



### **FY2020-21 ADVOCACY PRIORITIES**

The Pennsylvania Economic Development Association (“PEDA”) actively maintains a strong collaboration and connectivity between state and local organizations charged with developing and executing Pennsylvania’s economic development strategy.

PEDA membership includes representatives of all economic development service delivery partners in the state. The organization advocates for economic development policies that enhance Pennsylvania’s domestic and international competitive position. Our members are engaged in business attraction and retention efforts, site location assistance, international business development, new business development, business financing, infrastructure development and workforce development. Our members deliver local, state and federal resources and programs that are essential to our business community. In recent weeks, many of our members were among the Certified Economic Development Organizations (“CEDOs”) who worked tirelessly to identify and help their communities’ most vulnerable businesses apply for funding through the COVID-19 Working Capital Access (“CWCA”) Program.

As a result of the rapidly evolving COVID-19 crisis, the world is a much different place than it was just a few short weeks ago. Accordingly, PEDA understands this year’s legislative process will be unlike any we’ve seen in modern times. With uncertainty oftentimes being the only certainty, and as we all do our parts to limit the spread of this virus, PEDA has focused its advocacy efforts on securing the programs, funding and flexibility that will enable its members to pave a path that will allow our business community to stabilize, recover and return to prosperity as quickly as possible. The following priorities are submitted, in order of significance, for your consideration.

A handwritten signature in black ink, appearing to read "Michael Grigalonis", written in a cursive style.

Michael Grigalonis  
President

A handwritten signature in black ink, appearing to read "Stephen McKnight", written in a cursive style.

Stephen McKnight  
Advocacy Committee Chair

## PEDA FY2020-21 ADVOCACY PRIORITIES

### **1. Allocate Additional Funding to COVID-19 Working Capital Access Program (“CWCA”)**

In response to the COVID-19 crisis, the Pennsylvania Industrial Development Authority (“PIDA”) created the \$61M CWCA fund to assist small businesses impacted by the spread of the virus. The network of Certified Economic Development Organizations (“CEDOs”), designated by the Pennsylvania Department of Community and Economic Development (“DCED”), was called upon and immediately set to work to identify and assist their communities’ most vulnerable businesses in accessing these funds. Within a week of its opening, the program became oversubscribed and was closed, turning away any remaining requests for funding. With the long-term viability of the Commonwealth’s small business community hanging in the balance, additional CWCA funding is urgently needed now and the CEDO network is poised to lead the charge as additional critical funding is made available.

### **2. Craft and Champion a Bold and Meaningful State Recovery and Stimulus Package**

Achieving victory in the fight against COVID-19 and the recovery that follows will require a well-funded, two-pronged, approach comprised of extraordinary efforts by public health and economic development professionals. Only a strong, bold and meaningful state stimulus package that heavily invests in economic development and recovery will allow the economy to rebound from the unprecedented challenge and for Pennsylvania to reclaim its role as a driver of the world economy. PEDA is prepared to serve as a resource in the development and a leader in the delivery of stimulus funding.

### **3. Establish a Dedicated Funding Stream for EDCs**

Many PEDA members were among the Certified Economic Development Organizations (“CEDOs”) that worked tirelessly, in recent weeks, to identify and help their communities’ most vulnerable businesses apply for funding through the COVID-19 Working Capital Access (“CWCA”) Program. A significant subset of this network of CEDOs is comprised of Economic Development Corporations (“EDCs”).

According to a 2019 study conducted by Fourth Economy and Econsult Solutions, Inc. (an overview of which is attached as pages 5 and 6 of this document), in an average year between 2015 and 2017, Pennsylvania EDCs generated total economic output of \$15.6B, supported and created 86,000 total jobs and supported \$5.2B in earnings through their activities. Due, in part, to the fact that EDCs provide an exceptionally broad range of services designed to grow their local economies, there exists no single line item or dedicated revenue stream aimed at supporting their efforts, the outcomes of which are essential to the resiliency, recovery and economic growth of the Commonwealth. PEDA supports the establishment of a dedicated funding stream for EDCs.

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**In addition to the three priorities laid out above, PEDA is in alignment with the following priorities established by the International Economic Development Council (“IEDC”), the world’s largest association for economic development professionals.**

**Adopted by PEDA Board of Directors - April 20, 2020**

## **IEDC COVID-19 FEDERAL ALERT**

PEDA is in alignment with the below priorities established by the International Economic Development Council (“IEDC”), the world’s largest association for economic development professionals. In a sign-on letter to House and Senate leadership, they expressed gratitude for the federal government’s quick work to address the economic crisis communities are facing through the Coronavirus Aid Relief Economic Security (“CARES”) Act of 2020 and asked that, as they continue to address the crisis caused by COVID-19, that the federal response remains substantial, sustained, and swift. The following content is attributable to IEDC.

We have never before faced a crisis of the scope and scale we are now confronted with; however, economic developers have a long history of leading during hardship. Indeed, many of our organizations were born from times of economic uncertainty and distress. Communities need professional economic developers engaging with businesses leaders, elected officials, and stakeholders to see us through this economic crisis. But economic development organizations have not and can not do it alone -- they need your help.

The next COVID-19 related aid packages must include additional resources for both economic development organizations and economic development programs. Specifically, we urge you to consider including the following provisions:

**Eliminate all match requirements for grant funding available from the Economic Development Administration, including the \$1.5 billion the agency received in the 3rd COVID-19 bill (“CARES Act”), the previous 3 fiscal years disaster and direct appropriations, and the next 3 fiscal years of disaster and direct appropriations.**

- Most communities and organizations do not and will not have the resources necessary to meet any grant match requirements, thus reducing the efficacy of EDA’s considerable resources.
- Communities and organizations that do have the resources to meet a grant match requirement can surely find better uses for those resources at this time and for the foreseeable future.
- The CARES Act included several instances of match waivers and other waivers, so it is clear that Congress intends for federal agencies to have maximum flexibility to aid communities as quickly as possible.
- Regulatory flexibility is not enough. Statutory direction to waive match requirements will provide the absolute certainty communities, businesses, and economic development organizations need in a crisis.

**Establish and fund a formula grant program to keep economic development organizations working.**

- Economic development organizations’ funding is in jeopardy, resulting in loss of staff and services to communities and businesses.
- Funding for economic development organizations can come from multiple sources: municipal funding, taxes, business, fees for services, foundations -- all are or will soon be experiencing severe revenue losses, leading to similarly severe cuts to the programs they fund. *There will be nowhere for economic development organizations to go to fill the gap.*
- Economic development services are delivered through an array of public and non-profit entities. Formula grants should include all economic development entities, public and non-profit.
- A formula grant administered by the Economic Development Administration could rapidly deploy needed funding via two avenues: provide an immediate injection of funding for existing recipients of EDA funding and provide formula driven funding to the lead state-level economic development organization for distribution to local and regional economic development organizations.
- The purpose of the funding would be to support operations of economic development organizations, including payroll, benefits, utilities, mortgage and rent. This is consistent with eligible expenses in other federal COVID-19 response efforts.

**Include a provision allowing for 501(c)(6) tax-exempt organizations -- which includes many chambers of commerce and business councils that serve as their community's lead economic development organization - - to access all federal assistance available to nonprofit organizations, including SBA's PPP.**

- Congress clearly intended for nonprofit organizations to access this funding, a critical acknowledgement of the key role nonprofits play in our communities.
- This funding is essential because it will allow many economic development organizations to access operational funding, which is needed to keep staff working to help our businesses and prepare for the recovery.
- Without this critical gap funding to keep business.

**Support reshoring medical equipment and pharmaceutical manufacturing to the United States and Puerto Rico.**

- Create a Medical Equipment Manufacturing Initiative ("MEMI") via the Economic Development Administration that provides forgivable loans to manufacturers to produce in-demand medical equipment such as Personal Protective Equipment and ventilators and trains and hires unemployed or underemployed workers.
- Reinstate and create new tax incentives that support reshoring medical equipment and pharmaceutical manufacturing to the United States and its territories. Puerto Rico was the home for pharmaceutical manufacturing for many years. Bring that back to US shores.
- Invest in workforce development training programs to upskill manufacturing workers and create a talent pipeline to support medical equipment and pharmaceutical companies and put workers back to work.

**Include 'defederalization' of Revolving Loan Funds in EDA's portfolio that have exhibited best practices and outcomes for a period of 7 years.**

- Defederalizing RLF's will increase the efficiency and effectiveness of this program during and after the current crisis.
- Currently, EDA RLF operators must report on funding received from EDA "in perpetuity," meaning that they must continue reporting on the funding forever, even if they made the loans decades ago. This is an unnecessarily burdensome requirement that costs time and money which RLF operators could instead be using to help small businesses and local organizations affected by this crisis.
- This reporting burden may also dissuade local RLF operators from being willing to make the kind of small loans that small businesses need most during this crisis.
- Making this change will further allow RLF's to leverage funds with other funding sources, maximizing the economic potential of the initial federal investment.

**Restore faith in our public health mechanisms' ability to suppress, respond to, control, and contain future outbreaks.**

- The most critical component, the one which all other efforts rely on succeeding, is defeating COVID-19 and restoring the conditions in which our economy may recover.
- Our economy will not fully recover, or even enter down a path to full recovery, until the public believes it is safe to once again venture out, carry on with their lives, and conduct commerce.
- Faith in our health systems is essential to achieving this restoration, and robust federal leadership and resources are needed to develop and deploy a vaccine, offer rapid and reliable testing, quickly trace contacts, create a visible national strategic stockpile of medical equipment and pharmaceuticals, shore up hospital's capacity to respond, and provide a national framework for surging healthcare professionals in future outbreaks.

IEDC and the economic development community are already engaged in our nation's response to this crisis. We are encouraged by the actions of our members to help those hurting in their communities and prepare for the recovery that must come. Through your leadership and with your vital support, we will get through this together.

# EDC | Shaping the Pennsylvania Economy

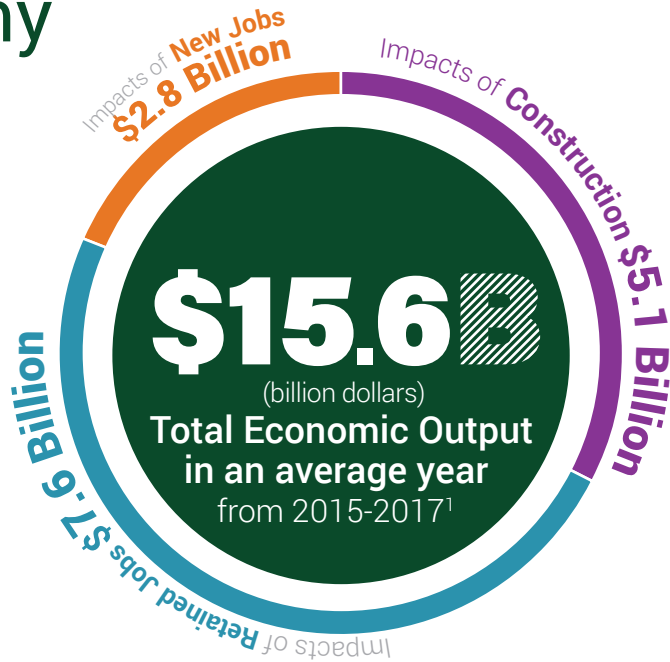
## IMPACT



### EDC Services

Economic Development Corporations (EDCs) provide a wide range of services to grow their local economies, including:

- Business Retention and Expansion
- Source Investment Capital
- Property (Re)development and Management
- Business & Talent Attraction
- Navigating Regulatory Systems
- Administering Loan Programs
- Coordinating Partners and Projects

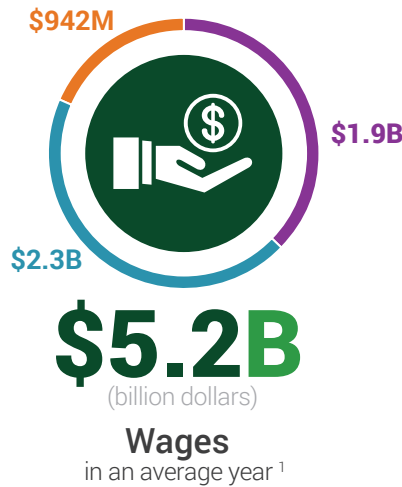
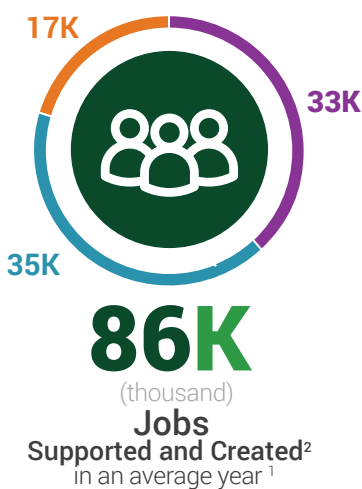


**New Jobs**  
EDCs work to attract new companies and expand existing companies to bring new jobs. EDCs also provide financing services to help businesses get access to capital.

**Construction**  
Every dollar that EDCs invest in their community through construction activity leverages \$44 into the community from federal and private sources.

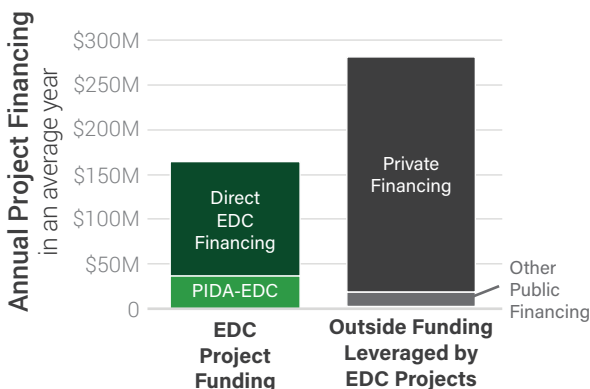
**Retained Jobs**  
EDCs provide services to keep business located and operating in their communities, keeping jobs from leaving or being eliminated.

▲ Total Impacts  
▼ Specific Impacts



### EDC Financing Leverage

Every \$1.00 that EDCs provide in financing leverages **\$1.58** in private financing!



### EDCs Developed and Managed:



[1] These numbers were estimated through an input-output model using IMPLAN, an industry-standard economic impact modeling platform. The estimates refer to average annual economic impacts (including direct, indirect, and induced impacts) generated by EDC activity in PA in 2015, 2016, and 2017.

[2] This includes both new jobs and existing jobs that were supported through EDC activities. New jobs may include jobs that relocated from another place or one region to another. Total job creation should not be totaled across years, for in many cases a particular job may be supported in multiple consecutive years.

[3] State tax impact estimates were calculated considering only indirect and induced impacts to be conservative and account for tax incentives provided in economic development projects.

