programs and housed under the Center for Community Services. Some staff have been laid off and for those remaining, job responsibilities are combined with other program duties.

Mirroring the plan and strategy of ARRA, the Annual DOE approach now incorporates a robust monitoring oversight function supported by software (HES) that gives the state the ability to track costs, measures installed, and production volume and test results. The software produces reports that track each agency relative to others throughout the state to determine outliers, which are then communicated to the monitors in the field. The Annual DOE program is now driven by the same performance standards which have been established in the ARRA program, with a focus on production, quality, compliance and reporting and will continue to work to meet new National Standard Work Specifications.

8. Program Performance and Impact:

<u>Weatherization (DOE)</u>						
Program Budget Funds in thousands	Weatherization Assistance				Average Annual Household Energy Savings	
	# of Households	# of Individuals	Elderly/Disabled Individuals		\$ in thousands	%
			#	%		
\$16,882	1,452	3,349	1,233	37	\$437	NA

The Annual DOE program now allows an average unit cost of \$6,904. This permits agency retrofits to provide additional service that will reduce energy costs and consumption beyond what agencies could achieve at the former lower averages. A permanent reduction of energy expenses helps weatherization recipients become more self-sufficient and better able to manage their utility costs. Low-income families that receive weatherization assistance have a lower rate of default on their utility bills and require less emergency heating assistance. Nationally, on average, weatherization reduces heating bills by 23.4 to 33.5 percent, and overall energy bills by \$437 per year depending on current fuel prices. Through the ARRA Weatherization efforts, energy usage will be measured before and after weatherization service to determine energy savings.

In FY2012-13, DCED expended \$11.4 million of DOE (includes previous years' rollover funds plus new allocation of \$3.8 million) to weatherize 1,452 DOE units.

DOE program at work:

Quite often, our success stories are measured by the services our agencies provide to our low-income clients for both the weatherization and LIHEAP Crisis Interface (heating emergencies). On November 25, 2013, DCED received the following comments from a client (Helen Caswell from Mechanicsburg, PA regarding the services provided by the South Central Community Action program:

"I am writing this letter in regards to my new furnace which was recently installed. As you are aware, I am on a fixed income and my furnace was over 30 years old, it needed replaced. That being said, I did not have the means to be able to afford a new furnace. I am very grateful and thankful for your help regarding my situation. Thanks to your efforts, my new furnace will be able to keep me, my kitties and my visiting family warm over the holiday Season. Thank you so much for all you have done, the new furnace means more to me than you realize."

**COMMUNITY DEVELOPMENT BLOCK GRANT - 70139, 70140,
70224, 70512; ARRA: 77860**

		<i>\$ in Thousands</i>				
1. Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change	
Federal Funds						
CDBG Administration (70224)	\$ 1,536	\$ 1,680	\$ 1,680	\$ -	0.00%	
ARRA CDBG Administration (77860)	\$ 50	\$ -	\$ -	\$ -	0.00%	
CDBG Disaster Recovery (70512)	\$ 2,005	\$ 2,000	\$ 2,000	\$ -	0.00%	
CDBG Disaster Recovery Admin (70967)	\$ 1,358	\$ 1,000	\$ 1,000	\$ -	0.00%	
CDBG Disaster Recovery Admin (70968)	\$ 27,143	\$ 56,000	\$ 56,000	\$ -	0.00%	
CDBG Neighborhood Stabilization Admin (70140)	\$ 1,050	\$ 800	\$ 800	\$ -	0.00%	
CDBG Neighborhood Stabilization (70139)	\$ 24,000	\$ 17,000	\$ 17,000	\$ -	0.00%	
Total Federal Funds	\$ 57,142	\$ 78,480	\$ 78,480	\$ -	0.00%	
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
CDBG Administration (70224)	\$ 607	\$ 751	\$ 698	\$ (53)	-7.06%	
CDBG Disaster Recovery (70512)	\$ 38	\$ 66	\$ 38	\$ (28)	-42.42%	
CDBG Disaster Recovery Admin (70967)	\$ 95	\$ 235	\$ 246	\$ 11	4.68%	
CDBG Neighborhood Stabilization Admin (70140)	\$ 68	\$ 25	\$ 12	\$ (13)	-52.00%	
ARRA CDBG Administration (77860)	\$ 50	\$ -	\$ -	\$ -	0.00%	
Total Personnel	\$ 858	\$ 1,077	\$ 994	\$ (83)	-7.71%	
Operating (6300000)						
CDBG Administration (70224)	\$ 879	\$ 879	\$ 932	\$ 53	6.03%	
CDBG Disaster Recovery (70512)	\$ 100	\$ 100	\$ 180	\$ 80	80.00%	
CDBG Disaster Recovery Admin (70967)	\$ 533	\$ 765	\$ 754	\$ (11)	-1.44%	
CDBG Neighborhood Stabilization Admin (70140)	\$ 982	\$ 775	\$ 788	\$ 13	1.68%	
ARRA CDBG Administration (77860)	\$ -	\$ -	\$ -	\$ -	0.00%	
Total Operating	\$ 2,494	\$ 2,519	\$ 2,654	\$ 135	5.36%	
Fixed Assets (6400000)						
CDBG Disaster Recovery (70512)	\$ 5	\$ -	\$ -	\$ -	0.00%	
Grants and Subsidies (6600000)						
CDBG Disaster Recovery (70512)	\$ 1,862	\$ 1,834	\$ 1,782	\$ (52)	-2.84%	
CDBG Disaster Recovery Admin (70967)	\$ 730			\$ -	0.00%	
CDBG Disaster Recovery Admin (70968)	\$ 27,143	\$ 56,000	\$ 56,000	\$ -	0.00%	
CDBG Neighborhood Stabilization (70139)	\$ 24,000	\$ 17,000	\$ 17,000	\$ -	0.00%	
Total Grants and Subsidies	\$ 53,735	\$ 74,834	\$ 74,782	\$ (52)	-0.07%	
Non Expense (6910000)						
CDBG Administration (70224)	\$ 50	\$ 50	\$ 50	\$ -	0.00%	

3. Lapse History	2011-12	2012-13	2013-14 Estim	
CDBG Administration (70224)	\$ 691	\$ 509	\$ -	
CDBG Disaster Recovery (70512)	\$ 1,673	\$ 1,637	\$ -	
CDBG Neighborhood Stabilization Admin (70140)	\$ 825	\$ 898	\$ -	
CDBG Neighborhood Stabilization (70139)	\$ 6,200	\$ 21,710	\$ -	
ARRA CDBG Administration (77860)	\$ 90	\$ 3	\$ -	

4. Complement Information: These CDBG programs have no authorized complement. Personnel costs are transferred from other appropriations based on hours employees work for the CDBG programs.

5. Legislative Authorization:

42 USC 5301 – Housing and Community Development Act
24 CFR Part 570 – Community Development Block Grant Regulations
Act 179 - Small Communities Block Grant; Title 1 of the Housing and Community Development Act of 1974 as amended, (42 USC 5301 et seq.)
Housing and Economic Recovery Act of 2008 (HERA)
CDBG Disaster Recovery Program

6. Cost Assumptions:

Funds for these programs are supported by federal grants. DCED administers the HUD-funded programs and processes contracts for Community Development Block Grant (CDBG) projects. However, the actual funds for these grants remain at the federal level and are drawn down directly from the federal treasury by the grantees. Since the state receives no federal dollars for these contracts, none of the funds for the formula grants in the Overview and Program Performance sections is represented in the Department's budget figures.

The Department does use up to two percent of the funds, which are designated for state administration for CDBG grants. It also uses the CDBG disaster funds which pass through the state treasury and are represented in the Department's budget for this program. In June 2008, Congress authorized a one-time allocation under CDBG for the Neighborhood Stabilization Program (NSP), to address the housing foreclosure crisis. DCED received another allocation of Neighborhood Stabilization Program funds in 2010. The Neighborhood Stabilization funds pass through the state treasury also and are represented in the Department's budget.

Additionally, DCED received two allocations of CDBG – Disaster Recovery funds totaling \$57,128,501. These funds are restricted to the 36 counties impacted by the 2011 flooding disasters caused by Hurricane Irene and Tropical Storm Lee.

7. Overview of the Program:

The commonwealth lacks decent housing, adequate infrastructure and economic opportunities for low and moderate-income individuals. The CDBG Program, also called the Small Communities Block Grant Program, provides federal funds to develop viable communities with decent housing and a suitable living environment, and to expand economic opportunities principally for persons of low and moderate income.

Over the years of this block grant's existence, DCED and its predecessor agencies have provided grants via a state-mandated formula to eligible cities, counties, boroughs and townships that support activities to address these problems. Those activities are summarized in several categories:

- Water and sanitary sewer projects have alleviated significant, persistent problems experienced by Pennsylvania residents of small cities and rural areas. The lack of adequate water and sewer often force people in our rural communities to endure conditions that rival third world countries. CDBG funds the basic necessities for potable water for drinking and cleaning, as well as public sanitary sewer systems and functioning on-lot systems.
- Rehabilitation of housing for low-and-moderate-income households upgrades and revitalizes the community's housing stock and provides safe, decent, affordable housing opportunities for the homeowners who reside in those structures.
- Construction and improvement of public and community facilities such as senior citizen and community centers which provide opportunities to increase the quality of life for low and moderate-income citizens.
- Economic development projects that bring essential job creation opportunities that directly benefit the employee and build local tax bases.

The CDBG Competitive component provides 13 percent of the funds to the smallest communities that do not receive an annual allocation via formula. The chart below shows the approved projects that support critical water and sanitary sewer improvements in very rural areas of Pennsylvania.

CDBG Competitive Funding

Federal FY	Projects Approved	Funds Available
2006	16	\$6,510,543
2007	18	\$6,786,878
2008	17	\$6,831,300
2009	15	\$6,447,270
2010	17	\$7,271,940
2011	14	\$6,872,320
2012	11	\$4,614,678
2013	10*	\$4,477,207
*Estimated Numbers		

NOTE: The amount of competitive funds available may rise above 13 percent of the annual allocation due to recapture or disencumber of funds from previous years.

The Housing and Economic Recovery Act of 2008 established the Neighborhood Stabilization Program, which provided an allocation of funds subject to modified requirements of the CDBG

program. Pennsylvania received just under \$60 million. The funds will be used for activities to make neighborhoods more stable and sustainable. Those activities include: creation of financing mechanisms to purchase and redevelop foreclosed residential properties; purchase and rehabilitation of residential properties that have been abandoned or foreclosed upon; establishment of land banks; demolition of blighted structures; and redevelopment of demolished or vacant properties. An additional \$5 million was awarded to the Commonwealth in October 2010.

8. Program Performance and Impact:

This program has been subject to significant federal cuts (approximately 25 percent) over just the past three years. Continued cuts are expected with the federal allocations. However, the critical community improvements funded by CDBG are effective and with flexible community economic development and housing tools, enable communities to address a variety of significant local needs. The impact of these funds has revitalized a significant portion of Pennsylvania with nearly a half of a million people who have benefited from the projects.

The CDBG competitive program provides essential funds to make rural infrastructure projects feasible. These dollars generally make the monthly water and sewer rates affordable or cover the initial hookup costs for seniors and other low-and-moderate-income home owners.

<u>COMMUNITY DEVELOPMENT BLOCK GRANT FY2012-13</u>			
Persons Receiving Assistance	Jobs Created (Economic Opportunity)	Housing units Rehabed	Number of Projects (Water, Sanitary, Public & Community Construction, etc)
472,981	26	126	2,506

CDBG at work:

City of Bradford, McKean County

Throughout the past decade, the City of Bradford has applied for and received multiple program specific grants pertaining to the city’s revitalization to support the community development efforts funded by the City’s Community Development Block Grant annual allocation. The City’s Enterprise Zone, Elm Street and Main have all been an integral part of its revival. Many communities throughout the state are only able to implement one of these programs; however, Bradford has been able to address each program’s specific goals. These grants have funded downtown revitalization efforts which have included comprehensive street scape improvements, façade restoration, clearance of blight, and support of an active code enforcement program. In addition, the City has sought to provide funding to maintain its existing housing stock making existing units safe and affordable to those residing within the City.

Recently, with the help of DCED funding, the City of Bradford completed several bridge replacements within the City including the Pine Street pedestrian bridge. The project was completed with CDBG funding; the effort was integral in pairing the residential Elm Street area

to the commercial Main Street district. This bridge is an integral part to the City's new designation through the Keystone Communities Program.

KEYSTONE OPPORTUNITY ZONE (KOZ); KEYSTONE OPPORTUNITY EXPANSION ZONE (KOEZ); KEYSTONE OPPORTUNITY IMPROVEMENT ZONES (KOIZ)

Overview of the Program:

The Keystone Opportunity Zone (KOZ) initiative was designed to revive economically-distressed urban and rural communities throughout the Commonwealth with the powerful market-based incentive of tax abatement. The KOZ initiative fosters private, business and residential reinvestment in these designated areas to regain the economic stability of the communities.

KOZs are virtually tax-free zones. Businesses and residents are entitled to certain tax benefits when they locate in a KOZ. There are 12 KOZ regions throughout Pennsylvania. KOZ size ranges from less than ten to over 350 acres. Through credits, waivers, and broad-based abatements, total taxes on economic activity in KOZs are reduced to almost zero.

In recognition of the tremendous success of the original KOZ initiative, a new opportunity to participate in the program was realized in 2000 with the Keystone Opportunity Expansion Zones (KOEZ). The KOEZ effort was based on the same principles, criteria and guidelines as KOZ. This expansion gave communities one more chance to participate in this program.

In December of 2002, Keystone Opportunity Improvement Zones (KOIZ) were authorized. The KOIZ were designated by the Governor and approved by the local jurisdictions. The 2002 legislation also authorized the enhancement (addition of property) of existing KOZs. In 2003, legislation extended the enhancement program deadlines of the KOZ program to June 2004.

The KOZ program was enhanced again in July of 2008. Senate Bill 1412 authorized the state and local governments to expand existing zones, extend expiration dates and create additional KOEZs. Zone expansions must be contiguous to existing zones and not exceed 15 acres. Time extensions may be for seven years or ten, dependent on the local governments' preference. Only unoccupied property may receive a time extension. The legislation also authorized 15 additional KOEZs; the new zones cannot exceed 350 acres.

Senate Bill 1237 was passed in February 2012 to further expand on the ongoing success of the KOZ program. The amendment allowed for the expansion of current designations, extensions of unoccupied parcels, and the ability for 15 new designations of a maximum of 350 acres per designation. In November 2013, 15 new designations were approved totaling 4,753 acres.

Program Performance and Impact:

As of December 31, 2012 there were 19,907 jobs created and 13,028 jobs retained at KOZ sites throughout the state. In addition, KOZ applicants for the year 2012 reported investing \$2,126,320,499 in private investment in KOZ sites during the previous calendar year.

COMMUNITY SERVICES BLOCK GRANT - 70225, 70228

		<i>\$ in Thousands</i>				
1. Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change	
Federal Funds						
CSBG Administration (70225)	\$ 1,507	\$ 1,507	\$ 1,507	\$ -	0.00%	
CSBG Grants (70228)	\$ 29,500	\$ 29,500	\$ 29,500	\$ -	0.00%	
Total Federal Funds	\$ 31,007	\$ 31,007	\$ 31,007	\$ -	0.00%	
2. Detail by Major Object (Commitment Item)						
Personnel (6100000)						
CSBG Administration (70225)	\$ 742	\$ 1,199	\$ 824	\$ (375)	-31.28%	
Operating (6300000)						
CSBG Administration (70225)	\$ 765	\$ 308	\$ 683	\$ 375	121.75%	
Grants and Subsidies (6600000)						
CSBG Grants (70228)	\$ 29,500	\$ 29,500	\$ 29,500	\$ -	0.00%	
3. Lapse History						
	2011-12	2012-13	2013-14 Estim			
CSBG Administration (70225)	\$ 541	\$ 587	\$ -			
CSBG Grants (70228)	10502	94	\$ -			
ARRA CSBG Grants (87524)	\$ 19	\$ -	\$ -			

4. Complement Information: These CSBG programs have no authorized complement. Personnel costs are transferred from other appropriations based on hours employees work for the CDBG programs

5. Legislative Authorization:

CSBG

- The Community Services Block Grant Act, Title VI, Subtitle B, of the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35;
- Public Law 105-285: The Community Opportunities, Accountability, and Training and Educational Services Act of 1998 (Public Law 105-285);
- The Economic Opportunity Act of 1964 [original legislation that established Community Action Associations (CAAs)]
- American Reinvestment and Recovery Act of 2009

6. Cost Assumptions:

Funds for this program are supported by a federal grant. Personnel costs for the authorized positions assigned to this program are adjusted by hard codes and time sheets in SAP from other operating funds.

7. Overview of the Program:

The Community Services Block Grant (CSBG) program provides funds primarily to Community Action Agencies (CAAs) for the revitalization of low-income communities and the empowerment of low-income families and individuals to become fully self-sufficient. Program activities supported by CAAs include a variety of community and economic development strategies that include: income and economic asset building, education and skill development, housing needs, access to health care and other needed social services, supportive networks, facilitation of client resourcefulness, and leadership abilities.

Ninety percent of the funds are required to be distributed to the current 44 CAAs and Limited Purpose Agencies. Five percent is allowed for state administration. The remaining five percent is utilized for competitive projects. The program funds granted to CAAs are used to maintain operational costs and for new and innovative program activities. Competitive funds are utilized for grants to community-based organizations for innovative programs, with a special emphasis on programs that integrate with and expand the impact of other commonwealth investments in the community.

CSBG and its predecessor have been in existence since 1965, always with the same mission: to improve the causes and conditions of poverty. Initiatives have included, but are not limited to: neighborhood linkages, leverage of community resources, conduction of Volunteer Income Tax Assistance sites, building housing capacity, provision of family self-sufficiency and case management, facilitation of Results-Oriented Management and Accountability.

The CAAs have partnered with many community programs in the areas of employment and training, job preparedness, and summer employment. These agencies help participants achieved individual employment goals. Additionally, CAAs develop business and community partnerships in the areas of community and economic development, community conservation, youth programs, emergency and homeless assistance and other innovative programs to promote self-sufficiency and to create and maintain a stable living situation. The general characteristics of clients served in calendar 2012 (which is the CSBG program year and the most recent year with complete data reports) can be described as follows: white (51 percent), single (21 percent), employed (38 percent), and at or below 125 percent of the poverty level (60 percent, with 39 percent of those below 50 percent of the poverty level).

8. Program Performance and Impact:

Community Services Block Grant: Persons Participating in Job Training & Human Services	Actual	FY2006-07	349,618
	Actual	FY2007-08	351,985
	Actual	FY2008-09	356,338
	Actual	FY2009-10	390,001
	Actual	FY2010-11	398,291
	Actual	FY2011-12	398,558
	Actual	FY2012-13	407,498
	Estimated	FY2013-14	411,938

Community Services Block Grant (CSBG) FY2012-13						
Persons Participating in Job Training and Human Services	Total Jobs Created & Retained	Private Funds Leveraged in thousands	Public Funds Leveraged in thousands	Total Private/Public Funds Leveraged in thousands	Workforce Training: Persons Trained/Skills	Low Income Persons Helped to Obtain a job
338,032	11,935	\$58,082	\$347,683	\$405,765	8,265	5,283

Impact Statement:

In calendar/program year 2012-13 the CAAs leveraged an additional \$405 million to assist 600,000 low-income constituents. This is \$16.04 for every CSBG dollar expended. The leveraged amounts are derived from these sources:

- 62 percent Non-CSBG federal funds
- 19 percent State funds
- 14 percent Private funds
- 4 percent Local public funds

The FFY2012/2013 allocation to DCED was \$26,771,550.

Pennsylvania's CSBG's 2011 results included:

- 7,283 unemployed, low-income persons obtained a job.
- 1,472 persons obtained an increase in employment income.
- 9,520 persons obtained pre-employment skills and competencies required for employment and received training program certificates and/or a diploma.
- 1,203 jobs that provide enough income needed for a family to adequately meet their basic needs without public or private assistance were created or saved from reduction or elimination.
- 7,545 organizations worked in partnership with CAAs to promote family and community outcomes, of which 857 were faith-based organizations.
- 1,129,518 hours were volunteered to CAAs.

CSBG at work:

Schuylkill Community Action Agency

Through Schuylkill Community Action's Case Management Unit supported through CSBG funds, numerous clients are able to make contact with staff that can assess client problems and address their needs. One such client assisted was Maria, a mother of two fleeing a domestic violence situation. Staff first assisted Maria with security deposit, first month rent and seven additional months of rent through referral to our ESG program. Being pregnant when she made contact with the agency, she was assisted in applying for the WIC program and the Carenet Program which provided diapers for her new born infant. Since she was transferring from outside the county, assistance was provided in transferring her DPW data and services to the Schuylkill County office. The case manager also used resources at Schuylkill Community Action

to help Maria with her utilities. She has been enrolled in the UGI CAP program and applied for LIHEAP. All this is a part of building a stable budget plan.

Maria also had two other children who needed various services including child care placement and potential Early Intervention Services through the County Children and Youth Office. The case manager also helped her link with the local mental health services, enroll in school and become more organized. She has gone through life skills training with a worker at Allied Services which has really helped her move closer to stability. Since entering the program, Maria has also decided that she'd like to give back to others. She is looking at becoming a Peer Support Specialist through Recovery Edge so that she can help others who have gone through similar situations.

Since being enrolled in the program, Maria has budgeted her financial resources more effectively. Maria has used her income to purchase furniture for her residence and beds for her children. Maria completes monthly spending tracking forms and provides bank statements to show how she is spending her money and how she is setting aside money to develop a savings to help her on her path to stability.

Maria is now starting to look towards and plan for the future. She has worked with the case manager to update a resume as she desires to go back into the workforce sometime after the birth of her son. In addition, Maria has taken steps towards employment and is currently working with Primerica on passing the test to become licensed to sell insurance in the state of Pennsylvania.

**INTERGOVERNMENTAL COOPERATION AUTHORITY -
10837**

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
State Funds	\$ 228	\$ 228	\$ 228	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Grants and Subsidies (6600000)					
State Funds	\$ 228	\$ 228	\$ 228	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds	\$ 43	\$ -	\$ -		
4. Complement Information	N/A				

5. Legislative Authorization: Act 11 of 2004, known as the Intergovernmental Cooperation Authority Act for Cities of the Second Class.

6. Cost Assumptions:

The FY2014-15 request is in accordance with the Governor's budget proposal.

7. Overview of the Program:

Act 11 of 2004 established the Intergovernmental Cooperation Authority to oversee assistance for the distressed city of Pittsburgh. DCED processes payment for expenditures submitted by the authority. The Act requires that the Act 47 and Act 11 processes work equally and concurrently.

8. Program Performance and Impact: The ICA approved the City's revised five-year plan for FY2012-2016 on October 19, 2011.

**TRANSFER TO MUNICIPALITIES FINANCIAL RECOVERY
REVOLVING AID FUND - 10318**

	<i>\$ in Thousands</i>				
1. Summary Financial Data	2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
State Funds	\$ 12,096	\$ 7,096	\$ 5,250	\$ (1,846)	-26.01%
2. Detail by Major Object (Commitment Item)					
Grants and Subsidies (6600000)					
State Funds	\$ 12,096	\$ 7,096	\$ 5,250	\$ (1,846)	-26.01%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds	\$ -	\$ -	\$ -		
4. Complement Information	N/A				

5. Legislative Authorization: None

6. Cost Assumptions: The FY2014-15 request is in accordance with the Governor's budget proposal.

7. Overview of the Program:

This appropriation transfers the appropriation for the Municipalities Financial Recovery Act to the Municipalities Financial Recovery Revolving Aid Fund (20048) established under the provisions of Act 47 of 1987, as amended.

8. Program Performance and Impact:

Refer to the Financially Distressed Municipalities Assistance Loan Fund for performance.

**EMERGENCY SOLUTIONS GRANT (FORMERLY
EMERGENCY HOUSING) - 70215, 70970, 70971, 70972,
ARRA 77857, 77932**

1. Summary Financial Data	\$ in Thousands			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
Federal Funds: ESG (70215)	\$ 125	\$ -	\$ -	\$ -	0.00%
Federal Funds: ESG Program (70971)	\$ 3,200	\$ -	\$ -	\$ -	0.00%
Federal Funds: EMG Solutions Program (70972)	\$ 10,000	\$ 8,000	\$ 8,000	\$ -	0.00%
Federal Funds: EMG Solutions Admin (70970)	\$ 250	\$ 250	\$ 250	\$ -	0.00%
Federal Funds:ARRA Homelessness Prev (77857)	\$ 100	\$ -	\$ -	\$ -	0.00%
Federal Funds:ARRA Homelessness Legal (77932)	\$ 59	\$ -	\$ -	\$ -	0.00%
Total Federal Funds	\$ 13,734	\$ 8,250	\$ 8,250	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
Federal Funds: ESG (70215)	\$ 12	\$ -	\$ -	\$ -	0.00%
Federal Funds: Emergency Solutions Admin (70970)	\$ -	\$ 141	\$ 79	\$ (62)	-43.97%
Federal Funds:ARRA Homelessness Prev (77857)	\$ 93	\$ -	\$ -	\$ -	0.00%
Total Personnel	\$ 105	\$ 141	\$ 79	\$ (62)	-43.97%
Operating (6300000)					
Federal Funds: ESG (70215)	\$ 113	\$ -	\$ -	\$ -	0.00%
Federal Funds: Emergency Solutions Admin (70970)	\$ 250	\$ 109	\$ 171	\$ 62	56.88%
Federal Funds:ARRA Homelessness Prev (77857)	\$ 7	\$ -	\$ -	\$ -	0.00%
Federal Funds:ARRA Homelessness Legal (77932)	\$ 59	\$ -	\$ -	\$ -	0.00%
Total Operating	\$ 429	\$ 109	\$ 171	\$ 62	56.88%
Grants and Subsidies (6600000)					
Federal Funds: ESG Program (70971)	\$ 3,200	\$ -	\$ -	\$ -	0.00%
Federal Funds: EMG Solutions Program (70972)	\$ 10,000	\$ 8,000	\$ 8,000	\$ -	0.00%
Total Grants and Subsidies	\$ 13,200	\$ 8,000	\$ 8,000	\$ -	0.00%
3. Lapse History					
	2011-12	2012-13	2013-14 Estim		
Federal Funds: ESG (70215)	\$ -	\$ 7,426	\$ -		
Federal Funds: ESG Program (70971)	\$ -	\$ 3,200	\$ -		
Federal Funds: EMG Solutions Program (70972)	\$ -	\$ 4,561	\$ -		
Federal Funds: EMG Solutions Admin (70970)	\$ -	\$ 217	\$ -		
Federal Funds:ARRA Homelessness Prev (77857)	\$ 340	\$ -	\$ -		
Federal Funds:ARRA Homelessness Legal (77932)	\$ -	\$ -	\$ -		

4. Complement Information: These programs have no authorized complement. Personnel costs are transferred from other appropriations based on hours employees work for the CDBG programs

5. Legislative Authorization:

McKinney-Vento Homeless Assistance Act
Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act of 2009

6. Cost Assumptions:

Funding for this program is supported by federal grants with a required 100% match. DCED administers the HUD-funded program and processes contracts for Emergency Solutions Grant (ESG) projects. The Department uses a portion of the ESG funds designated for administrative purposes, which are shown in the financial amounts above.

7. Overview of the Program:

Data housed in the Pennsylvania Homeless Management System by the Balance of State Continuums of Care reflect that, between January 1 and December 31 of 2013, a total of 14,547 unduplicated homeless or at risk of homelessness persons requested assistance with homelessness needs, including shelter, transitional housing, permanent housing, case management and related costs, that would keep their families off the streets. This assistance came from a number of resources, which the Emergency Solutions Grants is just one tool that is documented with HMIS. That total does not include data from the larger entitlement communities such as Philadelphia, Scranton or Pittsburgh, but rather the smaller rural areas such as Fulton, Monroe and Greene Counties.

The interim rule, published in the Federal Register on December 5, 2011, revised the regulations for the Emergency Shelter Grants program by establishing the regulations for the Emergency Solutions Grants program (ESG), which replaced the Emergency Shelter Grants program. The change in the program's name, from Emergency Shelter Grants to Emergency Solutions Grants, reflects the change in the program's focus from addressing the needs of homeless people in emergency or transitional shelters to assisting people to quickly regain stability in permanent housing after experiencing a housing crisis and/or homelessness.

Since 1987, the ESG Program has provided grants to units of local government to assist non-profit entities with these homeless support activities which include the following activities as the program has been amended:

- Street Outreach - Costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, non-facility based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility activities that provide services delivered on the street to persons living unsheltered.
- Rehabilitation, conversion, operational and essential services grants which provide decent, safe and sanitary shelters to house the homeless as temporary housing and provide the necessary case management to attain permanent housing.
- Provision of rental assistance to provide short-term or medium-term housing to individuals or families who are homeless or at risk of homelessness.
- Provide service costs that are necessary services for individuals or families that are homeless or at risk of homelessness to secure stability in permanent units. The services are limited to housing search and placement, housing stability case management, mediation, legal services and credit repair.
- Provide financial assistance for individuals or families that are homeless or at risk of homelessness to secure stability in permanent units. Eligible costs are limited to:

rental application fees, security deposits, last month's rent, moving costs, utility deposits, and utility payments.

8. Program Performance and Impact:

<u>EMERGENCY SOLUTIONS GRANT (ESG) in 2012</u>
Persons Served: 1,526

In 2012-13, the ESG Program provided funding to 39 counties assisting 50 emergency and transitional shelters and 31 vendors of rapid rehousing and homeless prevention to provide assistance to homeless or near homeless individuals and families. The intent of the ESG assistance is to rapidly transition program participants to stability, either through their own means or through public assistance, as appropriate. Funding provided under ESG is not intended to provide long-term support, nor will it be able to address all of the financial and supportive service needs of individuals and families. In 2012, 1,526 homeless individuals were served through emergency shelters, transitional housing or with assistance in placement into permanent housing using ESG funding.

ESG Program at work:

Warren County – Faith Inn Action Housing – Emergency Transitional Shelter

In 2008, the Warren-Forest County Economic Opportunity Council was approached by the Faith Inn Action Housing Coalition, Inc. to take over the ownership and operation of the emergency transitional shelter located in Warren County. Due to increased operating costs, limited funding and an inability to provide needed services to the occupants of the facility, the Coalition needed to dissolve themselves of being a service provider. The shelter is the only emergency transitional shelter in Warren County serving families and handicapped individuals, so the continuation of its operation was essential to meeting the housing needs of these homeless populations. Warren Forrest EOC agreed to assume ownership of the Inn, along with all remaining assets of the Coalition, as long as funding could be secured to do the necessary renovations to bring the shelter up to code compliance and the initial operating expenses could be realized. Warren County turned to the Emergency Shelter/Solution Program for assistance in 2009, 2011 and 2013.

The Faith Inn shelter is located in City of Warren and is a structure that consists of 8 apartment units: 2 handicapped efficiency units; 2 2-bedroom units; and four 1-bedroom unit with the capability of an additional handicapped unit to be developed. The EOC requested assistance with the development of this additional unit, provision of handicap accessibility to the shelter, other code deficient renovation, operating funds to ensure the shelter would have the proper staff and supplies to meet the needs of the residents, and provision of support services to shelter occupants to assure self-sufficiency and movement into a permanent living situation. ESG has provided \$456,216 in funding to assist the EOC complete the necessary renovations and begin serving the target populations of homeless. In March of 2012 the EOC re-opened Faith Inn, providing safe and secure housing as well as necessary supportive services to the homeless in Warren County.

HOME INVESTMENT PARTNERSHIP TRUST - 10319

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
Federal Funds	\$ 1,170	\$ 1,486	\$ 1,486	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
Federal Funds	\$ 827	\$ 887	\$ 892	\$ 5	0.56%
Operating (6300000)					
Federal Funds	\$ 343	\$ 599	\$ 594	\$ (5)	-0.83%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
Federal Funds	\$ 790	\$ 613	\$ -		

4. Complement Information: The HOME program has no authorized complement. Personnel costs are transferred from General Government Operations based on actual time a given employee works for the HOME program.

5. Legislative Authorization:

National Affordable Housing Act of 1990, as amended by the Housing and Community Development Act of 1992.
Act 172 of 1992

6. Cost Assumptions:

Funds for this program are supported by a federal grant. Personnel costs are adjusted by cross charges from staff working on this program whose complement positions are established under other operating funds.

Under the process HUD uses to fund most of its state-administered programs, the Department processes contracts for HOME Investment Partnerships (HOME) Program projects. However, the actual funds used for these grants remain at the federal level and are drawn down directly from the federal treasury by the grantees. Since no federal dollars go to the state for these contracts, none of the grants funds for the activities listed in the Overview and Program Performance sections is represented in the Department's budget figures.

7. Overview of the Program:

Pennsylvania has an inadequate supply of decent, affordable housing for low-and-moderate-income households. The HOME program is the primary source of federal funds for the development and improvement of housing options for these households. DCED also works in

partnership with the PA Housing Finance Agency (PHFA) to coordinate the delivery of these funds.

Over the 20 plus years of this program's existence, the HOME program has provided grants to eligible cities, counties, boroughs and townships to be used for homeowner rehabilitation, homebuyer, and rental housing units. Benefits of those activities include:

- Rehabilitation of housing for low and moderate income households upgrades and revitalizes the community's housing stock.
- Homebuyer assistance helps people acquire homes and build assets that promote their own self-sufficiency as well as promote the sustainability of their community.
- Development of rental housing units provides households with opportunities for affordable housing and/or improves the quality of life for those tenants, especially those with special needs.

These housing activities improve the built environment and provide safe, decent, affordable housing opportunities for the Pennsylvania residents who live in these structures.

8. Program Performance and Impact:

<u>HOME Investment Partnerships Program (HOME) FY2012-13</u>	
of Housing Units Provided: Creating Suitable Living Environments	# of Housing Units Provided: Providing Decent Housing
289	454

The HOME Program continues to use the 2006 priorities for the application, review and selection process that emphasizes targeting, leveraging, and impact criteria. Grants awarded demonstrate that the HOME funds will be targeted to communities where the revitalization impact will be more measurable. In many instances, the grants also leveraged other governmental, non-profit or private funds to supplement the HOME fund. Targeting is especially demonstrated by the grants provided in support of housing for special needs populations, including the mentally and physically disabled.

HOME Program at work:

Mahanoy City Borough (Schuylkill County)

DCED used HOME funds to develop 3 units of affordable rental housing in Mahanoy City Borough. Mahanoy City Borough received HOME funding and entered into a developer's agreement with Schuylkill Community Action to develop 3 units of affordable rental housing. The 3-unit rental housing project was constructed on West Centre Street, which is the main

thoroughfare directly through the borough's central business district. The new rental housing development was designed to bring affordable housing into a community that has been working towards the revitalization of its central business district and surrounding neighborhoods. The new rental development blends well with the existing mixed use residential and commercial central business district. The project, which provided the first newly-constructed residential units in the area in decades, began with the desire to acquire and develop six blighted, vacant properties that required demolition. . Another goal of the project is to transform the 700 Block of Centre Street to promote further investment and revitalization on both Centre Street and surrounding neighborhoods. .

DCED provided \$476,000 in HOME funds that, along with private and local funding of \$90,000, supported a total project cost of \$566,000.

RECOVERY RESOURCES TEAM

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
Federal Funds					
Federal Funds: EDA Emergency Mgmt (70966)	\$ 500	\$ 450	\$ 450	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
Federal Funds: EDA Emergency Mgmt (70966)	\$ 196	\$ 241	\$ 241	\$ -	0.00%
Total Personnel	\$ 196	\$ 241	\$ 241	\$ -	0.00%
Operating (6300000)					
Federal Funds: EDA Emergency Mgmt (70966)	\$ 304	\$ 209	\$ 209	\$ -	0.00%
Total Operating	\$ 304	\$ 209	\$ 209	\$ -	0.00%
Grants and Subsidies (6600000)					
Non Expense (6910000)					
State Funds 11009	\$ -	\$ -	\$ -	\$ -	0.00%
3. Lapse History	2011-12	2012-13	2013-14 Estim		
State Funds 11009	\$ -	\$ -	\$ -		
4. Complement Information	N/A				

5. Legislative Authorization:

EDA's FY 2012 Disaster Relief Opportunity pursuant to the Consolidated and Further Continuing Appropriations Act, Pub. L. No. 112-55, 125 Stat. 552 (2011)-availability of funds under section 703 of the Public Works and Economic Development Act of 1965, as amended. (42 U.S.C § 3233)(PWEDA).

6. Cost Assumptions:

Funds for this program are provided by a federal grant. The Commonwealth is the grantee of this grant and drew the funds from the federal treasury and they reside within the Department account. There are no sub-grantees for this fund. The funds are used for the personnel, travel costs, and operating costs of the Recovery Resources Team (RRT). The grant was awarded in September 2012; however the Commonwealth did not start drawing funds until May, 2013. The grant was intended to cover the operating costs of the RRT for two years. While EDA will be requested to extend the timeframe of this grant beyond the initial two years because of the delay in starting up, this remains a one-time grant from EDA with no plans to renew the grant when the funds expire. DCED and PEMA will seek state funding to continue this program beyond that point.

7. Overview of the Program:

In federal fiscal year 2011, The Commonwealth of Pennsylvania was impacted by three major disasters: DR 4003-PA on July 13, DR 4025-PA on September 3, and DR 4030-PA on September 12. In total, 36 of the Commonwealth's 67 counties were affected. The establishment of the Team has the following purposes:

- Develop a statewide Recovery Plan that will include the formation of the Disaster Recovery Resources Team. The composition of the Team will include federal, state, nongovernmental, and private sector participants.
- Coordinate long-term recovery efforts, including coordinating education on mitigation and other resiliency topics, and providing technical assistance to and supporting the progress of recovery projects in communities that were hardest hit by the fiscal year 2011 disasters.
- Coordinate with EDA and other federal agencies to maximize the effectiveness of federal and other resource assistance to communities that were hardest hit by the fiscal year 2011 disasters.

The key objective of the Team in implementing this approach is to institutionalize a process, consistent with the National Disaster Recovery Framework, for ongoing communication and disaster recovery resource coordination among partners. Institutionalizing the framework of recovery resource coordination for the Commonwealth creates an increase in capacity for reduced recovery times for future disasters. Within the implementation of the Team, linkages between funding streams and the private sector are created. The linkages serve as a platform to educate the private sector about individual mitigation measures that can be put into place that will assist in reducing future economic injury, and improving the communities' ability to bounce back from disasters or other disrupting incidents.

The RRT includes one staff person located within PEMA's Bureau of Recovery and Mitigation to assure the coordination and collaboration with PEMA.

8. Program Performance and Impact:

In September 2013, the Team conducted the first Steering Committee meeting comprised of the Lieutenant Governor, Director of PEMA, DCED Secretary, FEMA Regional Disaster Recovery Coordinator, and a local Economic Development District (EDD) representative. The Steering Committee meeting reviewed the roles of the RRT and approved operating Policies and Procedures. The Team conducted its public Rollout on October 3, 2013.

To date, the RRT has conducted face to face outreach with community and organization leaders all of the affected counties from the 2011 disasters. We have provided support for all four of the remaining local long term community recovery groups still operating from 2011, and originally developed with the support of FEMA: Athens, West Pittston, Shickshinny, Upper Swatara Watershed/Pine Grove Area as well as support for Long Term Recovery Groups in Bradford/Sullivan, Northumberland, Lebanon, Wyoming, Susquehanna, Schuylkill, and Montgomery Counties. We have also provided intensive planning & development for Long-Term Recovery support in Chester County, SE Pennsylvania in general (SEPAVOAD). Additionally, the RRT has provided information about our roles and missions to all of the larger universities in the Commonwealth to include Penn State, Pitt, Temple, and Lincoln. We have also recruited the Pennsylvania Municipal Managers Association, and entered into collaborative outreach with the Governor's Office of Homeland Security, to engage private sector partners.

To date, we have established 532 points of contact across 349 entities (government, non-government, business, education, and private/non-profit).

The Team has established a website linked to the Department of Community and Economic Development website that allows community leaders to submit issues for RRT assistance. As of this date, the site has had seven distinct submissions. DCED intends to work with PEMA to establish an interactive web-based database of all types of disaster assistance programs where community leaders can input their needs and receive output of which programs they are eligible for.

Recovery Resources Team at work:

Bloomsburg Levee Project (Columbia County)

On October 1, 2013, the DCED Recovery Resources Team was contacted by SEDA-COG regarding the proposed levee project to surround the Autoneum and Windsor Foods factories in Bloomsburg. These two facilities are major employers in the town of Bloomsburg and repeated victims of flooding. As a result of this flooding, there was growing concern of the factories closing and upwards of 300 jobs being lost. The municipality proposed a levee surrounding these businesses in order to ensure continuity of operations and therefore retain these positions. Additionally, Snyder Run, which was a previous creek that was encased in brick years ago, runs directly under the Autoneum factory and tends to flood. The municipality desired to have the run redirected directly to the Susquehanna River.

The Team was enlisted to facilitate coordination between all of the federal and state agencies that would play a role in such projects. On October 16, 2013, the Team conducted a meeting with representatives of SEDA-COG, Bloomsburg, Autoneum, the contracted engineering firm, the Federal Emergency Management Agency, the U.S. Army Corps of Engineers, the Pennsylvania Emergency Management Agency, the Pennsylvania Department of Community and Economic Development, the Pennsylvania Department of Environmental Protection, the Pennsylvania Department of Conservation and Natural Resources, and others. At this meeting, the contracted engineering firm laid out the plan for all of the agency representatives. The agency representatives discussed the plan and pointed out potential issues or concerns that they had with the plan. In this way, all of the issues the plan could face were discussed at one time. The firm then made the necessary revisions and the municipality is moving forward.

Without the coordination made by the Team, the firm and the municipality would have presented the plan to each agency in turn and wait for a response with required revisions and concerns. As a result the project would have taken months if not years just to go from a plan to execution. In the meantime, Bloomsburg has received a CDBG-DR grant for the redirection of Snyder's Run, a necessary step before construction of the levee.

APPALACHIAN REGIONAL COMMISSION - 10280/11059 & 70229

	<i>\$ in Thousands</i>			Change	Percent Change
	2012-13 Actual	2013-14 Available	2014-15 Request		
1. Summary Financial Data					
State Funds: Appalachian Regional Commission (10280)	\$ 1,003	\$ -	\$ -	\$ -	0.00%
State Funds: Appalachian Regional Commission (11059)	\$ -	\$ 1,073	\$ 1,073	\$ -	0.00%
Federal Funds: ARC Technical Assistance (70229)	\$ 200	\$ 225	\$ 225	\$ -	0.00%
Total All Funds	\$ 1,203	\$ 1,298	\$ 1,298	\$ -	0.00%
2. Detail by Major Object (Commitment Item)					
Personnel (6100000)					
Federal Funds: ARC Technical Assistance (70229)	\$ 144	\$ 158	\$ 158	\$ -	0.00%
Operating (6300000)					
Federal Funds: ARC Technical Assistance (70229)	\$ 46	\$ 67	\$ 67	\$ -	0.00%
Grants and Subsidies (6600000)					
State Funds: Appalachian Regional Commission (10280)	\$ 1,003	\$ -	\$ -	\$ -	0.00%
State Funds: Appalachian Regional Commission (11059)	\$ -	\$ 1,073	\$ 1,073	\$ -	0.00%
Federal Funds: ARC Technical Assistance (70229)	\$ 10	\$ -	\$ -	\$ -	0.00%
Total Grants and Subsidies	\$ 1,013	\$ 1,073	\$ 1,073	\$ -	0.00%
3. Lapse History					
State Funds: Appalachian Regional Commission (10280)	\$ 9	\$ 10	\$ -		
Federal Funds: ARC Technical Assistance (70229)	\$ 58	\$ 58	\$ -		

4. Complement Information

This appropriation has no direct complement. Fifty percent of the personnel costs for three employees are transferred from the General Government Operations (10313) appropriation via expenditure adjustments. The other fifty percent remains in GGO as the required state match for the federal funds.

5. Legislative Authorization: Appalachian Regional Commission Act of 1965 (40 U.S.C. App. § 1 et seq., as amended)

6. Cost Assumptions:

The Governor's Budget transfers funding for the state appropriation from the General Fund to the Motor License Fund. The program will still be administered within DCED.

Each state is assessed an amount to support the federal ARC program activities. Pennsylvania's proposed share in the state FY2014-15 budget year is estimated to be \$1,100,000. The amount paid by Pennsylvania through the motor license fund is based on the

percentage of ARC highway and non highway funds obligated in Pennsylvania during the previous federal fiscal year. By federal statute, the 13 Appalachian states also are responsible to provide one half of the annual administrative expense of the ARC state office.

7. Overview of the Program:

In the mid 1960s, Congress created legislation to address the persistent poverty and growing economic despair of the Appalachian Region. The federal Appalachian Regional Development Act of 1965 established the Appalachian Regional Commission (ARC) to provide funds for infrastructure and human resource development projects in the 13 designated Appalachian states. In order to combat the challenges of increased global competition and technological changes that result in job losses and restructuring in many key Appalachian industries, ARC has established four primary goals: (1) Increase job opportunities and per capita income in Appalachia to reach parity with the nation, (2) Strengthen the capacity of the people of Appalachia to compete in the global economy, (3) Develop and improve Appalachia's infrastructure to make the Region economically competitive, and (4) Build the Appalachian Development Highway System to reduce Appalachia's isolation.

Each year, ARC provides funds for several hundred projects throughout the 13-state Appalachian Region in support of these goals. These projects create thousands of new jobs, improve local water and sewer systems, increase school readiness, expand access to health care, assist local communities with strategic planning, and provide technical, managerial, and marketing assistance to emerging new businesses.

Since Federal Fiscal Year 2011, ARC has provided funds in excess of \$21.7 million to support 109 projects across Appalachia PA. In addition, PennDOT receives approximately \$104 million annually via ARC for construction of the Appalachian Development Highway System (ADHS).

Federal Fiscal Year	Number of Projects	ARC Investment
2011	39	\$ 7,678,590
2012	30	\$ 6,538,596
2013	40	\$ 7,486,178
Total	109	\$ 21,703,364

Related Federal Program:

ARC Technical Assistance (70229)

This program provides grant funding to support the salary and operating costs for the DCED Center for Appalachian Development (CAD) personnel. The CAD staff assists and advises the Local Development Districts (LDDs) and other non-profit groups and local governments in the submission and preparation of grant applications for construction and non-construction projects. In Federal Fiscal Year 2013, ARC approved \$193,870 in technical assistance funds to the commonwealth.

8. Program Performance and Impact:

<u>Appalachian Regional Commission (ARC)</u>					
<u>Fiscal Year</u>	Jobs Created	Jobs Retained	Total Jobs Created & Retained	Total Private/Public Funds Leveraged in thousands	# of Projects
FY2012-13	2,111	6,274	8,385	\$3,726	40

ARC's vision is to see the entire region reach economic parity with the rest of the nation. Of Pennsylvania's 52 Appalachian counties, one is classified as "Distressed" or "At Risk." Forty-six "transitional" counties have rates below the national average for one or more of the three economic indicators (unemployment, per capita market income, and poverty) but do not meet the criteria for the Distressed or At-Risk levels. The remaining five PA Appalachian counties are designated "Competitive" and have three-year average unemployment rates and poverty rates equal to or better than the national average, and per capita market income equal to or greater than 80 percent, but less than 100 percent, of the national average. Clearly, the ARC program in Pennsylvania helps residents overcome the poverty and economic despair that led to the creation of the Commission - and does so at a rate faster than most other Appalachian states. The commonwealth's formula for success has been to utilize local partners such as the LDDs to deliver critical business assistance services coupled with targeted infrastructure development.

For Federal Fiscal Year 2013, ARC infrastructure applications project these job impacts:

Project	Jobs Projected to be Created	Jobs Projected to be Retained
Borough of Sykesville Waterline Relocation		328
Conneaut Lake Central Business District	42	59
Sullivan County Tower Project		
Lewis Run Bourough Access Road Improvement	30	550
Washington St. & Route 56 Reconnection		5,000
Tyrone Regonal Access Road Improvement	38	302
WRC Assisted Living Access Road	15	35
Lightstreet and Swisher Circle Intersection	35	
Fairfield Crossing Mixed Use Dev. Access Road	340	
Dunbar Twp. Business Park Access Road	150	
Beaver Avenue Access Road	887	
Murtha Drive Extension	574	
TOTAL	2,111	6,274

The Appalachian Regional Commission enables projects to attract additional public and private sector funds. In Federal Fiscal Year 2013, \$3.2 million in ARC infrastructure funds were leveraged to attract more than \$3.7 million in additional investments.

Project Name	County	ARC Amount	Leveraged Funds	Total Project Cost
Borough of Sykesville Waterline Relocation	Jefferson	\$125,000	\$125,000	\$250,000
Conneaut Lake Central Business District	Crawford	\$150,000	\$155,000	\$305,000
Sullivan County Tower Project	Sullivan	\$150,000	\$225,000	\$375,000
Lewis Run Bourough Access Road Improvement	McKean	\$150,000	\$150,000	\$300,000
Washington St. & Route 56 Reconnection	Cambria	\$406,979	\$87,000	\$493,979
Tyrone Regonal Access Road Improvement	Blair	\$423,315	\$967,200	\$1,390,515
WRC Assisted Living Access Road	Clarion	\$300,000	\$276,971	\$576,971
Lightstreet and Swisher Circle Intersection	Columbia	\$350,000	\$815,215	\$1,165,215
Fairfield Crossing Mixed Use Dev. Access Road	Lycoming	\$360,000	\$250,000	\$610,000
Dunbar Twp. Business Park Access Road	Fayette	\$300,000	\$249,968	\$549,968
Beaver Avenue Access Road	Allegheny	\$90,000	\$210,000	\$300,000
Murtha Drive Extension	Greene	\$400,000	\$215,000	\$615,000
TOTAL		\$3,205,294	\$3,726,354	\$ 6,931,648.00

ARC approved 26 non-construction projects totaling \$4,280,884. Project examples include:

Tyrone Hospital Efficiency Upgrade	\$ 150,000
Partnerships for Regional Economic Performance	\$ 2,570,000
East Stroudsburg Business Accelerator	\$ 33,923
Anthracite Outdoor Adventure Area	\$ 50,000
Sustainable Economies Initiative	\$ 70,000
Northampton Community College Building Technology	\$ 100,000

ARC at work

Borough of Sykesville Waterline Relocation (Jefferson County)

The project involves replacing approximately 1,300 linear feet of a deteriorated cast iron main waterline along with 2 fire hydrants and relocating it from Sykes Street (Route 119) to Sykes Street Alley in the Borough of Sykesville. Funding is requested to replace the aging and deteriorated main waterline to alleviate service interruptions to the businesses and residents of the Borough of Sykesville which will lead to the retention of 328 local job opportunities, allow for commercial, industrial and residential expansion in the community while also providing a safe reliable source of water to 522 households and 27 businesses. This in turn may result in a larger customer base and possibly alleviate the need to seek substantial grant funding for future infrastructure projects

The Borough has experienced numerous water main breaks in the project area. The proposed project will eliminate water service interruptions to businesses and residents and also eliminate water damage to nearby homes caused by the numerous water main breaks the community is experiencing. Likewise, the businesses located in the borough are dependent upon a steady uninterrupted source of water. Without this project, local businesses will have no choice but to consider relocating to an area where service interruptions are not affecting their operations and ability to compete in a competitive economy.

Dunbar Township Business Park (Fayette County)

The project will construct Phase I of an access road at the corner of Route 119 North and Penchin Road in Dunbar Township, Fayette County. The proposed roadway is approximately 2,703 linear feet (0.51 mile) in length. It includes site work and pavement for road surface. Fay-Penn requested funding to be used to assist with the development and construction of the access road for a new business park. The new business park is approximately 311 acres. Completion of the business park will provide existing businesses with adequate sites to maintain and/or expand their operations. It will also attract new businesses to the park to promote economic development in the area.

The primary purpose of the is project is job creation by providing affordable business development sites and buildings for business location and /or expansion projects, especially with the rapidly growing Marcellus Shale industry into the Fayette County region. Providing development sites to support business development initiatives is critical to the overall economic and community development of Fayette County. Fayette County is experiencing a shortfall in available land and buildings to offer. In the past few years, Fay-Penn has been successful in providing business site and location assistance to twelve (12) gas and gas –related companies alone, and the inquiries continue to come. As a result, more than 100 acres of land has been sold, and Fay-Penn was able to immediately accommodate the location of five (5) companies leasing a total of 37,000 sq. ft. in single and multi-tenant building space.

The project will support the creation of 150 new jobs and leverage \$16M private investment to the park. Once the business park is fully occupied it could result in the creation and/or retention of at least 1,100 jobs.

LOCAL GOVERNMENT CAPITAL PROJECTS LOAN FUND - 20049

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
State Funds: Local Govt Cap Projects Loan Fd (20049)		\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Debt Service/Investment (6500000)						
State Funds: Local Govt Cap Projects Loan Fd (20049)		\$ 1,000	\$ 1,000	\$ 1,000	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
State Funds: Local Govt Cap Projects Loan Fd (20049)		\$ 900	\$ 925	\$ -		
4. Complement Information		N/A				

5. Legislative Authorization: Act 210 of 1990, Act 46 of 1997, Act 71 of 2013

6. Cost Assumptions:

The budget request represents continuation funds for the Local Government Capital Projects Loan Fund.

7. Overview of the Program:

The Local Government Capital Project Loan Program (LGCPLP) provides small local governments, which find conventional borrowing both difficult and cost prohibitive, an opportunity to secure needed funds for equipment and buildings at a below-market interest rate. The LGCPLP provides low-interest loans at two percent to municipalities with populations of 12,000 or less, to support equipment and facility projects necessary to provide core municipal services. Loans may be used for the purchase of equipment and for improvements to municipal facilities. The maximum loan value increased for FY2013-14 to \$50,000 for equipment and \$100,000 for facilities (previously, the maximum loan value was \$25,000 for equipment and \$50,000 for facilities).

Loans for facilities can be used for the purchase, construction, renovation or rehabilitation of municipal buildings – and for compliance with the Americans with Disabilities Act requirements. Loans for equipment can be used to acquire dump trucks, police cars, front-end loaders, street sweepers or other mechanized vehicles as well as data processing equipment. The program establishes priorities for projects that impact on the health, safety or welfare of the municipality residents, for financially disadvantaged municipalities, and for projects that involve intergovernmental cooperation.

8. Program Performance and Impact:

The LGCPLP provides low-interest loans to small municipalities to finance capital purchases and projects. Loans can be used to purchase equipment or to purchase, construct, renovate or rehabilitate facilities. A maximum of \$50,000 or 50 percent of the cost of equipment may be borrowed for a period not to exceed the useful life of the equipment. A maximum of \$100,000 or 50 percent of the cost of the purchase, renovation, or construction of a facility may be borrowed for a period of up to fifteen years (but not to exceed the useful life of the facility). The remainder of project costs shall be provided as local share. The local share may include grants or loans from other sources, or assets or revenues of the municipality. Within the last year, the program has served eight municipalities in eight counties throughout the Commonwealth. Assistance included seven equipment loans totaling \$209,200 and one facility loan totaling \$80,000. These loans leveraged capital purchases in the amount of \$596,000.

LGCPLP at work:

West Fallowfield Township, Crawford County, \$80,000

West Fallowfield Township constructed an office building suitable for conducting local government business and holding public meetings. The previous office space is located within the municipal garage building in a finished area measuring 9' x 11' with a very small office cubical, 6' x 7,' and restrooms located in the rear of the garage with the only entrance to this area available by passing through the truck bay and workshop area. The previous office space often contained strong odors of chemical and petroleum-based products that are typically present in garages. Public meetings held in that office space could not accommodate more than 8 people comfortably. The LGCPLP funded 50% of the total project costs, including construction and professional fees, of the new office building adjacent to the municipal garage.

Waymart Borough, Lawrence County \$21,655

The Borough of Waymart purchased a heavier-duty truck for general road purposes, but particularly designed to serve the Borough's citizens throughout Waymart's difficult winters. Waymart's current truck was a lightweight truck not designed for the difficult plowing and cindering tasks required by the Borough. The borough traded-in its current truck and used LGCPLP funds to pay for 50% of the remaining costs of the new truck. The new, more reliable truck is heavier, more powerful, and more efficient. Below is a note from Waymart expressing their gratitude for the LGCPLP loan:

Hi and Happy New Year. Waymart Borough did receive the check on December 28 and our treasurer immediately went to the local branch of Wayne Bank and put it toward our loan. This was faster than you even predicted. Last night at the borough meeting I read the letter received on how the loan is to be paid, amortization I think it is called. Our new Ford F550 is getting quite a workout. The snow was significant and the ice was terrible. It was great to have a truck with a really outstanding cinder spreader and a truck that is very easy to attach a snow blade on front. Thanks again for your help. Keep warm!

CENTRALIA RECOVERY - 82080

		<i>\$ in Thousands</i>				
1. Summary Financial Data		2012-13 Actual	2013-14 Available	2014-15 Request	Change	Percent Change
Federal Funds: Centralia Recovery (82080)		\$ 150	\$ 430	\$ 430	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Operating (6300000)						
Federal Funds: Centralia Recovery (82080)		\$ 150	\$ 430	\$ 430	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
Federal Funds: Centralia Recovery (82080)		\$ 206	\$ -	\$ -		
4. Complement Information		N/A				

5. Legislative Authorization:

Centralia

Public Law 96-510 and Comprehensive Environmental Response/Compensation and Liability Act of 1980
OSM Abandoned Mine Lands 15-252

6. Cost Assumptions:

Buy out of Centralia homes is near completion. The requested funds for FY2014-15 represent an extension of federal funds to complete the project.

7. Overview of the Program:

The Centralia Recovery grant is a federal grant which provides funds to assist with the relocation and settlement costs of the town of Centralia which was devastated by an underground mine fire which continues to burn.

8. Program Performance and Impact:

There are no program measures for this program. The Department's efforts focus on completion of settlement costs for this project.

ASSETS FOR INDEPENDENCE - 70210

		<i>\$ in Thousands</i>				
		2012-13	2013-14	2014-15		Percent
1. Summary Financial Data		Actual	Available	Request	Change	Change
Federal Funds: Assets for Independence (70210)		\$ 1,000	\$ 500	\$ 500	\$ -	0.00%
2. Detail by Major Object (Commitment Item)						
Grants and Subsidies						
Federal Funds: Assets for Independence (70210)		\$ 1,000	\$ 500	\$ 500	\$ -	0.00%
3. Lapse History		2011-12	2012-13	2013-14 Estim		
Federal Funds: Assets for Independence (70210)		\$ 1,000	\$ 1,000	\$ -		
4. Complement Information		N/A				

5. Legislative Authorization:

- Assets for Independence Act established in October 1999 under Title IV of the Community Opportunities, Accountability, and Training and Education Services Act of 1998 (P. L. 105-285, 42 U.S.C. 604 Note)
- Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193; Balanced Budget Act of 1997, Public Law 105-33

6. Cost Assumptions:

The budget requests \$500,000 in federal funds under the federal Assets for Independence program. The state Family Savings Account (FSA) match will be met with carryover funds.

7. Overview of the Program:

The federal Assets for Independence Act (AFIA) was established in 1999. The savings from these accounts can be used to finance the purchase of a home, pay for education expenses or start a new business.

Assets for Independence savings incentives are targeted to Pennsylvania families at or below 200 percent of the federal poverty level or 80 percent of the area median income. Savers are required to save, at minimum, an average of \$10 per week, up to \$1,000 per year. The program allows a total of \$2,000 to be saved. That threshold can be reached in a maximum of three years. A saver who participates to the full extent would have a total of \$4,000 to purchase their asset (\$2,000 of their own savings and the maximum FSA match of \$2,000).

Savings accounts for the Assets for Independence program are administered locally through organizations such as community action agencies, community development corporations, and other community-based organizations. There are 25 FSA program grantees that provide services in all 67 of Pennsylvania's counties for grants received from 2005 through 2008. A

new Request for Proposals will be developed for potential grantees for the 2013-14 program due to begin in early 2014.

FAMILY SAVINGS ACCOUNTS PROJECTS				page 1 of 2
	COUNTY or SERVICE AREA	GRANTEE AGENCY	APPROVED FUNDING	MINIMUM NUMBER OF ALLOTTED SAVER SLOTS
1	Allegheny County	Neighborhood Housing Services	\$100,740	46
2	Allegheny and Butler Counties	North Hills Community Outreach	\$784,020	358
3	Allegheny County, City of Pittsburgh	Action-Housing, Inc.	\$1,914,498	909
4	Armstrong County	Armstrong County Community Action Agency, Inc.	\$690,288	332
5	Beaver County	Housing Authority of the County of Beaver	\$137,970	63
6	Bedford, Fulton, and Huntingdon Counties	Center for Community Services	\$240,900	110
7	Berks County	Berks Community Action Program, Inc	\$782,049	376
8	Blair County	Blair County Community Action Agency	\$740,220	338
9	Bucks	Bucks County Opportunity Council	\$219,000	100
10	Bucks, Chester, Delaware, Montgomery, & Philadelphia Counties	Women's Opportunity Resource Center	\$1,846,671	1,661
11	Bucks, Chester, Delaware, Montgomery, & Philadelphia Counties *	Women's Opportunity Resource Center	\$250,000	114
12	Cambria	Community Action Partnership of Cambria County	\$219,000	100
13	Chester County	Open Hearth	\$354,780	162
14	Carbon, Monroe and Pike Counties	Pocono Area Transitional Housing (PATH)	\$32,850	15
15	Clarion, Jefferson and Venango Counties	United Way of Clarion County	\$109,500	50
16	Clearfield and Centre Counties	Central Pennsylvania Community Action	\$109,500	50
17	Cumberland County	Hope Station Opportunity Area Neighborhood	\$383,250	175
18	Dauphin County	Housing Authority of the County of Dauphin	\$547,500	250
19	Delaware County	Community Action Agency of Delaware	\$575,970	263
20	Erie County	Greater Erie Community Action Community	\$1,588,884	850
21	Fayette County	Fayette County Community Action Agency, Inc.	\$481,074	260
22	Indiana County	Indiana County Community Action Program	\$401,208	221
23	Lackawanna County	United Way of Lackawanna County	\$111,690	51
24	Lancaster & Lebanon Counties	Tabor Community Services, Inc.	\$1,098,662	647
25	Lebanon County	Potential Reentry Opportunities in Business and Education (PROBE)	\$85,410	39
26	Lehigh and Northampton Counties	Community Action Committee of Lehigh Valley	\$739,098	363
27	Luzerne and Lackawanna	Commission on Economic Opportunity	\$1,177,090	659
28	Lycoming and Clinton Counties	Lycoming/Clinton Commission for Community Action (STEP)	\$70,080	32
29	Montgomery County	Montgomery County Community Action Development Commission	\$275,940	126
30	Northumberland, Columbia and Montour Counties	Central Susquehanna Opportunities	\$621,960	291
31	Philadelphia (Northern)	Impact Services Corporation	\$915,420	350
32	Pittsburgh & Allegheny County	YWCA of Greater Pittsburgh	\$621,960	284
33	Schuylkill County	Schuylkill Community Action	\$391,572	225
34	Union, Snyder, Mifflin and Juniata Counties	Union-Snyder Office of Human Opportunities	\$473,607	245
35	Warren & Forest Counties	Warren-Forest Counties Economic Opportunities	\$260,610	119
36	Washington & Green Counties	Community Action Southwest	\$707,423	379
37	Westmoreland County	Westmoreland Human Opportunities, Inc.	\$409,530	187
38	York County	Housing Initiatives Corporation	\$385,440	176

	INACTIVE			page 2 of 2
39	52 Counties	Pennsylvania Appalachian Capital Alliance	\$128,700	150
40	Adams and Franklin Counties	South Central Community Action	\$310,980	142
41	Allegheny County	North Side Civic Development Council	\$210,168	100
42	Berks County	Seniors Helping Seniors	\$328,500	150
43	Berks County	Reading Berks Emergency Shelter / Opportunity House	\$219,000	100
44	Bradford, Sullivan, Susquehanna, Tioga, Wayne & Wyoming Counties	Trehab Center	\$359,598	175
45	Butler County	Butler County Home Ownership	\$302,220	138
46	Cameron, Elk, McKean and Potter Counties	Potter County Human Services	\$273,750	125
47	City of Pittsburgh & Allegheny County	Garfield Jubilee Association	\$625,320	400
48	Clarion, Jefferson, Venango Counties	Choice Enterprises Inc	\$219,000	100
49	Cumberland, Dauphin, Delaware, Lancaster, Montgomery, York & Philadelphia Counties	Zoe Life Enrichment Foundation	\$438,000	200
50	Dauphin County	Greater Harrisburg Community Credit Union	\$219,000	100
51	Lawrence County	Lawrence County Social Services, Inc.	\$347,252	160
52	Mercer	Community Homebuyers	\$54,750	25
53	Philadelphia	Friends Rehab, Inc.	\$45,990	21
54	Philadelphia	Hispanic Association of Contractors and Enterprises (HACE)	\$65,700	30
55	Philadelphia	West Philadelphia Financial Services Institution	\$328,500	150
56	Philadelphia	Childspace Cooperative	\$4,750	0
57	Somerset County	Tableland Services, Inc.	\$98,550	45
58	Williamsport, Lycoming and Clinton Counties	Campbell Street Family, Youth & Community Association	\$492,750	225
TOTALS			\$25,927,842	13,512
* represents only state funds in the contract				

8. Program Performance and Impact:

The program stimulates economic self-sufficiency and empowerment of individuals by helping qualified low-income participants focus on long and short-term financial skills while it encourages savings and asset development. The program also economically strengthens Pennsylvania communities.

The Pennsylvania FSA Program as of September 30, 2013, out of a minimum of 13,512 available during the course of the program, has 271 active savers and more than 3,143 graduates. The participants have accumulated savings of more than \$9,768,936.

FSA Program at work:

Community Action Agency of Delaware County

With great persistence, dedication, and assistance from The Community Action of Delaware County, IDA participant Keriann Williams has successfully purchased her first home on 2/8/13. To begin her road of homeownership, Keriann attended first time homeowner classes offered by the Media Fellowship house in May of 2011. In February 2012 Keriann joined the IDA Program overseen by project manager Terrance Capers. Within a week she anxiously began saving as she knew that this program was very much aligned with her goal of home ownership. By July of 2012 she had successfully saved the maximum match allowance of the program, but there was more work for her to do in order to be pre-approved for the home she desired. By November 2012 after going to more classes, signing documents, viewing homes, making phone calls, and always watching her budget to pay down bills, Keriann had found a home that fit her family's needs. In Early February 2013 Keriann was ready to close on her first home on the one year anniversary of joining this program. Keriann appreciated the enormous assistance from Project

manager Capers who was knowledgeable and there for her, she learned essential information and gained confidence in herself.

"Thank you for this opportunity to participate in the IDA Program and to improve the quality of life for my children and self. The generous support and assistance you provide to the community is amazing and has been truly beneficial to my household. And to others, it is possible to achieve your dream, don't give up and be appreciative of those who are there willing to assist and able to help you reach your goal" –

North Hills Community Outreach (NHCO)

"Candy" was referred to NHCO's Family Savings Account program by her boyfriend while he himself was an active saver. She opened her FSA with an asset goal of vehicle purchase. Her boyfriend was having such a good experience with the program and working with his savings coach volunteer, that Candy was matched with the same savings coach. This enabled the two of them to work together and support one another in managing their finances. Her coach was attentive to her situations, assisted her to acquire her credit report and develop her budget plan. He accompanied her to meet with a pro bono attorney to address her delinquent student loan; they then worked out an arrangement to manage the payments. She attended a three-part NHCO financial literacy workshop titled, *Looking Towards a Healthy Financial Future*, and participated in NHCO's *Community Auto Car Ready Workshop* to complete her educational requirements. Candy was compliant in getting her deposits into her FSA regularly, met with her coach on a regular basis, and followed through with his instructions. After completing all of the program requirements and achieving her savings goal six months before her goal date, Candy was able to purchase her new car in January 2013. An added value to the program was that she built a strong friendship with her coach and will likely continue to consult with him in the future.

EDUCATIONAL IMPROVEMENT TAX CREDITS

Note: This program is not included in the DCED budget but is administered by the Department in cooperation with the Department of Revenue

Overview of the Program:

The Educational Improvement Tax Credit (EITC) program was designed to enable businesses to assist in the education of Pennsylvania's children.

The program provides a 75 percent tax credit to businesses that make a one-year contribution to eligible scholarship and educational improvement organizations supporting education in the commonwealth. If the business makes a two-year commitment, the credit is 90 percent. Businesses are eligible to earn up to \$750,000 in tax credits per year. In addition, a separate pool of credits is available for contributions to pre-kindergarten scholarship organizations. Those contributions earn 100 percent credit on the first \$10,000 contributed and 90 percent on additional amounts up to a maximum credit of \$200,000. Thus, a company may earn a maximum of \$1,000,000 in credits per year under the EITC program.

Act 45 of 2009 provides up to \$100 million for Educational Improvement Tax Credits. Of that amount, \$60 million is available for companies that donate to approved scholarship organizations; \$30 million is available for companies that donate to approved educational improvement organizations and \$10 million is available for companies that donate to approved pre-kindergarten scholarship organizations. Organizations must be a 501(c)(3) non-profit and must contribute 80 percent of the annual receipts received in donations to approved activities. Scholarship organizations provide scholarship assistance to students so they may attend the public or private school of their choice (K-12). Educational improvement organizations provide innovative, value added, and advanced academic programming in Pennsylvania's public schools. Pre-kindergarten scholarship organizations provide scholarship assistance to students so that they may attend a pre-kindergarten program of their choice.

Program Performance and Impact:

FY2011-12 Recipients	Donor Companies	Contributions	Credits
Scholarship Organizations (257)	2,513	\$ 65,082,029	\$ 58,209,166
Educational Improvement Organizations (586)	689	\$ 33,462,412	\$ 29,829,852
Pre-Kindergarten Scholarship Organizations (192)	393	\$ 10,504,698	\$ 9,712,981
Total	3,595	\$109,049,139	\$ 97,751,999

OPPORTUNITY SCHOLARSHIP TAX CREDIT PROGRAM

Note: This program is not included in the DCED budget but is administered by the Department in cooperation with the Department of Revenue.

Overview of the Program:

The Opportunity Scholarship Tax Credit (OSTC) program was designed to enable businesses to assist in the education of Pennsylvania's children.

The program provides a 75 percent tax credit to businesses that make a one-year contribution to eligible opportunity scholarship organizations supporting education in the commonwealth. If the business makes a two-year commitment, the credit is 90 percent. Businesses are eligible to earn up to \$750,000 in tax credits per year.

Under Article XVII-G.1 of the Tax Reform Code of 1971, 72 P.S. Section 8701-G.1, et seq., the program provides up to \$50 million for Opportunity Scholarship Tax Credits. Organizations must be a 501(c)(3) non-profit and must contribute 80 percent of the annual receipts received in donations to eligible scholarship recipients. Opportunity Scholarship organizations provide tuition assistance to students residing within the attendance boundary of a low-achieving public school so they may attend another public school outside of their district or a K-12 nonpublic school.

Program Performance and Impact:

FY2012-13 Recipients	Door Companies	Contributions	Credits
Opportunity Scholarship Organizations (154)	411	\$ 17,477,388	\$ 15,461,006
Total	411	\$ 17,477,388	\$ 15,461,006

NEIGHBORHOOD ASSISTANCE PROGRAM

Note: This program is not included in the DCED budget but is administered by the Department in cooperation with the Department of Revenue.

Program Overview:

Created in 1967, the Neighborhood Assistance Tax Credit Program is designed to encourage investment by business firms in neighborhoods that need revitalization or stabilization. This is accomplished through the award of tax credits to neighborhood organizations that propose projects in areas such as job training, education, crime prevention and community services. The organizations, in turn, can provide the credits to businesses that make financial contributions to such projects. A portion of the tax credits are reserved for the promotion of qualified investments by private companies to rehabilitate, expand or improve buildings or land that promote community economic development and which occur in designated Enterprise Zones (EZP).

In July of 2007, Act 55, amending the Tax Reform Code of 1971, made several significant modifications to the program. Act 55 increased the tax credit rates, increased the cap on contributions for a contributor/investor, extended the credits to businesses that do not pay corporate income tax but pass through their tax liability to individual members or stakeholders, and allowed for the sale or transfer of NAP credits.

NAP provides up to \$18 million annually in state credits to businesses that make cash or other eligible contributions to projects carried out by nonprofits, or for business investments in approved enterprise zones. The credits are available for four components:

- Regular NAP offers a 55 percent credit on eligible contributions (services and activities include community services, crime prevention, education, job training or neighborhood assistance).
- Charitable Food Tax Credit offers a 55 percent credit designed to support regional food banks, local food banks, food distribution centers and congregate feeding centers.
- Enterprise Zone Tax Credits grant a 25 percent credit on eligible investments in physical improvements to businesses within a state enterprise zone.
- The Neighborhood Partnership Program (NPP), provides a 75 percent credit for eligible contributions to private for-profit businesses that make substantial, long-term contributions to community development projects designed to have a significant impact within a community. These projects involve a five-year partnership with a corporate sponsor (or sponsors - up to a maximum of three) that contributes at least \$50,000 per year. If any sponsor agrees to contribute for at least six years at the minimum level, that sponsor is eligible for an 80 percent credit each year of the six or more years.
- Special Program Priorities offers a 75 percent credit for those projects meeting the Department's priorities which for 2011-12 include: Flood Disaster Response; Integrating Weatherization and Housing Rehabilitation with Targeted Geographic Approaches; Mortgage Foreclosure Prevention; Implementation of Blight and Abandonment Statutes; Diversity Initiatives; and Marcellus Shale Related Projects.

The NAP, the oldest program of its type in the nation, has served as the model for similar programs in over a dozen states. NAP promotes public/private partnerships and leverages

substantial amounts of private-sector dollars for programs that might otherwise have to be funded with appropriated funds, or not funded at all.

In FY2012-13, DCED awarded 92 contracts totaling \$13,563,415 in Pennsylvania state tax credits. These contracts covered 28 regular and 15 special program priorities, 15 Enterprise Zone projects, and 34 comprehensive Neighborhood Partnership Programs.

DCED continued to prioritize funding to only those applicants that offered the greatest return on investment for the Commonwealth: Neighborhood Partnership Programs (NPP) and Enterprise Zone Program (EZP) projects. DCED also made an exception and approved tax credits for Pennsylvania's food banks due to the continued exceptional burdens they face during the current economic recession.

Program Performance and Impact:

<u>Neighborhood Assistance Tax Credit Program (NAP) FY2012-13</u>					
Tax Credits Awarded in thousands	Funds Leveraged by Corporate Contributions in thousands	Total Jobs Created/Retained	Workforce Training: (Residents Trained/Placed in Jobs)	Housing Units Rehabed/Developed	Businesses Started
\$13,563	\$38,206	Not collected	Not collected	Not collected	N/A

TAX CREDITS ALLOCATED: FY2002 THROUGH FY2012								
Fiscal Year	Regular & Special Priority (SPP)	No. of Contracts	Enter-prise Zone	No. of Contracts	Comp. Services & Neighborhood Partnership	No. of Contracts	TOTAL	Total Contr acts
2002-03	\$ 9,515,944	92	\$ 1,066,355	6	\$ 2,948,750	21	\$ 13,531,049	118
2003-04	\$ 10,179,394	100	\$ 1,140,103	7	\$ 2,861,250	20	\$ 14,180,747	127
2004-05	\$ 9,664,785	91	\$ 1,070,066	6	\$ 2,819,250	20	\$ 13,554,101	117
2005-06	\$ 9,455,740	100	\$ 1,846,641	10	\$ 2,920,750	23	\$ 14,223,131	133
2006-07	\$ 10,249,429	104	\$ 3,276,388	15	\$ 3,163,500	25	\$ 16,689,317	144
2007-08	\$ 10,024,254	97	\$ 3,624,372	16	\$ 3,848,750	26	\$ 17,497,376	139
2008-09	\$ 8,449,045	89	\$ 3,669,603	14	\$ 5,349,850	31	\$ 17,468,497	134
2009-10	\$ 1,489,500	6	\$ 1,408,715	10	\$ 5,876,462	32	\$ 8,774,677	48
2010-11	\$ 1,090,439	5	\$ 1,698,612	6	\$ 4,905,321	24	\$ 7,694,372	35
2011-12	\$ 5,416,857	51	\$ 5,547,917	28	\$ 5,791,433	19	\$ 16,756,207	98
2012-13	\$ 2,207,060	43	\$ 5,119,022	15	\$ 6,237,333	34	\$ 13,563,415	92
2013-14*	\$ 6,158,392	63	\$ 5,175,246	15	\$ 6,585,450	38	\$ 17,919,088	119

*Estimates as of 12/31/13.

Neighborhood Assistance Tax Credit Program at work:

Rebuilding Together, Pittsburgh

Services resulting from our most recent NPP/SPP partnerships demonstrate strategic and integrated impact. During the past year, we worked with Rebuilding Together Pittsburgh (RTP) and Student Conservation Association (SCA) to generate inter-related impacts on the South Side Slopes and Hilltop areas surrounding South Side Park (SSP). SSP has been a neglected community resource which, unlike most City parks, has had a negative impact on nearby property values. So, with RTP, we have succeeded in the renovation of ten homes occupied by low income homeowners who are seniors, veterans, and/or disabled. In addition to the direct improvement of community appearance and property values, this project has permitted low income people to age in place and has linked those families to other services provided by or through Brashear. With SCA, a crew of local youth was hired to tackle the physical problems associated with park improvement: trail development and maintenance, installation of signage, removal of invasive species, etc. While these direct improvements are impressive and much needed, the project also results in the provision of job training and work experience in "green" jobs, linkage of crew members and their families to needed services to their communities, and the development of leadership skills.

Therefore, this inter-related project demonstrates both a direct and immediate impact, i.e., the reclamation of a community resource as well as affiliated outcomes that are equally profound including protection and retention of senior homeowners; the development of youth leaders who have come to "own" a community resource and who have been encouraged to become community leaders; and the linkage of low income individuals and families to the services provided by Brashear Association, its partners, or other providers within the region. This is only one project offered with the support of NPP and SPP. The projects and services provided through Brashear's NPP/SPP program are all similarly integrated; the structure of this funding mechanism vigorously promotes this type of program development. In so doing, it encourages a more strategic and interlocking approach, leading to greater and more profound impacts which utilize resources more effectively.

Wynnefield Overbrook Housing Stabilization Project (Southeast Region)

The \$50,000 2012 tax credit awarded to WORC for the Wynnefield Overbrook Housing Stabilization Project provided leverage for additional rehab projects and partners, allowing for more than triple the anticipated number of neighborhood residents impacted by the project. As a result of DCED's core funding of this project, WORC was able to integrate weatherization with its housing rehab program and provide workshops on both avoiding foreclosures and older home repair. The tax credit funded our connecting to new partners including Rebuilding Together Philadelphia, Habitat for Humanity, the Energy Coordinating Agency, Philadelphia Legal Assistance, the Preservation Alliance for Greater Philadelphia, hundreds of area volunteers and several new corporations. Existing WORC partner Saint Joseph's University expanded its support by sponsoring additional housing rehab funds as part of this project. We are hoping to continue providing integrated rehab/weatherization services primarily through non-DCED funding sources.

WATER SUPPLY AND WASTEWATER INFRASTRUCTURE PROGRAM (PENNWORKS)

The funding for this program is not included in the budget. It is held and administered by a Trust.

Overview of the Program:

The Water Supply and Wastewater Infrastructure Program (PennWorks) was established by the General Assembly subsequent to overwhelming electorate approval of a referendum in May 2004. The program was administered by the Commonwealth Financing Authority. PennWorks, which formally opened for business in January 2005, provides grants and loans to eligible applicants for projects which construct, expand, or improve water and wastewater infrastructure related to economic development. The maximum grant amount for a single project is the lesser of \$5 million or 75 percent of the project cost. The maximum loan amount for any single project is \$5 million.

Applicants may receive no more than \$10 million in program grant funds and are limited to \$25 million in total funds under the program. Total funding available under PennWorks is \$200 million. The program is capitalized by commonwealth general obligation bonds and loan repayments are deposited into the General Fund.

Program Performance and Impact:

From inception through June 30, 2013, funds for 61 projects totaling \$182,243,699 have been awarded. These projects will leverage \$258,675,520 in matching investments and create 91,161 jobs.

PennWorks at Work:

In FY2012-13, there were no projects approved.