



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

March 8, 2021

Honorable Stan Saylor
Majority Appropriations Chairman
PA House
245 Main Capitol Building
Harrisburg, PA 17120

Honorable Matthew Bradford
Minority Appropriations Chairman
PA House
512E Main Capitol
Harrisburg, PA 17120

Dear Chairmen:

During DCED's House Appropriations Committee Budget Hearing, Committee members presented questions concerning the Department's programs. Listed below you will find our response to each question.

Rep. Stephen Kinsey (D-Philadelphia)

Question: How are we supporting hospitals?

Response: During FY2019-20, the Hospital Emergency Loan Program (HELP) was created as a component of the Pennsylvania First Program. HELP was established to provide critical working capital bridge financing to hospitals located within the commonwealth that are adversely impacted by the coronavirus (COVID-19) outbreak. The loan funds were intended to provide a short-term financing solution for hospitals until sufficient federal grant funding through the Coronavirus Aid Relief, and Economic Security (CARES) Act is received by the hospitals. HELP received and approved 18 loan applications for \$324M representing 31 hospitals across the Commonwealth.

Rep. Ryan Warner (R-Fayette)

Question: Why were some business closure waivers revoked immediately before the required subpoena information was released?

Response: A final review by our Quality Control/Quality Assurance team of waiver responses was undertaken on 5/7/2020. This review was the final check in an ongoing QA/QC process that was completed on 5/7/2020, which enabled DCED to release waiver information on the web site the following day.

Rep. James Struzzi (R-Indiana)

Question: Can you quantify the impact of the lockdown on Pennsylvania revenues?

Response: We have not seen any study that quantifies the impact of the lockdown on Pennsylvania revenues.

Rep. Doyle Heffley (R-Carbon)

Question: A reported study shows that statewide restrictions forced 30 percent of businesses to temporarily close and only 20 percent of those businesses received any aid. Is the 30 percent figure for businesses at least temporarily closing as a result of the lockdown accurate?

Response: The figures are from a study. Please share the study with us before we can comment.

Rep. Jesse Topper (R-Bedford)

Question: This proposal anticipates 43 municipalities in distressed status by the end of the current fiscal year and 62 in 2021-22. Yet the 2021-22 budget proposal level funds appropriations for the

Municipalities Recovery Revolving Aid Fund. Are you anticipating this number being higher in the future? Which regions will be the hardest hit?

Response: The numbers we have provided are based on several factors. From the levels of incoming tax revenue, to the overall statistics we maintain on municipalities, to the reports we receive from our staff based regionally who support communities now in Act 47 as well as those working through our Strategic Management Planning Program (STMP), to what we know about the ongoing pandemic, to what communities have self-reported through DCED surveys, finally to an analysis done by the University of Pittsburgh most recently on municipal health, we know communities will be seeing very challenging times ahead. The fact of the matter is that concerns have arisen in all parts of Pennsylvania and that makes it difficult to identify one region as more at risk for entering Act 47 than another.

Rep. Leanne Krueger (D-Delaware):

Question: The Representative asked for the metrics on the \$200M COVID-19 Relief Statewide Small Business Assistance Program.

Response: The full final report on the program can be found on DCED's website. The report contains all the impact numbers, the final list of business grant recipients with extensive details, and more - <https://dced.pa.gov/programs/covid-19-relief-statewide-small-business-assistance/>

Rep. Clint Owlett (R-Tioga):

Question: Representative Owlett made the request for DCED to follow up with specific names of those who worked on the business waivers.

Response: Due to a Non-Disclosure Agreement (NDA) with the Office of Auditor General, DCED will not be providing the list of staff involved in the waiver process.

Question: How many versions of the business waiver life sustaining business list was there?

Response: The list was amended 9 times, for a total of 10 versions.

Rep. Rosemary Brown (R-Monroe):

Question: The Representative asked about ways to strengthen state tourism, including a formation of a public-private partnership.

Response: DCED Staff will reach out to schedule a meeting with Rep. Brown and Carrie Lepore, Deputy Secretary for Marketing, Tourism & Film to discuss ideas to strengthen tourism.

Rep. Elizabeth Fiedler (D-Philadelphia):

Question: The Representative requested an opportunity to discuss lead paint issues in low-income housing around the state.

Response: DCED staff will reach out to schedule a meeting with Rep. Fiedler and Rick Vilello, Deputy Secretary for Community Affairs, as well as members of his staff who work on housing programs, for a discussion.

Rep. John Lawrence (R-Chester):

Question: The Representative asked DCED's position on the sale of the Chester Water Authority and stated that DCED contradicted a letter saying DCED did not advocate for its sale.

Response: DCED has not taken any position on a potential sale of the Water Authority. DCED is aware of several proposals which have been initiated by other parties including one between the Water Authority itself and the City. However, DCED has consistently stated that the Chester Water Authority owns the water system. Therefore, any sale of the system will ultimately be a decision made by the Authority. Moreover, the Commonwealth Court is currently considering a case which will likely

determine the City's legal interest in the Water Authority. DCED has advised the City over time to rely on their own counsel and professionals, which they have done.

Rep. Natalie Mihalek (R-Allegheny):

Question: The representative asked for information on the Jim Jenkins Lawn and Garden Center, and why DCED told them a waiver was not required but then said they could not operate in a separate email on May 7 right before the lists of waiver recipients were released.

Response: According to the database, Jim Jenkins Lawn and Garden Center submitted one waiver application, which received a "Not Required" response on 3/24/2020. Upon additional review by our Quality Control/Quality Assurance team, the business was later sent a "No" notification on 5/7/2020. This review was the final check in an ongoing QA/QC process that was completed on 5/7/2020, which enabled DCED to release waiver information on the web site the following day.

Rep. Austin Davis (D-Allegheny):

Question: The Representative asked what happens when a municipality is unable or unwilling to take the necessary steps to leave Act 47.

Response: When an Act 47 municipality is required to leave the program, and they are not viable to come out, one of two things can happen:

They go through a process of disincorporation and become an unincorporated service district. This has never happened.

- They enter Receivership.
- In Receivership:
 - The Governor declares a Fiscal Emergency within the municipality.
 - DCED petitions the Commonwealth Court to appoint a Receiver.
 - The Receiver creates a Recovery Plan to end the Fiscal Emergency.
 - The Recovery Plan must provide for the following:
 - Continued provision of vital and necessary services.
 - Payment of the lawful financial obligations of the distressed municipality.
 - Timely deposit of required payments to the pension fund.

The Recovery Plan may include:

- The sale, lease, conveyance, assignment or other use or disposition of assets.
- The approval, modification, rejection, renegotiation or termination of certain contracts or agreements.
- The execution of new contracts or agreements.
- Other information the Receiver deems appropriate.
- The Receiver can petition Commonwealth Court to issue a writ of mandamus upon any elected or appointed official to implement any provision of the recovery plan or refrain from taking any action that would interfere with the powers granted to the receiver or the goals of the recovery plan.
- Receivership expires after two years unless the DCED Secretary petitions for an extension.
- Receivership ends when the Fiscal Emergency is over.

Rep. Amen Brown (D-Philadelphia):

Question: The Representative asked about training needs in WEDnet PA program, percent of businesses needing retraining and the cost per training.

Response: The reporting system for WEDnet runs by fiscal year, DCED can provide FY19/20 and FY20/21 to date; however, we can also arrange to provide the report by calendar year 2020 if needed.

- FY19/20:
- \$6,500,964 – total dollars invested in training.
- \$13,859,455 – total training plan requests
- (\$7,358,491) – excess demand that could not be funded.

Training Stats for FY19/20

- The average amount spent per employee on training was \$330, up from \$280 in 18/19
- The total number of employees trained was 24,359, down from 30,460 in 18/19-something to note is the 19/20 training was on pace to exceed the 18/19 numbers had the pandemic not happened.
- Companies served was 715 compared to 745 in 18/19
- 32% - Less than 100 employees
- 26% - 101-250 employees
- 19% - 251-500 employees
- 23% - More than 500 employees
- FY20/21 to date:
- \$6,626,740 – total currently available / under contract
- \$17,253,565 – total training plan requests
- (\$10,974,464) – excess demand that cannot be funded.

In December 2020, for FY20/21, WEDnet funds were 97% under contract with 725 companies, of which nearly 20% had been invoiced by companies. There is currently close to \$11 million in unmet pending application and existing training plan demand.

When it comes to the employee need for workforce training, the following information from Strada would be beneficial to note. See attachment.

If you have further questions, please contact Leigh Walter at lwalter@pa.gov.

Sincerely,



Dennis M. Davin
Secretary