

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE
BUDGET HEARING

STATE CAPITOL
HARRISBURG, PA

MAIN CAPITOL BUILDING
HOUSE CHAMBER

MONDAY, FEBRUARY 22, 2021
1:52 P.M.

PRESENTATION OF THE
PA DEPARTMENT OF
COMMUNITY AND ECONOMIC DEVELOPMENT

BEFORE:

HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN
HONORABLE ROSEMARY M. BROWN
HONORABLE LYNDA SCHLEGEL CULVER
HONORABLE TORREN C. ECKER
HONORABLE JONATHAN FRITZ
HONORABLE KEITH J. GREINER
HONORABLE DOYLE HEFFLEY
HONORABLE JOHNATHAN D. HERSHEY
HONORABLE R. LEE JAMES
HONORABLE JOHN A. LAWRENCE
HONORABLE ZACHARY MAKO
HONORABLE NATALIE MIHALEK
HONORABLE TIMOTHY J. O'NEAL
HONORABLE CLINT OWLETT
HONORABLE CHRISTOPHER B. QUINN
HONORABLE GREG ROTHMAN
HONORABLE MEGHAN SCHROEDER
HONORABLE JAMES B. STRUZZI II

* * * * *

Debra B. Miller

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BEFORE (continued):

HONORABLE JESSE TOPPER
HONORABLE RYAN WARNER
HONORABLE DAVID H. ZIMMERMAN
HONORABLE MATTHEW D. BRADFORD, DEMOCRATIC CHAIRMAN
HONORABLE AMEN BROWN
HONORABLE DONNA BULLOCK
HONORABLE MORGAN CEPHAS
HONORABLE AUSTIN A. DAVIS
HONORABLE ELIZABETH FIEDLER
HONORABLE MARTY FLYNN
HONORABLE ED GAINNEY
HONORABLE PATTY KIM
HONORABLE EMILY KINKEAD
HONORABLE STEPHEN KINSEY
HONORABLE LEANNE KRUEGER
HONORABLE BENJAMIN V. SANCHEZ
HONORABLE PETER SCHWEYER
HONORABLE JOE WEBSTER

ALSO IN ATTENDANCE:

HONORABLE JOSEPH C. HOHENSTEIN
HONORABLE BRAD ROAE
HONORABLE BRIAN SIMS
HONORABLE PERRY A. STAMBAUGH

COMMITTEE STAFF PRESENT:

DAVID DONLEY
MAJORITY EXECUTIVE DIRECTOR
RITCHIE LaFAVER
MAJORITY DEPUTY EXECUTIVE DIRECTOR

ANNE BALOGA
DEMOCRATIC EXECUTIVE DIRECTOR
TARA TREES
DEMOCRATIC CHIEF COUNSEL

I N D E X

TESTIFIERS

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SUBMITTED WRITTEN TESTIMONY

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1 P R O C E E D I N G S

2 * * *

3 MAJORITY CHAIRMAN SAYLOR: Mr. Secretary,
4 Secretary Davin, I assume that you are on with Neil Weaver
5 and Carol Kilko?6 SECRETARY DAVIN: Yes, sir, Mr. Chairman. How
7 are you doing?8 MAJORITY CHAIRMAN SAYLOR: I am doing great,
9 Mr. Secretary.

10 SECRETARY DAVIN: That's great.

11 MAJORITY CHAIRMAN SAYLOR: I survived the snow
12 coming to the Capitol today.

13 SECRETARY DAVIN: Good; good.

14 MAJORITY CHAIRMAN SAYLOR: Mr. Secretary, if you
15 would, if you and Neil and Carol would raise your right
16 hand to be sworn in:17 Do you swear or affirm that the testimony you are
18 about to give is true to the best of your knowledge,
19 information, and belief? If so, say "I do."

20

21 (Testifiers responded "I do.")

22

23 MAJORITY CHAIRMAN SAYLOR: Thank you.

24 And we'll start off right away with questions,
25 and we'll start off with Representative Jesse Topper.

1 MAJORITY VICE CHAIR TOPPER: Thank you,
2 Mr. Chairman.

3 Good afternoon, Mr. Secretary.

4 SECRETARY DAVIN: Good afternoon, Representative
5 Topper.

6 MAJORITY VICE CHAIR TOPPER: So I would like to
7 call your attention to the first page at the bottom of your
8 prepared testimony that you submitted, and you talk about
9 the economic fallout from the pandemic with our
10 communities.

11 You mentioned that the Pennsylvania Economy
12 League surveyed 430 municipalities and were asked about the
13 effect of COVID-19, and the 23 municipalities that were
14 surveyed indicated that they are likely to request entry
15 into the Act 47 program. Do you think, as I do, that that
16 number, if all municipalities were surveyed, would probably
17 be much higher?

18 SECRETARY DAVIN: I do. I do. And that's
19 something that, you know, obviously with what we're
20 prepared in or what we have prepared for our budget, it
21 takes a lot of that into consideration.

22 MAJORITY VICE CHAIR TOPPER: Well, that leads
23 into my next question. Because I know from a program
24 level, in the Governor's Budget Book on E11-19,
25 43 municipalities are projected to be under Act 47 by the

1 end of the current fiscal year and 62 by the end of '21-22,
2 so I know it's noted there. But I would like to ask you
3 about the actual budget levels as far as the funding.

4 The Governor's proposed '21-22 budget level-funds
5 the appropriation for the transfer to the Municipalities
6 Financial Recovery Revolving Aid Fund for distressed
7 municipalities of 4.5 million. And if I look at the
8 special fund, I notice the expenditures from the fund are
9 recommended at 7.35 million, which is, again, the same. So
10 are you anticipating those costs higher in the future, but
11 they don't seem to be reflective in what we are seeing in
12 the current budget proposal.

13 SECRETARY DAVIN: Yeah. That's a good question.

14 We do anticipate that those numbers will go up in
15 the future at some point in time. The idea is, you know,
16 to determine how much additional CARES Act funding is
17 coming in that might help some of these communities and
18 might help keep them out of Act 47.

19 Other things that we're doing, we are working
20 with them with our Strategic Management Program to work
21 with them prior to them going into Act 47. So the act---

22 MAJORITY VICE CHAIR TOPPER: So---

23 SECRETARY DAVIN: I'm sorry.

24 MAJORITY VICE CHAIR TOPPER: No, no, go ahead.

25 Finish your thought.

1 SECRETARY DAVIN: I was just going to say, so the
2 idea of getting information and having this survey done
3 already gives us kind of a heads-up and also, you know,
4 gives us to be able to give you a heads-up on some things
5 that might be coming down the pike. We're hoping that
6 that's not the case, but we want to be prepared just in
7 case it is.

8 MAJORITY VICE CHAIR TOPPER: And speaking to the
9 Strategic Management Planning Program, these increases that
10 are projected are representing, obviously, you know,
11 150 percent, 261 percent the next year. Can you identify
12 some of the municipalities or at least give this Committee
13 an idea of specific regions within the Commonwealth as we
14 try and look at which areas have been the most hard hit
15 from the lockdowns that took place over the past year?

16 SECRETARY DAVIN: Yeah. I think we can get that
17 information to you, you know, certainly, I think. But from
18 what we're looking at, it's really prevalent all throughout
19 the State, you know. And certainly the urban, the
20 suburban, and the rural communities, they are all being hit
21 hard by this virus.

22 MAJORITY VICE CHAIR TOPPER: That just about
23 covers them all.

24 SECRETARY DAVIN: They're all being hit hard by
25 this virus.

1 MAJORITY VICE CHAIR TOPPER: All right. I
2 appreciate that, Mr. Secretary. And if you could get that
3 information to us, because as I see this, this doesn't seem
4 like just a budget issue for this year. This seems like,
5 from what the projections are, years into the future.

6 And also, we need to take a look at what this
7 might need to do in terms of change that some of our local
8 municipalities might need to make in terms of consolidation
9 and finding ways to save money. So I appreciate that.

10 SECRETARY DAVIN: Sure.

11 MAJORITY VICE CHAIR TOPPER: And if you could get
12 that information with the specifics of the regions, that
13 would be helpful to this Committee as well.

14 Thank you, Mr. Secretary and Mr. Chairman.

15 SECRETARY DAVIN: Thank you.

16 MAJORITY CHAIRMAN SAYLOR: Representative
17 Patty Kim.

18 REPRESENTATIVE KIM: Thank you, Chairman Saylor.

19 Good afternoon, Secretary Davin. How are you
20 today?

21 SECRETARY DAVIN: Hi. Good, good, Representative
22 Kim. How are you?

23 REPRESENTATIVE KIM: I'm well. Thank you.
24 Thanks for being here.

25 SECRETARY DAVIN: Sure.

1 REPRESENTATIVE KIM: I know you know this,
2 Secretary, but it's worth repeating in terms of talking
3 about the minimum wage in our neighboring States and in the
4 region.

5 Ohio's minimum wage is 8.70 an hour, and it's
6 indexed to an annual increase based on the Consumer Price
7 Index. New Jersey's current minimum wage is \$12, which is
8 scheduled to increase to \$15 by 2024. New York's minimum
9 wage is 12.50, and the rate will be adjusted according to
10 inflation at \$15 an hour. Maryland's minimum wage is
11 11.75, with scheduled increases to reach \$15 by 2025.
12 Delaware is at 9.25. West Virginia is at 8.75. So all
13 neighboring States have a higher minimum wage, and, you
14 know, Pennsylvania is still at 7.25.

15 As someone who is an expert in economic
16 development, what does that say to our region when
17 Pennsylvania believes that our workers are worth 7.25 an
18 hour?

19 SECRETARY DAVIN: That's a good question. It's a
20 big question, Representative Kim, as you know, and it's
21 something that is being debated not only in the
22 Commonwealth but also all throughout the country with some
23 of the things that are happening at the Federal level.

24 But to me, honestly, it's embarrassing the fact
25 that we have a minimum wage that is lower than all the

1 States surrounding us, all of our neighbors.

2 So a health-care, a frontline health-care worker
3 or a human-service worker on one of our borders is making
4 less to do the same job as somebody right across the border
5 in Ohio or in New Jersey or in Maryland or wherever. So,
6 you know, I think we have to get away from the discussion
7 -- we have to have this debate, and I get that, but we have
8 to get away from the discussion that this only, you know,
9 the minimum wage only helps kids, teenagers that are
10 working at McDonald's. That's not the case.

11 You know, we have, I think it's like 40 percent
12 of people making minimum wage and working full time. We
13 have 22 percent of minimum-wage workers are parents. You
14 know, we have a number of people that are making minimum
15 wage. It's not just our young people as they transition
16 into another job.

17 This is something that, you know, again, it has
18 been since 2009. I think it's long, long past the time
19 that we need to increase, we need to increase our minimum
20 wage and make it much fairer for the people at the lower
21 end of the wage scale.

22 REPRESENTATIVE KIM: Thank you for that,
23 Secretary.

24 Also, you know, obviously we are, you know,
25 trying to get out of a pandemic, and, you know, the

1 opponents of a higher minimum wage will say, you know, now
2 is not the time. You know, we've been saying now is not
3 the time since 2009, I believe. What are your thoughts in
4 terms of doing this now versus when we are in recovery?

5 SECRETARY DAVIN: You know, I think never.

6 There's never a good time to increase, you know, a minimum
7 wage. There's never a good time to increase taxes. I'm
8 sure we're going to talk about the PIT. I'm sure we're
9 also going to talk about the corporate net income tax to
10 reduce the corporate net income tax and things like that.
11 You know, it's never a good time.

12 Right now, the issue with the pandemic on small
13 businesses is to get them over this hump and to help them,
14 so get the CARES Act funds. That's why, you know, through
15 our Department, we pushed out \$1.4 billion in additional
16 funding last year through the CARES Act and through a
17 variety of programs that you guys at the Legislature
18 appropriated for us, which we're very thankful for, you
19 know, and we needed to do that.

20 We need to get money. Think of, you know, what
21 the \$145 million that was just appropriated for the small
22 business lending, or the Small Business Grant Program.
23 It's critical for us to get these businesses over this hump
24 and get them past this and then get to some, you know,
25 better sense of normalcy later on in this year.

1 So that's really what we're focused on right now.
2 So the idea of the tax structure, I think that has to be a
3 part of it. I think that should be discussed at any point
4 in time. But I think right now, to me, you know, the focus
5 on the CARES Act funding is what we are really putting our
6 efforts to right now.

7 REPRESENTATIVE KIM: All right. Thank you for
8 your comments, Mr. Secretary. That's all.

9 Thank you, Mr. Chairman.

10 MAJORITY CHAIRMAN SAYLOR: Representative
11 Keith Greiner.

12 REPRESENTATIVE GREINER: Thank you, Mr. Chairman.
13 Thank you, Mr. Secretary, for being here today.

14 I kind of want to follow up somewhat on the last
15 question.

16 Recently I was reading through the Department of
17 Labor and Industry's release concerning the December
18 employment situation, and obviously the COVID-19 shutdowns
19 have adversely affected our economy here in Pennsylvania,
20 you know, and the really bad news is that our economy is
21 actually trailing the national economy. The unemployment
22 rate stood at 6.7 percent for December, 40 basis points
23 higher than the national average. We also lost almost
24 475,000 jobs over the 12-month period, and obviously that
25 was due to the Governor's COVID-19 shutdowns, and then

1 again, it then followed up with the slow reopening process.
2 What is also concerning is the civilian workforce, which
3 has shrunk by 3.9 percent as compared to 2.4 percent for
4 the national average.

5 We have been reviewing the Governor's budget
6 proposal, and I would think that the Governor would be
7 attempting to address the shortfalls in Pennsylvania's
8 economy. However, he is talking, he's actually talking
9 about higher taxes on small businesses. We have talked
10 about this. Eighty percent of our businesses are
11 S corporations, partnerships, LLCs, LLPs.

12 And then, of course, what I think -- well, you
13 mentioned it. I know in Lancaster County, the free market
14 is taking care of minimum wage. I mean, we're talking \$12,
15 \$13, \$14, \$15 for starting wages, so the free market is
16 taking care of that in my area. I just wanted to make a
17 comment on that.

18 But what I do want to know, after all that
19 information, what do we need to do to compete for
20 businesses? We have talked about this through the process,
21 how businesses, they're going out of the country. They're
22 going to the Carolinas. They're going to Texas. They're
23 going to Florida. So what do we need to do, what do we
24 need to do from a regulatory process in order to attract
25 businesses here to Pennsylvania, and what do we really need

1 to do from a taxation standpoint? Because, you know, we
2 talk about dropping the C corp rate, which I understand,
3 combined reporting, but the reality is, the majority of our
4 businesses are already taxed that flow through to the
5 personal income tax return, and we're talking about a
6 46-percent tax increase on our businesses. So maybe you
7 can shed some light on how you think we can attract and
8 keep business here in Pennsylvania when other States seem
9 to be doing it a little bit better.

10 SECRETARY DAVIN: Well, Representative, I
11 appreciate that. And you said a lot of things in there,
12 and just a couple of things that I can't agree with.

13 Number one, these lost jobs aren't due to the
14 Governor or the Secretary of Health and shutdowns; they are
15 due to the pandemic. I mean, there are people, and we talk
16 to industries every single day in our Department. We reach
17 out to these industries in a variety of different things,
18 like financial services, like warehouse and distribution,
19 food service, a variety of them. People are not confident.
20 A lot of people aren't confident to go back to work, and
21 that's the biggest issue that we are seeing.

22 You know, certainly mitigation procedures to keep
23 people alive, to keep Pennsylvanians alive, were extremely
24 and still are extremely important. And I think, you know,
25 from my standpoint from where I sit, and I can speak for

1 Deputy Secretary Weaver and Deputy Secretary Kilko, from
2 where we sit, it's very, very important to do that.

3 Now, the other thing, you know, you mentioned
4 the fact that companies are coming to, you know,
5 North Carolina and I don't know where else you said. You
6 forgot to mention the fact that companies are coming to
7 Pennsylvania, too. So when you look at some of the things
8 that our Governor's Action Team is working on, some of the
9 companies, and specifically canning companies, two big
10 canning lines that are coming to Pennsylvania, two separate
11 corporations that are coming to Lackawanna and Luzerne that
12 are creating over 650 jobs, specifically because
13 Pennsylvania is not only a place that some of these
14 companies feel safe to come to because of some of the
15 mitigation procedures that were put into place, but also,
16 Pennsylvania is a good place, the geography is good to get
17 goods all throughout the Northeast and really into the
18 South and into the Midwest.

19 Our tax structure, you know, everybody wants to
20 jump on our tax structure. It is not as bad as everybody
21 says. You know, we have an effective business tax rate
22 that is 4.4 percent. The national average is 4.5 percent.
23 You know, there are States around us that are higher than
24 this. There are States that, you know, are considered
25 States, and you mentioned a couple of them that you think

1 businesses are going to, and some businesses are, that are
2 higher, have a higher effective business tax rate. What
3 we're looking at and I think what the Governor is looking
4 at is this comprehensively. And you can't just pick and
5 choose one issue, one tax, you know, one area or whatever.
6 You got to look at all these things.

7 You know, we spend a lot of our day going out,
8 through our Governor's Action Team, through our business
9 marketing folks, meeting with site-selection consultants,
10 meeting with companies, every single day, you know, and---

11 REPRESENTATIVE GREINER: Well, I appreciate --
12 yeah. No, I really appreciate that.

13 The one thing I do worry about, though, with
14 corporations coming here, we sometimes have corporate
15 welfare. We pass legislation that tracks certain
16 businesses rather than adding something across the board,
17 and I do think that's an issue.

18 And with all due respect, these shutdowns were
19 onerous and they were more harsh than other States around
20 us. But thank you for your time.

21 MAJORITY CHAIRMAN SAYLOR: Representative Kinsey.

22 REPRESENTATIVE KINSEY: Thank you, Mr. Chairman,
23 and thank you, Mr. Secretary, for being here.

24 Mr. Secretary, my question, of course, is related
25 to the impact that COVID has had on small businesses. All

1 across the Commonwealth, whether it's urban, suburban, or
2 even rural communities, we have seen small, and I want to
3 say small businesses in particular. We have seen that
4 small businesses have been impacted by the pandemic.

5 My questions for you, and this is going to be a
6 two- or three-part question, but in your interactions with
7 the small businesses throughout the Commonwealth during the
8 pandemic, what are some of the key emerging issues that you
9 are hearing from these businesses?

10 Also, I'm going to ask you if you can talk about
11 the type of COVID relief that your Department has given or
12 supported the small businesses.

13 And additionally, Mr. Secretary, I'm going to
14 ask, if you don't mind, in your conversations with these
15 small businesses, if you can talk a little bit about some
16 of the requests or issues as you see them once we get
17 through this pandemic.

18 SECRETARY DAVIN: Thank you, Representative, and
19 absolutely. You know, we're hearing from small businesses
20 all the time, and not just specific small businesses but
21 small business organizations, I think, you know, chambers
22 of commerce, economic development organizations, the
23 community development financial institutions all throughout
24 this State, on some of the things that small businesses are
25 being affected by right now.

1 Right now, you know, it is critical for us. You
2 know, we just talked about the Hospitality Program,
3 \$145 million, but it's critical to continue that.

4 The one thing we learned with the first slug of
5 -- and by the way, thank you to the General Assembly, to
6 the House Members who voted for the COVID relief
7 previously, because we were able to allocate about
8 \$225 million to relief through the community development
9 financial institutions, and that went, about \$200 million,
10 specifically for grants and then \$25 million for loan
11 forgiveness, or loan, I guess, you know, payments right
12 away so we could help people, you know, help these small
13 businesses. And that was great; it was a drop in the
14 bucket.

15 And previous to that, you guys, you'll remember
16 that we put about \$61 or \$62 million of funding through our
17 Pennsylvania Industrial Development Authority, again with
18 the help of the Legislature, because we took that money
19 from the Commonwealth Financing Authority, at the CFA, to
20 put into our Pennsylvania Industrial Development Authority
21 prior to any Federal funds coming. That was a great help.
22 That was a great help to our small businesses, because
23 that's what they needed. They needed capital, because the
24 virus dictated that these places had to shut down.

25 And at the time, if you recall, nobody knew what

1 was happening other than hospitals were being overwhelmed
2 around the world, and not being overwhelmed around the
3 world in third-world countries, in countries like Italy, in
4 countries like Spain, and then coming to the United States
5 in States like New York and New York City.

6 Nobody knew how this was going to happen, so we
7 wanted to put as much money out on the street as we could,
8 understanding that they needed help. They still needed to
9 pay their utilities. They still needed to pay their
10 mortgage payments and, in some cases, still needed to pay
11 their employees. That was critical for us. What we found
12 is, it was a drop in the bucket, you know. And we thought
13 with \$61 million it would help, and it really did help. It
14 was a drop in the bucket. And \$225 million, it was a drop
15 in the bucket, and that is why we have advocated strongly
16 for additional funds.

17 The Governor and the Department of Insurance, we
18 want to really thank them for helping to allocate the
19 \$145 million. Again, you guys appropriated it specifically
20 for additional help. That's great. It's a drop in the
21 bucket. You know, we need additional CARES Act funds from
22 the Feds, and we need this. That is the most critical
23 thing we are hearing from businesses right now more than
24 ever.

25 And again, right now to get them over to the

1 point where they then are going to be able to work, they
2 are going to be able to inspire confidence, and not only,
3 you know, the business owners but the employees and the
4 people that can come into their establishments, that's what
5 we need. It has been absolutely critical.

6 So that's just kind of, you know, some of the
7 relief that we provided directly to small businesses. But
8 as we continue to hear from them, they need help. They
9 continue to need help.

10 REPRESENTATIVE KINSEY: Thank you, Mr. Secretary.

11 Mr. Secretary, let me jump for a second. Even
12 though I had talked previously about small businesses, let
13 me jump into some of the larger institutions.

14 In my legislative district, I have one of the
15 hospitals, in fact, Einstein Hospital, and from my vantage
16 point, I have seen Einstein as well as the other local
17 hospitals, Chestnut Hill Hospital, which is Temple
18 University. Are we doing, are we supporting these
19 hospitals who are also providing services and supports to
20 individuals who are coming in to receive, you know, maybe
21 due to health conditions, COVID or what have you, are we
22 providing supports to those institutions as well?

23 And I'll end on that because I see my time is up,
24 but if you can address that question, I think that the
25 Chairman will allow you to do such.

1 Thank you, Mr. Chairman. And, Mr. Secretary, if
2 you can address that.

3 SECRETARY DAVIN: Sure. Absolutely. And I can
4 be quick about that, Mr. Chairman.

5 So we developed a Hospital Emergency Loan Program
6 with our friends at PENNVEST. We utilized funds from
7 PENNVEST to help hospitals prior to them getting COVID
8 relief from the Federal Government.

9 That was one of the issues with these hospitals,
10 especially, you know, not just the hospitals in the big
11 cities but rural hospitals that were seeing declines of
12 people coming in to the hospitals, because again, they
13 weren't coming to the hospitals; they weren't feeling
14 confident to go, you know, out. So we provided that. We
15 think that the Feds are providing that right now.

16 Specifically on any State support through the
17 Department of Health maybe, you know, we can certainly look
18 at that and get back to you, Representative.

19 REPRESENTATIVE KINSEY: Mr. Secretary, thank you
20 very much.

21 Mr. Chairman, thank you again for your
22 indulgence.

23 MAJORITY CHAIRMAN SAYLOR: Representative
24 Tim O'Neal.

25 REPRESENTATIVE O'NEAL: Thank you, Mr. Chairman.

1 Mr. Secretary, thanks for being here.

2 I just want to very quickly circle back to an
3 answer you just gave to Representative Greiner's question.
4 Did I hear you correctly, you said that because of our
5 mitigation efforts, we are attracting businesses to the
6 Commonwealth? I mean, what businesses have come to the
7 Commonwealth since COVID-19 began?

8 SECRETARY DAVIN: Ball Corporation; CANPACK.
9 Those are two of the big ones that I referenced, about
10 650 jobs, and came in -- they are actually in, as I
11 mentioned, I think Lackawanna and Luzerne County. And
12 those are the type of things, we are hearing from those
13 types of businesses and other businesses.

14 Certainly our neighbors to the east were having a
15 much harder time with COVID, but they looked at
16 Pennsylvania as a place that was being safe. They looked
17 at Pennsylvania as a place that, you know, was doing
18 everything they can within their power, and trying to be
19 balanced about it, but trying to keep people safe and keep
20 people alive.

21 REPRESENTATIVE O'NEAL: Okay. Thank you.

22 You know, this is the first I'm hearing about,
23 you know, businesses actually being attracted to the
24 Commonwealth because of COVID. You know, certainly I'm
25 from the southwestern part of the State, and that is not

1 the case in our area.

2 As a matter of fact, Mr. Secretary, you and the
3 Governor were just in a press conference earlier this
4 morning proposing a natural gas extraction tax to fund the
5 Governor's Back to Work PA program. I think we can all
6 agree that workforce development and workforce
7 opportunities are important to the Commonwealth, especially
8 right now, but I have some serious concerns about a natural
9 gas extraction tax.

10 So, you know, you even say in your testimony that
11 we remain the only gas-producing State in the country
12 without an extraction tax, which I do believe is correct.
13 But I would be interested to the answer as to how many, how
14 many States in the country have an impact fee.

15 SECRETARY DAVIN: To be honest with you, I'm not
16 sure how many have an impact fee, and we're not really
17 looking at it like that. We're looking at the combination
18 of the fees. So what the Governor---

19 REPRESENTATIVE O'NEAL: Oh, so we want to
20 double-dip.

21 SECRETARY DAVIN: No, no.

22 REPRESENTATIVE O'NEAL: Okay.

23 SECRETARY DAVIN: That's not what I'm saying.

24 Can I finish my response?

25 REPRESENTATIVE O'NEAL: Well, the answer to my

1 question, Mr. Secretary, is actually zero. No other State
2 in the country has an impact fee. So what tax rate does
3 the Governor propose on the extraction tax?

4 SECRETARY DAVIN: I can't remember the exact tax
5 rate. What I can tell you is it's less than I think every,
6 with the tax rate that will include the impact fee and the
7 funds from the impact fee will continue to go to where they
8 are going right now, it is less, I think, than just about
9 every State but Louisiana. It's about, you know, maybe
10 one-third or something like that, with the new extraction
11 fee, about one-third of what Texas is.

12 The other thing is that companies here don't pay
13 property taxes like they do in other areas. So the point
14 is, while these other areas are charging us -- like, for
15 example, when you put gasoline in your car, you are paying
16 part of their severance tax in other places that are
17 providing that gasoline. If it's North Dakota or if it's
18 Texas or whatever, you are paying the severance tax. What
19 we are doing is we're not charging that. We are collecting
20 a fraction of what other States are collecting on this.
21 And we're the second largest producer of natural gas. We
22 need to do better.

23 REPRESENTATIVE O'NEAL: Right, right, we are the
24 second largest.

25 You know, you cited Texas and Oklahoma, and

1 neither one of them have a corporate income tax.

2 So, you know, one of the -- I come from
3 Washington County, so Washington County, the way I
4 understand it is a severance tax would essentially, all the
5 companies extracting gas would send their money to
6 Harrisburg to be then divvied out through the normal
7 budgeting process of the General Assembly. Well, that is
8 if we don't have the Back to Work PA program.

9 So I come from Washington County, and
10 specifically in Washington County, for every dollar of tax
11 that Washington County sends to Harrisburg, we get
12 approximately 70 cents back. So what incentive does
13 counties like mine -- I'm a fourth-class county -- have to
14 send more money to Harrisburg? I'm not totally following
15 the incentive from that perspective.

16 SECRETARY DAVIN: Right.

17 I think, Representative, to me, it's as easy as
18 this: The counties aren't sending anything. It's these
19 companies that would pay an extraction fee that is higher
20 than what they pay right now, that is even less than any of
21 the other States that they do business in. We're the
22 second largest energy producer, the second largest natural
23 gas producer in the country, and at some point in time, we
24 might be the first largest natural gas producer in the
25 country.

1 And again, while, you know, in other areas they
2 may not pay a corporate income tax, like in Texas, they are
3 paying crazy fees and crazy other taxes that, again, add up
4 to about three times what they would pay if we had this
5 extraction tax. It's still a good deal---

6 REPRESENTATIVE O'NEAL: Mr. Secretary, I---

7 SECRETARY DAVIN: It's still a good deal for
8 these companies.

9 REPRESENTATIVE O'NEAL: I apologize. I'm almost
10 out of time. I do want to get in one last question.

11 You know, here's the way I look at it. Higher
12 energy costs because of severance in RGGI. Higher personal
13 income tax that the Governor is proposing. Higher minimum
14 wage, permit delays, business unpredictability. All of
15 these things make an environment that is not conducive to a
16 business-friendly community. So what exactly is DCED's
17 plan to offset the inhospitability of the business
18 environment that we are experiencing across the
19 Commonwealth? The Back to Work program just simply isn't
20 it for me, but I would be interested to hear your answer.

21 SECRETARY DAVIN: Yeah. Thank you,
22 Representative.

23 And I think, you know, when you talk about
24 business predictability, you're absolutely right. I mean,
25 that is the single biggest thing that businesses want.

1 They want predictability. They don't want to be talking
2 about, you know, the addition of a severance tax every
3 single year. We should have done this, you know, 7 years
4 ago -- 6, 7 years ago.

5 I mean, this is something where, you know,
6 Pennsylvania is a good place to do business. I don't care
7 what anybody says. Now, I know that sometimes we beat each
8 other up about business taxes and other taxes in the
9 Commonwealth of Pennsylvania. This is a great place to do
10 business, and we see that with the companies that are
11 coming here, the companies that are here already, the
12 companies that are expanding here even throughout COVID,
13 even throughout this incredible event that we had to go
14 through for the last year.

15 So I think what the Governor is trying to do is
16 the Governor is trying to make a much more fair system and
17 trying to do what we can do to help create funding within
18 Pennsylvania that we can utilize to upgrade our schools, to
19 provide training, to provide, you know, good, meaningful
20 jobs to the people of Pennsylvania.

21 REPRESENTATIVE O'NEAL: Thank you, Mr. Secretary.

22 MAJORITY CHAIRMAN SAYLOR: Representative Davis.

23 REPRESENTATIVE DAVIS: Thank you, Mr. Secretary.

24 It's great to see you today. Thanks for joining us. How
25 are you?

1 SECRETARY DAVIN: Good. How are you doing? How
2 are you doing, Representative? Good to see you.

3 REPRESENTATIVE DAVIS: Good; good.

4 As you know, I represent a number of distressed
5 communities in the Mon Valley region of Allegheny County,
6 and many of those communities were struggling prior to the
7 pandemic. Can you talk about how your Department might
8 help some of these, some of these communities as they
9 recover, or as they are set even further back from the
10 pandemic and as they begin their recovery?

11 SECRETARY DAVIN: Yeah; yeah.

12 I mean, there are a number of ways. Obviously,
13 through all the various programs we have, through Keystone
14 Communities, through a variety of, you know, redevelopment
15 assistance, but through the Neighborhood Assistance
16 Program, which I think, I would imagine some of your
17 communities have taken advantage of that where businesses
18 actually invest into their communities and get a tax credit
19 as a result of that.

20 Thankfully, and I think, you know, I can't thank
21 the Legislature enough, you doubled that from I think
22 15,000 to 30,000 or something like that, or 18,000 to
23 \$36,000, and that was critical for us to be able to help
24 invest, for businesses to be able to help invest back into
25 their communities. And we think there are things like that

1 that need to continue to work, that we need to continue to
2 work on.

3 But the other thing is the structural issues.
4 And I think, I don't know if it was Representative Greiner,
5 maybe Representative Topper talked about, you know, Act 47
6 and our Strategic Management Program that are going to help
7 some of these communities navigate through these issues
8 that they're seeing right now, not only through COVID, but
9 in some of the areas that you're talking about, these are
10 places that produced steel to help build the country, that
11 helped, you know, win the World Wars, and these are places
12 that have had devastating, you know, it has had devastating
13 effects with the collapse of some of the industries in
14 these areas.

15 So the fact is that we need to be able to be
16 there to help them navigate financially, but also to help
17 them with improvements to their communities and for the
18 people that are there.

19 REPRESENTATIVE DAVIS: Thank you.

20 And, Mr. Secretary, just as you mentioned Act 47,
21 I represent the city of Duquesne, which I think has been an
22 Act 47 community for I think roughly 25 years now. You
23 know, what happens if a community can't come out of that
24 program? And just being honest, it doesn't seem like they
25 are going to be at a financial point where they're going to

1 be able to come out of that program. What happens next if
2 a community is not able to graduate from that program?

3 SECRETARY DAVIN: Yeah, that's an issue, and
4 that's something that we're working on every single day,
5 you know, to try to help these communities get out of
6 Act 47.

7 It has been my pleasure, and I think, you know,
8 Neil has been a part of, Deputy Secretary Weaver has been a
9 part of this, too. We have been at these Act 47 events
10 where cities, and not just like a Pittsburgh, you know, but
11 some of these smaller communities like Farrell, like
12 Altoona, have come out of Act 47, and they are incredibly
13 emotional events because of the things that these
14 communities had to do to get out of Act 47. They had to,
15 you know, take drastic measures to reduce, you know, paving
16 and things like that, you know. So there are a lot of
17 things that they had to do, and to finally get out of that,
18 it is such a relief for them.

19 And we think that these other communities, they
20 can get there. You know, we got to work with them. I know
21 it's hard, but we're going to continue to work with them
22 and use our, you know, use our resources the best that we
23 can to help them get out of Act 47.

24 REPRESENTATIVE DAVIS: Well, thank you for that
25 answer, and I appreciate the work that you have done in

1 Clairton. They came out of Act 47, I think after 30 years
2 in the program. And thank you for your work in the
3 investments we are making to revitalize their business
4 corridor and their downtown districts.

5 So as you note, you're right, communities can do
6 the hard work to come out of it. But I will reiterate my
7 point that I am concerned that cities like Duquesne, that
8 they may not be taking the necessary steps quick enough to
9 graduate out of the program, and I think we need to have a
10 plan for what's going to be next for those communities,
11 whether they are just going to continue to stay in the
12 program or whether we're going to say, you know, you're on
13 your own. And with that, thank you, Mr. Secretary.

14 Mr. Chairman, I yield back.

15 SECRETARY DAVIN: Thank you.

16 MAJORITY CHAIRMAN SAYLOR: Next is Representative
17 Torren Ecker.

18 REPRESENTATIVE ECKER: Thank you, Mr. Chairman,
19 and thank you, Secretary, for being here today.

20 I'm going to turn, change the subject here a
21 little bit and turn to the business closures and the
22 waivers and kind of go down that route here.

23 So in May, the House Labor and Industry Committee
24 held a hearing with the Secretary at that time, Oleksiak,
25 just to kind of go over the business waivers and the

1 shutdown impact on the UC. In that hearing, Secretary
2 Oleksiak stated pretty pointedly that he was not consulted
3 nor discussed with the Governor any of the closure list or
4 the lockdown list, I guess what was referred to as the
5 "life-sustaining business list."

6 While that is, I think, a tragedy that there was
7 no discussion there, I'm wondering if your Department,
8 being that you were tasked eventually with the business
9 waiver debacle, whether or not your Department was
10 consulted with the Governor prior to that life-sustaining
11 business list going out?

12 SECRETARY DAVIN: Yes, we were, for the waiver
13 process that we went through. It wasn't a debacle. We
14 were consulted. We worked on it. We worked hand in hand
15 with the Department of Health, with other agencies, with
16 the Governor's Office on that.

17 We also worked and got information from Members
18 of the General Assembly. We also got information from
19 business organizations like chambers, specifically
20 businesses, a variety of different sources. We tried to
21 get information from just about everybody. But yes, we
22 did.

23 REPRESENTATIVE ECKER: Well, Secretary Davin, you
24 know, I can't -- I don't know that I can necessarily agree,
25 you know, whether we're going to call it a debacle or not.

1 But the fact of the matter is, I don't remember certain
2 industries even being consulted, and I think there's going
3 to be some questions for that later.

4 But wouldn't you think that the Department of
5 Labor and Industry should be somebody who intimately knows?
6 For example, the construction industry. We know roughly
7 how many people are in the construction industry, and that
8 industry was shut down and had a dramatic impact. And
9 quite honestly, a lot of other States, most other States
10 had not shut down the construction industry like we had.
11 You know, how can we not -- how was there no conversations
12 with the Labor and Industry Department to decide why that
13 industry, for example, wasn't shut down?

14 SECRETARY DAVIN: To be honest with you, I don't
15 know. I'm assuming that they were a part of the
16 discussions. I mean, those discussions took place day and
17 night. There were a number of folks that were involved in
18 those. Again, there were so many different people that,
19 you know, we talked to and discussed this with, and it was
20 a time that we were trying to do the right thing.

21 You know, you might not agree with it, but the
22 reality is, we reviewed 42,000 applications in 2 weeks, and
23 we gave 22,000 businesses the ability to continue to remain
24 open.

25 REPRESENTATIVE ECKER: Well, Secretary---

1 SECRETARY DAVIN: Not everybody liked it. Not
2 everybody liked it.

3 REPRESENTATIVE ECKER: Mr. Secretary,
4 Mr. Secretary, I'm not necessarily worried about the
5 business waivers at this point. I'm more interested in the
6 actual list of life-sustaining businesses that went out---

7 SECRETARY DAVIN: Okay.

8 REPRESENTATIVE ECKER: ---which then led to the
9 waiver process because of some of the businesses that were
10 ultimately on there. Did you have conversations about that
11 list with the Governor or any other entity?

12 SECRETARY DAVIN: With the Department of Health.
13 We had a conversation with the Department of Health to put
14 that together, with folks in the Governor's Office to put
15 that together, and we had to do that quickly. You know, we
16 did that prior to the Federal Government coming out with
17 their CISA Guides, because we had to.

18 Again, other countries, other places, hospitals
19 were being overrun at the time. Nobody knew what was going
20 on with this virus. Nobody knew what they know today with
21 this virus. So we did that, and we gave clarity to
22 22,000 businesses and allowed them to remain open.

23 REPRESENTATIVE ECKER: Well, I don't think we can
24 say it was clear at all. I mean, I can tell you from my
25 office, and I'm sure everybody in this room on both sides

1 of the aisle can say that our offices were getting
2 inundated with phone calls, really the day of that this
3 list came out. You know, I was in my office, I think, you
4 know, until 1 or 2 in the morning taking phone calls from
5 businesses on whether or not they could open the next day.
6 And, you know, to say that it was clear I think is just --
7 you can't make that statement. I mean, it's just not.

8 And I recognize updates were made to the list as
9 time went on, but that list was a disaster from the word
10 "go," and, you know, that's where I'm going to end today.
11 But, you know, I think there's going to be some more
12 questions as it pertains to those industries and sectors.
13 But I thank you for your time.

14 MAJORITY CHAIRMAN SAYLOR: Next is Representative
15 Bullock.

16 REPRESENTATIVE BULLOCK: Thank you, Mr. Chairman.
17 Good afternoon, Mr. Secretary.

18 SECRETARY DAVIN: Good afternoon.

19 REPRESENTATIVE BULLOCK: Historically,
20 government-backed or sponsored segregation, displacement,
21 exclusion, and disinvestment have produced many of the
22 racial inequities and structural inequities that we see
23 today. In fact, we know that data shows that small
24 businesses owned by White business owners have more access
25 to financial capital and other resources, including

1 government grants.

2 The work that we have seen over the last year has
3 shown, even with the Federal grant process for small
4 businesses, that many Black and Brown business owners were
5 left out of that process. We have taken some steps here in
6 the State to make up for that through our own Historically
7 Disadvantaged small grants application. What other
8 programs within your Department or budget proposals do you
9 have that we can institute here in Pennsylvania to address
10 racial inequities in our commercial corridors, small
11 business communities, and other communities throughout the
12 Commonwealth?

13 SECRETARY DAVIN: Yeah. Representative, you hit
14 the nail on the head. I mean, I think that the initial
15 funding is a help, is a help for a lot of these minority
16 businesses throughout the Commonwealth, and again, not just
17 in the big cities but throughout the Commonwealth in every
18 single county. And that was one thing that we took great
19 pride and pleasure in working with the Legislature and
20 these CDFIs and other organizations to make sure that we
21 got there.

22 A lot of what these communities need or these
23 businesses need is technical assistance in addition to
24 funding, you know, to help them come up, you know, with
25 respect to electronic ordering and things like that. So

1 we're working on those types of ideas. We're working with
2 our PREP partners, with the Small Business Development
3 Centers, to have them reach out to these businesses to help
4 them, give them the appropriate technical support to help
5 them continue to be successful and to help them be
6 successful once we get past this, you know, past the COVID
7 issues.

8 So we're hoping we're going to get there. We are
9 going to continue to provide our funding and look at that.
10 When we are reviewing applications, our folks are looking
11 at those issues. We are reaching out to certified economic
12 development agencies, certified development financial
13 institutions, to make sure that they let us know what their
14 needs are, you know, as they are talking to some of these
15 businesses.

16 So there's a lot of things that are happening
17 right now, and we're going to continue to work on that.

18 REPRESENTATIVE BULLOCK: Am I correct that your
19 office is responsible for certification of MBEs in our
20 Commonwealth?

21 SECRETARY DAVIN: No, we don't do that. I think
22 that's really done by PennDOT and maybe the Department of
23 General Services. I'm not sure.

24 REPRESENTATIVE BULLOCK: I think you're right.
25 It might be DGS; yes.

1 SECRETARY DAVIN: Yeah. Yeah, but we work with
2 them. We work very closely with them.

3 And again, we, you know, get small businesses,
4 we're trying to get small businesses, especially minority
5 businesses, in front of DGS when there are opportunities,
6 you know, to acquire, you know, things from these
7 businesses.

8 REPRESENTATIVE BULLOCK: Great.

9 One of the Governor's proposals was to create a
10 RACP grant to invest in our schools' infrastructure and to
11 address toxics and lead and asbestos in our schools. What
12 role will your office play in the administration of that
13 RACP process?

14 SECRETARY DAVIN: In the administration. So one
15 of the things that the Governor has asked us to do is to
16 get involved in the RACP or the RCAP program -- I'm a
17 little bit older and I refer to it as "RCAP" -- but the
18 program to ensure that the funds go towards economic
19 development projects and community development projects,
20 the things that we are, you know, I mean, working on every
21 single day. So we are involved in it from that
22 perspective.

23 Again, from the school's perspective, you know,
24 to have good schools, to have schools that are safe places
25 for people to be. They are the places that are preparing

1 our next generation of workers. They are the places
2 where this generation of workers are sending their kids,
3 so they have to be safe places to be. And, you know,
4 again, I think it's a good idea to do that, and we'll be
5 part of it.

6 REPRESENTATIVE BULLOCK: And broadly, if you can
7 tell me in regards to two areas that I just asked you
8 about, investing in small minority-owned businesses,
9 Black-owned businesses, and investing in these RACP
10 projects particularly for the lead removal in our schools,
11 what is the rate of return on that investment for the
12 Commonwealth? Or what are the economic benefits of us
13 investing in projects like this?

14 SECRETARY DAVIN: Yeah. That's a big question,
15 Representative, and I don't have a number. Because when
16 you're talking about returns, usually, you know, you're
17 talking about what is the number; what do we get back from
18 that. But outside of a number, what we get back from that
19 is we get back healthy students. We get back better
20 learning environments. We get back the opportunity to
21 attract and keep people if there are better quality
22 learning environments. So for young couples that are
23 having kids, you know, we want them to stay in Pennsylvania
24 and continue to work in Pennsylvania. You know, those are
25 those opportunities. So those are really the returns.

1 But, you know, I'm sure that economists can dig
2 down deep and give you, you know, some numbers related to
3 that. But the bottom line for us is that, you know, we
4 need that if we are going to be able to continue to keep
5 people in Pennsylvania and to attract people to
6 Pennsylvania.

7 REPRESENTATIVE BULLOCK: Thank you very much,
8 Mr. Secretary.

9 Mr. Chairman.

10 SECRETARY DAVIN: You're welcome.

11 MAJORITY CHAIRMAN SAYLOR: Next is Representative
12 John Lawrence.

13 REPRESENTATIVE LAWRENCE: Thank you.

14 Mr. Secretary, as you know, the city of Chester
15 has been in a fiscal emergency for 25 years, and DCED
16 oversees the State-appointed receiver over Chester City.

17 Now, Mr. Secretary, at a December 23, 2020,
18 Chester City council meeting, Chester Mayor Kirkland
19 stated, and I quote: "You know, I got a call back in
20 May...early June, when the" COVID "pandemic hit...I
21 received a call from the Governor of Pennsylvania...
22 Governor Wolf, and on that call was Secretary Davin...."
23 He goes on to say, and they said, " 'We want to help. We
24 want to partner. We want to come in and roll up our
25 sleeves and help Chester get back on its financial

1 feet'.... And I was excited. And so I welcomed
2 them...with open arms.... 'Not only are we coming with
3 experience'...but they mentioned...\$15 million of financial
4 help. These are not things you make up or a number you
5 pull out of the sky. This was a conversation with the
6 Governor of Pennsylvania and the Secretary of DCED...."

7 Mr. Secretary, has this promised \$15 million
8 payment been made to the city of Chester?

9 SECRETARY DAVIN: No. There was no promise of a
10 \$15 million payment made to the city of Chester, or there
11 was no promise of \$15 million to the city of Chester, as
12 far as I know. And I was on that call with the Governor.
13 That, as far as, you know, I'm concerned, never happened.

14 You know, I'm not sure what the mayor was talking
15 about. I know that there are a lot of issues there. I
16 know that there are a lot of, you know, people that are
17 very, very upset with what is happening, what's going on.

18 We have done everything that we could to help
19 Chester and to make sure that Chester is trying, you know,
20 has everything they can to get back on a good path, you
21 know.

22 And certainly, we will do projects in Chester.
23 And we talked to the mayor about doing specific projects on
24 the waterfront, trying to bring businesses into Chester,
25 and a variety of things like that, but not a payment of

1 that amount.

2 REPRESENTATIVE LAWRENCE: But, Mr. Secretary, are
3 you saying that the mayor made this up?

4 SECRETARY DAVIN: You just told me something, and
5 I'm telling you that that didn't happen that way.

6 REPRESENTATIVE LAWRENCE: Was there ever a
7 conversation? I mean, the mayor of Chester said, in a
8 public meeting, that he had a conversation with you and the
9 Governor. Was there any mention of a \$15 million payment,
10 loan, any sort of thing, anything regarding \$15 million?

11 SECRETARY DAVIN: Representative, this is a
12 public meeting also, and I don't recall any mention of
13 \$15 million. I do recall the mention of trying to do
14 projects and trying to do a number of things in Chester to
15 help Chester, to try to bring tax revenue to Chester, to
16 try to bring development to Chester, to try to bring jobs
17 to Chester. That's what we talked to the mayor about.

18 REPRESENTATIVE LAWRENCE: So, I'm not trying to,
19 I mean, perhaps you weren't on the call and maybe an
20 undersecretary was on the call with the mayor of Chester.
21 I find it hard to believe that he would make this up.

22 SECRETARY DAVIN: Representative, I don't know
23 what else I could tell you, Representative. I told you
24 what I told you. Those are the facts. And, you know, I
25 would be happy to answer any other questions that you have.

1 REPRESENTATIVE LAWRENCE: Mr. Chairman, those
2 were my questions. Thank you.

3 MAJORITY CHAIRMAN SAYLOR: Next is Representative
4 Krueger.

5 REPRESENTATIVE KRUEGER: Thank you, Mr. Chairman.

6 Mr. Secretary, I want to ask about resources that
7 your Department has deployed to help small businesses here
8 in Pennsylvania. You mentioned earlier in your testimony
9 that DCED has helped push out \$1.4 billion from the CARES
10 Act. And so I have got some questions for you about where
11 those resources went and which programs you think have been
12 most effective to help our Pennsylvania-based small
13 businesses.

14 And the reason I'm asking is, not only was my
15 office inundated with calls from small business owners who
16 needed help, and my staff and I worked as hard as we could
17 to try to point them in the direction of resources, but we
18 have also seen at the Federal level that some of the loans
19 and funds that were supposed to be allocated for small
20 businesses wound up going to larger corporations.

21 Just today, the Biden Administration announced
22 some major changes to the paycheck protection plan with a
23 goal of helping those dollars reach more minority-owned and
24 small businesses. For a 2-week period, small businesses
25 with fewer than 20 employees will be able to apply and any

1 business larger than that will be prevented from applying
2 to try to push more resources to the small businesses who
3 need it most.

4 So my first question, Mr. Secretary, is about the
5 First Program that was deployed. Early in the pandemic,
6 there was \$60 million allocated for the COVID-19 Working
7 Capital Access Program. Now, those applications had to be
8 submitted through a county economic development
9 organization, and in Delaware County, only 13 businesses
10 were able to get their applications in before the program
11 closed because of high demand. How did DCED decide where
12 those loans went?

13 SECRETARY DAVIN: DCED worked with certified
14 economic development organizations throughout the State to
15 distribute those funds to the neediest businesses according
16 to those certified economic development organizations,
17 similar to what we do every single day with other
18 organizations and with other programs.

19 REPRESENTATIVE KRUEGER: So at the time, in
20 southeastern Pennsylvania, you know, Delaware County, we
21 had a very early case. Businesses were shut down earlier
22 in the Philadelphia suburbs than they were in other parts
23 of the Commonwealth, and yet, a smaller percentage of these
24 loan programs were deployed to southeastern Pennsylvania
25 than the rest of the State. So what kind of criteria did

1 you use to decide once the economic development
2 organizations submitted the applications?

3 SECRETARY DAVIN: We looked at every single one.
4 We looked at all the applications that came in as they came
5 in and disbursed funds, closed loans and disbursed funds as
6 we could when they came in.

7 The issue for us was to get the money out on the
8 street as quickly as we could, as efficiently as we could,
9 knowing that we were going to get additional funding from
10 the Federal Government. But we wanted to get money out as
11 quickly as we could before that.

12 The one thing we didn't want to do,
13 Representative, is we didn't want to sit on money and sit
14 on any applications, you know. So I think the
15 organizations, I think they did a good job. I think they
16 put the funding out as quickly as they could.

17 We all know, again, that it was a drop in the
18 bucket. I mentioned that a couple of times previously.
19 You know, it wasn't enough. We knew it wasn't going to be
20 enough. That's when we had access at that point in time,
21 and we wanted to get that out quicker than the Feds would
22 provide funding, and we did do that.

23 REPRESENTATIVE KRUEGER: And I know that you
24 noted earlier in a response to one of my colleagues that
25 technical assistance is one of the things that our smallest

1 businesses need the most, and a lot of these economic
2 development organizations didn't actually have the staff
3 capacity to help every single business who was coming to
4 them for help.

5 My second question, Mr. Secretary, is about the
6 \$100 million for the Main Street Business Revitalization
7 Program and the \$100 million for the Historically
8 Disadvantaged Business Revitalization Program. That was
9 part of a \$225 million appropriation that the Legislature
10 weighed in on. It was CARES Act money. What can you tell
11 us about the results of this program? How many businesses
12 got funded? You know, what do we know about the businesses
13 who received this money?

14 SECRETARY DAVIN: Yeah. I think, you know, from
15 that perspective, I think we had great participation. We
16 had about 81 percent of those funds went to low- to
17 moderate-income businesses. And really, you know, that was
18 the goal of those funds, to try to get those to some of the
19 businesses that didn't have access to, you know, to banking
20 relationships and relationships with credit unions and
21 things like that. And the CDFIs, the community development
22 financial institutions, did a tremendous job of getting
23 that funding out.

24 I don't know if Deputy Secretary Kilko, Carol, if
25 you have the actual numbers of the grants that were made at

1 your fingertips or not. Do you?

2 You're on mute, Carol.

3 Okay. We can get that information to you,
4 Representative.

5 DEPUTY SECRETARY KILKO: Yeah. I'm looking for
6 it right now, Secretary. I'm sorry. I thought I was
7 unmuted. But we can get that to the Representative right
8 away. We do have it.

9 REPRESENTATIVE KRUEGER: I would appreciate that.

10 DEPUTY SECRETARY KILKO: Sure.

11 REPRESENTATIVE KRUEGER: And I do want to commend
12 you, Mr. Secretary, for choosing to work with CDFIs. These
13 are institutions that are just way better equipped to deal
14 with our smallest businesses, and I think they were a much
15 better partner. So thanks for working with them, and I
16 encourage more collaboration in the future.

17 SECRETARY DAVIN: You're welcome.

18 MAJORITY CHAIRMAN SAYLOR: Next is Representative
19 Clint Owlett.

20 REPRESENTATIVE OWLETT: Thank you, Mr. Chairman,
21 and I thank you, Secretary, for being here today.

22 I want to talk a little bit about the waiver
23 process as well, dig down into this a little bit deeper.
24 It sounds like you were very involved and kind of owning
25 that here today, it seems like.

1 One of the biggest questions I got, I mean, we
2 had a lot of different versions of this. We had 1.0, 2.0,
3 3.0. A lot of us in our offices were waiting up for the
4 new Excel spreadsheet to come out so that we could help our
5 businesses through answering some of these questions,
6 really.

7 So my question is, how many versions did you end
8 up having with the waiver process and the list?

9 SECRETARY DAVIN: That's a good question. I
10 don't know exactly how many versions that we have. We can
11 get you that information.

12 REPRESENTATIVE OWLETT: Okay.

13 SECRETARY DAVIN: But we updated it when we were,
14 you know, given additional information. And really, a lot
15 of it was based upon the responses we were getting, not
16 only from the business community, from chambers of
17 commerce, but from Members of the Legislature, you know,
18 you guys that were advocating for your regions and your
19 constituents.

20 REPRESENTATIVE OWLETT: That's great. I would
21 love to know how many we ended up with. And I appreciate
22 working with you to make some of these changes.

23 But one of the biggest questions that I got in my
24 office, because a lot of them, especially the early ones,
25 were confusing. So one of the questions that I got was,

1 Clint, like, who specifically is making these decisions?

2 So my question is, who specifically was making these
3 decisions about business closures?

4 SECRETARY DAVIN: Right, and we got that question
5 a lot. I mean, the people that were working on these
6 business closures were people that work with small
7 businesses every single day. So they are members of our
8 Governor's Action Team. They are members of our
9 Pennsylvania Industrial Development Authority. Those were
10 the ones that were going over the information that was
11 submitted to us through these applications and making---

12 REPRESENTATIVE OWLETT: So how many people were,
13 how many people, about, were engaged in this process?

14 SECRETARY DAVIN: Back then, it was probably
15 about 45 or 50 people that were engaged in that.

16 REPRESENTATIVE OWLETT: Okay.

17 SECRETARY DAVIN: Because again, there were a
18 number of them that were coming in. We got 42,000 within
19 2 weeks.

20 REPRESENTATIVE OWLETT: And some of those folks
21 were from the Governor's Office?

22 SECRETARY DAVIN: Um, I don't know that they were
23 from the Governor's Office. I'm referring to what we had
24 in our shop. We had about 45 or 50 people that were
25 working on these.

1 REPRESENTATIVE OWLETT: So I was reading in the
2 Auditor General's report on the waiver system, which if
3 anybody wants, it's on his website. You know, it's a
4 really, you know, interesting read when you talk about the
5 waiver system.

6 I didn't read in there specific names. Would you
7 be able to provide the Committee specific names of those
8 that were engaged in this process and specifically the
9 industries by name that you were looking to work with to
10 better understand how we could safely get most, as many
11 people back to work as possible?

12 SECRETARY DAVIN: The industries, absolutely. I
13 think I would defer to our legal staff in terms of the
14 individual names of the folks that were there. I don't
15 want to put anybody in a bad situation.

16 REPRESENTATIVE OWLETT: Yeah. And---

17 SECRETARY DAVIN: I'm taking, I'm taking --
18 again, let me finish. I'm taking credit for this.

19 REPRESENTATIVE OWLETT: Yeah.

20 SECRETARY DAVIN: And we did this. We put this
21 together. And, you know, again, it wasn't going to be
22 perfect, because this pandemic was starting to ravage
23 everybody, not only the Commonwealth of Pennsylvania but
24 throughout the world, so.

25 REPRESENTATIVE OWLETT: Yeah.

1 SECRETARY DAVIN: But I'm taking credit for that.

2 REPRESENTATIVE OWLETT: Okay.

3 And one of the things that came out in the
4 report, I would like to read just a quote here. It says,
5 "One of the major flaws of the rapidly deployed
6 waiver-processing system is that it appears to be
7 remarkably subjective." And it goes on to say, "Some
8 owners of small businesses may not have had the knowledge
9 to use the right," quote, unquote, " 'buzzwords' in their
10 justification..." of reopening. What were some of the
11 buzzwords that unfortunately some of our businesses didn't
12 use?

13 SECRETARY DAVIN: Yeah. And, Representative, to
14 be honest with you, we don't have, we don't have a report
15 from the Auditor General. We don't have a final report,
16 and until we have a final report, I'm not going to respond
17 to anything that he said publicly when, you know, again,
18 during the time that he was making comments about it
19 publicly. I just can't do that.

20 You know, we're dealing in facts. The fact of
21 the matter is, we had a -- and again, you can go on our
22 website and look at it. We had an application that we had
23 on our website. Businesses filled it out. Some businesses
24 filled it out differently. Some businesses put information
25 in there. Some businesses put, you know, other things in

1 there that, you know, maybe weren't exactly accurate. But
2 we had to respond to what we had, you know, within a very,
3 very short period of time. And certainly we would have
4 loved to have been able to provide, you know, information
5 and technical support to these companies. We didn't have
6 time.

7 At this point in time, again, the virus was
8 ravaging the world. So again, we were trying to do what we
9 could within as quick a period of time as we could, and,
10 you know, we'll stand behind that.

11 Didn't like it. Again, don't want to have to do
12 that again, but we're going to stand behind what we did.

13 REPRESENTATIVE OWLETT: Well, you know, I'll just
14 disagree with you in a little bit here.

15 I think that the Auditor General's, you know,
16 initial report that is out there, and you have a copy of
17 this, I'm sure, it doesn't look good. It's not a good
18 report. It's not a good, you know, report on the waiver
19 process at all.

20 I mean, the fact that somebody could go to a
21 big-box store and buy a bike but they couldn't go to a bike
22 store and buy a bike, why were we letting these big-box
23 stores sell bikes when my bike store on Main Street
24 couldn't sell a bike? Those are the kinds of things that
25 people were extremely frustrated with, and I think that --

1 I'm looking forward to the next report, and I think that
2 folks should definitely read this one, and it will answer a
3 lot of questions of what was happening in the midst of the
4 pandemic.

5 SECRETARY DAVIN: Just---

6 REPRESENTATIVE OWLETT: Thank you, Mr. Chairman.

7 SECRETARY DAVIN: Yeah. If I could -- can I
8 respond to that, Mr. Chairman?

9 MAJORITY VICE CHAIR TOPPER: Very briefly.

10 SECRETARY DAVIN: Okay. Just real quickly.

11 I mean, we are waiting for a final report,
12 because reports that they do during an audit, we get
13 information from the Auditor General. They ask for
14 additional information. They put out some information from
15 time to time, but then we can respond back to it.

16 So, you know, until we have a final report, you
17 know, it's not a final -- it's not final, and we can't
18 really respond.

19 MAJORITY VICE CHAIR TOPPER: So, Mr. Secretary,
20 would it be fair to say that when there is a final report,
21 that whatever answer -- however you want to respond to that
22 report, you would make available to this Committee?

23 SECRETARY DAVIN: It actually will be available
24 to the Auditor General, so it will be on his website. I'm
25 sorry; you know, it will be on the Auditor General's

1 website.

2 MAJORITY VICE CHAIR TOPPER: Thank you.

3 All right. Next we'll have the lady from
4 Philadelphia, Ms. Fiedler.

5 REPRESENTATIVE FIEDLER: Thank you very much.
6 Thank you for joining us.

7 SECRETARY DAVIN: Thank you.

8 REPRESENTATIVE FIEDLER: So I wanted to ask a
9 little bit about a hazard that we have in Philadelphia and
10 certainly across the State, lead paint, and lead
11 specifically. For every dollar spent on getting lead
12 paint-based hazards out of homes, studies have shown a
13 return on investment between \$17 and \$221, in addition,
14 obviously, to the human and health impact. And lead paint
15 removal, obviously, also has a great potential to create
16 new jobs across the State.

17 I also have one other stat I wanted to say and
18 then get your thoughts on this.

19 Every year, nearly 9,000 of our children are
20 poisoned by lead, most of them are members of low-income
21 families, and yet, we don't currently, to my knowledge,
22 have any State funds to help their families remove this
23 toxic hazard directly.

24 Currently, 11 PA counties or municipalities
25 successfully secured Federal HUD funds to get the lead out

1 of approximately 2400 homes over the next 3 years or so,
2 but clearly, the need is even greater.

3 Could you talk about lead paint removal and where
4 you think we could identify funds to remove lead paint
5 hazards from children's homes, especially those who live in
6 low-income families?

7 SECRETARY DAVIN: Yeah. That is a significant
8 issue, Representative, and, you know, it is something where
9 there is clearly not enough money at the Federal level
10 appropriated. And sometimes, again, I ran, you know, the
11 Department of Housing in the city of Pittsburgh years and
12 years ago when HUD started the lead-based paint program,
13 and, you know, it was very difficult to go through, you
14 know, and just a tough situation.

15 They have some more funding allocated now. It's
16 still not enough. I think some of the things that the
17 Governor is proposing with respect to the Redevelopment
18 Assistance Capital Program will help that, at least in
19 schools. But at the local level, we rely -- or I'm sorry
20 -- at the State level, we rely on funds from the Federal
21 Government to utilize for those types of programs.

22 I would be happy to have a conversation with you
23 with some of our folks in housing, in our community affairs
24 division, in our housing operations, and also folks from
25 the Pennsylvania Housing Finance Agency to see if there are

1 ways that we can come up with funding sources and, you
2 know, do what we can do.

3 But you're right, it is a significant issue, and
4 it's especially significant in some of the bigger cities
5 that have such a -- you know, it's overwhelming in some
6 cases.

7 REPRESENTATIVE FIEDLER: I think that would be
8 great, and I'm really glad to see the Governor's capital
9 program, the proposal to remediate schools, but would love
10 to have a conversation with you, as I know a number of my
11 colleagues would, about how we can increase funding to
12 remove lead from homes and also make sure those dollars get
13 to people who need them most.

14 Thank you very much.

15 SECRETARY DAVIN: Sure.

16 MAJORITY VICE CHAIR TOPPER: The Chair thanks
17 the lady and recognizes the gentleman from Cumberland,
18 Mr. Rothman.

19 REPRESENTATIVE ROTHMAN: Thank you,
20 Mr. Vice Chairman.

21 Mr. Secretary, thank you for being here. This
22 has really, truly been enlightening.

23 I am holding version 1. This was the original
24 list of life-sustaining businesses put out by the
25 Governor's Office, along with his first order. I mean,

1 there were some remarkable things on this list, and up
2 until today, I didn't know that your agency was involved
3 and your Department was involved in this.

4 So your Department, you were involved in coming
5 up with a list that included hotels being closed? Lodging
6 facilities?

7 SECRETARY DAVIN: We were involved, we were
8 involved in it from the beginning; yes.

9 REPRESENTATIVE ROTHMAN: What would cause you to
10 think that hotels and housing -- you mentioned you worked
11 in housing -- was not a life-sustaining industry?

12 SECRETARY DAVIN: You know, Representative, back
13 at that time, the Department of Health was trying to keep
14 people safe.

15 REPRESENTATIVE ROTHMAN: People were in hotels,
16 Mr. Secretary.

17 SECRETARY DAVIN: They were trying to keep
18 people---

19 REPRESENTATIVE ROTHMAN: They were kicked out of
20 hotels.

21 SECRETARY DAVIN: They were trying to keep people
22 from dying, Mr. Representative.

23 REPRESENTATIVE ROTHMAN: Trucks, truck drivers
24 driving critical PPE and supplies and food to our grocery
25 stores had bathrooms closed. That made sense to you?

1 SECRETARY DAVIN: No, it didn't make sense. And
2 as we---

3 REPRESENTATIVE ROTHMAN: You know, I had thought
4 at this point---

5 SECRETARY DAVIN: And as we said before,
6 Representative, we amended that a number of different times
7 based upon these issues that came up. Again, we had to do
8 something quickly to stop people from congregating,
9 stopping people from being together, and this was what we
10 came up with.

11 REPRESENTATIVE ROTHMAN: You mentioned, you
12 mentioned---

13 SECRETARY DAVIN: And we continued to amend it
14 based upon good information that we were getting back from
15 a variety of different sources.

16 REPRESENTATIVE ROTHMAN: You mentioned that the
17 Cybersecurity and Infrastructure Security Agency, that they
18 didn't have a list. It's actually not true, Mr. Secretary.
19 That agency was created in 2002, in the Homeland Security
20 Act of 2002, and the purpose of the list was that these
21 were infrastructure systems that had to stay in place in an
22 emergency. They should continue normal operations. It
23 wasn't giving them permission.

24 I got to tell you, as someone who has spent
25 30 years trying to attract people and businesses to the

1 State of Pennsylvania, to hear you say that your Department
2 "allowed" businesses to stay in business is offensive. We
3 live in a free State and a free country. This isn't Cuba
4 where the government allows businesses to stay open. You
5 didn't do businesses any favor.

6 And the Auditor General put out an update to his
7 audit. You know what's in the audit. You provided the
8 information to the Auditor General. He says it led to
9 significant confusion among business owners. If you don't
10 know that, you're not talking to the right people.

11 We heard from automobile dealerships. We heard
12 from housing specialists. We heard from lodging
13 professionals. We heard from -- we're still hearing. You
14 didn't talk to the realtors. You didn't talk to the
15 dentists. You didn't talk to the Lodging Association and
16 the restauranteurs.

17 SECRETARY DAVIN: I got to stop you right there,
18 Representative. We did. I did. Our Department did. The
19 folks in the Administration did.

20 REPRESENTATIVE ROTHMAN: Then you ignored them.

21 SECRETARY DAVIN: No, we didn't ignore them.
22 That's why we made these amendments as we went along.

23 Again, you know, nobody knew how this was going
24 to go. Nobody knew what was happening at that point in
25 time. We did what we could to try to get as many

1 businesses and give them clarity.

2 And to be honest with you, I don't recall saying
3 that CISA didn't have a list. What I said was that it was
4 guidance.

5 REPRESENTATIVE ROTHMAN: Mr. Secretary---

6 SECRETARY DAVIN: And it says on there, it says
7 on there, this is guidance and the States should do what
8 they feel is right for their State, and that's what we
9 did.

10 REPRESENTATIVE ROTHMAN: It actually, it actually
11 specifically says, this list is advisory. I understand
12 that.

13 SECRETARY DAVIN: Yes.

14 REPRESENTATIVE ROTHMAN: But it was out before
15 your list came out. In fact, there was a letter sent out
16 by CISA on March 16th, and your list came out on March 17th.
17 So there was a list available.

18 But my point is that you---

19 SECRETARY DAVIN: By 1 day. We got the list, and
20 then we amended our list based upon that. I mean, if you
21 are going to talk about technicalities, you are talking
22 about 1 day, Representative.

23 REPRESENTATIVE ROTHMAN: Well, no. I mean, I was
24 here. I was here as well, and it wasn't until a bill was
25 introduced in this body that construction was open. It

1 wasn't until a bill was introduced in this body that
2 automobile sales were open.

3 You allowed one automobile dealership that sold
4 Buicks to be open, but another one, actually dozens of
5 other ones, to be closed. You allowed a real estate office
6 to be open in Dauphin County but the rest of them to be
7 closed. Your waiver process was arbitrary and capricious.

8 SECRETARY DAVIN: No, it wasn't.

9 REPRESENTATIVE ROTHMAN: And according to the
10 Auditor General, a former Member of this body, it created
11 significant confusion among business owners.

12 You're owning that today. I just want you to
13 know how frustrated the businesses in this State are. And
14 the fact that you're in charge of attracting businesses to
15 the State, but believing that you have the ability to allow
16 a business to operate, under what, under what form of
17 government? This is a free country.

18 Thank you, Mr. Chairman.

19 MAJORITY VICE CHAIR TOPPER: The Chair thanks the
20 gentleman and recognizes the gentleman from Allegheny
21 County, Mr. Gainey.

22 REPRESENTATIVE GAINEY: Thank you, Mr. Chairman.

23 How are you doing, Secretary?

24 SECRETARY DAVIN: I'm doing real well. Thank
25 you, Representative.

1 REPRESENTATIVE GAINEY: Good; good. Thank you
2 for all the tremendous work that you do. Thank you for
3 everything that you have done in your career. I appreciate
4 it. Thank you.

5 Mr. Secretary, I'm here today to ask, I want to
6 talk about and piggyback on what my colleague said. We
7 work with a lot of the community development, I mean
8 community development finance agencies in order to render
9 out a whole lot of financing to small businesses. But
10 there is a portion of the small businesses, particularly in
11 communities that I support, such as Homewood, Wilkinsburg,
12 and surrounding neighborhoods in the city of Pittsburgh,
13 that they are a small business, but they are more
14 mom-and-pa small businesses that really sometimes when
15 certain guidelines come out, one, they don't have the
16 technical aspects to be able to fill it out. Secondly, by
17 the time they really understand what's going on, the money
18 is gone.

19 And as we work with these CDFIs, I was wondering
20 if there was anything that we could do to put together to
21 really help these smaller small businesses that employ
22 people in the community, have really been working under,
23 you know, under the margins for so long, that really
24 they've been the backbone of certain communities like
25 Homewood and Wilkinsburg. And I was wondering if there was

1 any way that we could, when we're working with these CDFIs,
2 if we could also utilize them as a way of also providing
3 that assistance to the smallest small businesses to ensure
4 that they also qualify and get the help that they need?

5 SECRETARY DAVIN: Yeah, Representative, I think
6 so. I mean, the one thing I think that we recognize, and
7 again, I don't want to speak for Deputy Secretary Weaver or
8 Deputy Secretary Kilko, but I will. You know, the one
9 thing we recognized was the fact that these CDFIs did a
10 great job, you know, and you need to look at the amount of
11 money and how quickly it was out there.

12 You know, we always talk about the fact that, and
13 I think, you know, from Members of the Legislature, you
14 know, we don't want to sit on money here in Harrisburg. We
15 want the money to go out there. It needs to go out in the
16 most efficient way. And I think, you know, utilizing the
17 CDFIs for some of that, they did an incredible job, and we
18 tell them that all the time. We probably talk to them on a
19 weekly basis just about a number of different issues that
20 we are facing.

21 But the other thing is, you know, I want to
22 mention the fact that, you know, through these CDFIs, the
23 money just didn't go, again, to Pittsburgh and
24 Philadelphia, which I heard that a lot from, you know,
25 Members of the Legislature and others that it was just

1 going to go to the big cities. It didn't. You know, we
2 had, I think it was like maybe 29 percent or something like
3 that went into rural communities, and that was really what
4 we were trying to do, to get that in every single, and it
5 went to every single county, but to make sure that the
6 money went to a variety of different, a number of different
7 areas.

8 So we're happy with what they did. We're happy
9 with what the CDFIs provided to us. And, you know, we'll
10 continue to work with them, you know, for additional CARES
11 Act funding.

12 REPRESENTATIVE GAINEY: Yeah, I thought they did
13 a great job as well. It was just the smaller businesses,
14 like the ma-and-pa shops---

15 SECRETARY DAVIN: Yeah.

16 REPRESENTATIVE GAINEY: ---like Jean's Catering
17 in Wilkinsburg, as well as, you know, and I'm showcasing
18 Homewood---

19 SECRETARY DAVIN: Yeah.

20 REPRESENTATIVE GAINEY: ---that at the end of the
21 day, there was just a gap there, that if we could have
22 filled that gap, if we could have been in a closer
23 relationship or a program that existed that they really
24 could have got into, I believe it would have also helped
25 them to facilitate their businesses as well.

1 So that's why I was wondering if there's a way,
2 since we have the relationship with these CDFIs now, if
3 that is something going down the line we can be able to
4 do.

5 SECRETARY DAVIN: Yeah. We will bring that up
6 with them, Representative, and we'll talk to the CDFIs
7 about that, you know, so they can drill down even more into
8 some of the, you know, even worse off small businesses,
9 small small businesses. We'll work with them on that. But
10 thank you for bringing that up.

11 REPRESENTATIVE GAINEY: Okay. I appreciate it.
12 Thank you.

13 MAJORITY VICE CHAIR TOPPER: The Chair thanks
14 the gentleman and recognizes the lady from Washington,
15 Ms. Mihalek.

16 REPRESENTATIVE MIHALEK: Thank you, Mr. Chairman.

17 I have some questions regarding the business
18 waiver process, especially in those early days of the
19 pandemic. I did want to mention something, and I'm going
20 to steal right from the mission statement of the DCED, and
21 that is to "encourage the shared prosperity of all
22 Pennsylvanians." In playing such an important role in the
23 economic development in our Commonwealth, losing sight of
24 that mission, especially in a pandemic, I don't think is an
25 option. Many health experts, as you know, say the next

1 pandemic is not a matter of "if" but "when."

2 So something struck me in your testimony earlier,
3 and that was that you gave clarity to 22,000 businesses.

4 And I was so struck by this statement, I wrote it down.

5 What exactly do you mean by "clarity" to 22,000 businesses?

6 Because I got to tell you, especially in those early days
7 of the pandemic, going back to, you know, late March when
8 the business waiver was first put into place, April, May,
9 even into June with all the various changes, we weren't
10 feeling clarity on the ground. So could you tell me what
11 you meant by that statement?

12 SECRETARY DAVIN: Yes, I can tell you what I
13 meant.

14 The number was about 22,000 businesses that we
15 provided clarity to. And again, what we did, a number of
16 those businesses were asking, providing exactly what they
17 did as a business to be considered a life-sustaining
18 business. A number of them were actually businesses that
19 were already life-sustaining businesses. They were already
20 on the listing of the life-sustaining businesses, but they
21 wanted us to provide clarity to them to make sure that they
22 could feel comfortable continuing to be open and that they
23 weren't doing---

24 REPRESENTATIVE MIHALEK: And maybe a better
25 question then is, what do you mean -- and this is a very

1 simple question. And I think even, you know, just in these
2 11 months I still don't know the answer to, what do you
3 mean by "life-sustaining business"?

4 SECRETARY DAVIN: What do we mean by
5 life-sustaining businesses?

6 REPRESENTATIVE MIHALEK: Just a simple
7 definition. What is a life-sustaining business to you?

8 SECRETARY DAVIN: Yeah. Life-sustaining
9 businesses are businesses that help to sustain life. So
10 when you're talking about food, water, you're talking about
11 health care and things like that.

12 REPRESENTATIVE MIHALEK: Okay.

13 SECRETARY DAVIN: Businesses that have to work to
14 sustain life.

15 REPRESENTATIVE MIHALEK: How then, how does that
16 definition then change over time? Because as you know, the
17 waiver process, the various spreadsheets that were released
18 over and over again, they all said, you know, we have
19 updated the definition and we have updated, you know, the
20 parameters with which life-sustaining businesses, you know,
21 fall under. How does that, you know, very simplistic
22 definition change over time?

23 SECRETARY DAVIN: It is based upon information
24 that we get, again, from folks in the Legislature, from
25 folks from the chambers of commerce, from businesses, to

1 tell us, here's what we do; we want to be clear about what
2 we do that we should be considered a life-sustaining
3 business.

4 So again, you know, I mean, there are a lot of
5 Monday-morning quarterbacks right now. We put this
6 together. We opened it for 2 weeks. We wanted to get
7 clarity as quickly as we could to these businesses to let
8 them know that they could remain open in the case of the
9 22,000.

10 REPRESENTATIVE MIHALEK: So you said you were
11 engaged with the Legislature and specifically Members of
12 the General Assembly to provide that clarity and to come up
13 with this definition of "life-sustaining businesses" and
14 which businesses should be included in those openings.

15 So I want to know, what did you mean by that
16 engagement with the Legislature? Were there specific
17 Members you were going to? Because I know that I spoke to
18 dozens and dozens of Members in the General Assembly, and
19 nobody was able to provide input to either DCED or the
20 Administration with regard to the business waivers. And
21 this was something that, you know, we were dealing with,
22 you know, 10, 12, 14 hours a day, every single day,
23 throughout the spring and into the summer. So we
24 definitely had a lot of input to give and we had nowhere to
25 give it to. So who exactly were you engaged with?

1 SECRETARY DAVIN: Yeah. And, Representative, I
2 would be happy to get the list of the people that you're
3 talking about that said that they couldn't connect with us,
4 Members of the Legislature, because we connected with a
5 number of people at the Legislature. We worked probably
6 14-, 15-, 16-hour days, especially at that time, and it was
7 our whole staff that was involved in this.

8 REPRESENTATIVE MIHALEK: So---

9 SECRETARY DAVIN: We were all hearing from
10 Members of the Legislature.

11 I'll tell you one thing, though. That stopped
12 when, I think it was the Senate subpoenaed our records and
13 our phone records and things like that. So then all of a
14 sudden we stopped getting calls. So maybe that's what you
15 are referring to when Members of the Legislature didn't
16 want to talk to us.

17 But certainly, you know, we have a great
18 relationship with the Legislature. You can talk to a lot
19 of your colleagues about that. They have access to us.
20 They have---

21 REPRESENTATIVE MIHALEK: So you were speaking
22 with specific Members, and it wasn't just a reaction, a
23 knee-jerk reaction, perhaps, to pieces of legislation that
24 were on the Floor? Just a yes or no, because I'm short on
25 time here and there was something else I wanted to get to.

1 SECRETARY DAVIN: It was a variety of different
2 things.

3 REPRESENTATIVE MIHALEK: Okay.

4 SECRETARY DAVIN: I mean, a variety of different
5 things.

6 REPRESENTATIVE MIHALEK: And I would just want
7 to quickly mention the Auditor General's report,
8 specifically---

9 MAJORITY VICE CHAIR TOPPER: Representative,
10 we're going to have to come back. We might -- we have had
11 several Members request a second round, so if we're able to
12 get through this, we will go ahead and do that.

13 But right now, the Chair thanks the lady, and
14 we'll recognize the gentleman from Philadelphia, Mr. Brown.

15 REPRESENTATIVE A. BROWN: Thank you,
16 Mr. Chairman.

17 Good afternoon, Mr. Secretary.

18 SECRETARY DAVIN: Good afternoon.

19 REPRESENTATIVE A. BROWN: Governor Wolf's
20 Administration is proposing to move WEDnetPA to its own
21 appropriation. Can you explain how this change will
22 benefit PA workers?

23 SECRETARY DAVIN: Sure. I think, and that was
24 something we thought long and hard about with respect to
25 WEDnet.

1 WEDnet, you may or may not know, was part of our
2 Pennsylvania First line item. It actually may have been
3 included in the last Administration, I think, or whatever.
4 But I think typically we have about, we have had about
5 \$20 million in the PA First line item. Six to eight
6 million dollars, roughly, will go to WEDnet, and then the
7 remainder would go to Pennsylvania First to businesses in
8 the Commonwealth.

9 But one of the things that has been painfully
10 clear over the course, and even before the pandemic,
11 painfully clear is the fact that, you know, Pennsylvania,
12 one of the things that we wanted to do, the Governor really
13 pushed for this, but we wanted to do was make sure that we
14 were properly training our next generation of workers and
15 this generation of workers so they could, you know, do
16 upscaling as much as they could, helping our businesses
17 with job-training funding. So we wanted to put a spotlight
18 on that by pulling it out of that and having a specific
19 line item for WEDnet. It's as simple as that, you know.

20 REPRESENTATIVE A. BROWN: Okay.

21 SECRETARY DAVIN: So, you know, again, when we're
22 going to the Legislature, you will take a look at that, you
23 know, and determine what, you know, you would like to do
24 with the various line items that we have. But we felt that
25 it was that important to really put a spotlight on that as

1 a specific allocation within our budget as we're going
2 forward.

3 REPRESENTATIVE A. BROWN: Okay. Thank you.

4 What percentage of the PA workforce is in need of
5 additional job training?

6 SECRETARY DAVIN: That's a good question. I
7 don't have a percentage for you, Representative, but what I
8 can tell you, based upon all the conversations we have with
9 various industries, that we're doing it on a weekly basis,
10 that there are a lot that are requesting job-training funds
11 and additional opportunities to have individuals trained.

12 REPRESENTATIVE A. BROWN: Okay.

13 SECRETARY DAVIN: We have a Manufacturing
14 Training-to-Career Grant under our Manufacturing PA that
15 specifically will help train individuals for specific jobs
16 that different manufacturers might have, and that has been
17 critical. And again, thanks to the Legislature, that was
18 something we proposed a few years ago, and it has been
19 hugely successful.

20 But, you know, as we see, putting some of these
21 funds out for some of these manufacturers, there is more
22 funding that is really needed all the time. So we thought
23 that this would be a good idea to put WEDnet out to have a
24 clear distinction that these funds are specifically for
25 job training and then determine how much we need within

1 that particular line item on a yearly basis.

2 REPRESENTATIVE A. BROWN: All right. Thanks.

3 And how much of an impact will \$8 million
4 actually make, and what is the average price of a
5 job-training program per employee?

6 SECRETARY DAVIN: So the average price, you know,
7 I don't have the average in front of me. It's probably
8 around \$400 or \$500 per employee.

9 REPRESENTATIVE A. BROWN: Mm-hmm.

10 SECRETARY DAVIN: But we trained, in 2019-20,
11 24,359 workers through WEDnet, and that was about through
12 1,061 different contracts. So as you can see, that's a lot
13 of Pennsylvanians that get access to good training programs
14 through WEDnet. And a lot of this training that's being
15 done, it's through our, you know, through our great
16 universities all throughout the Commonwealth. So in every
17 area of the Commonwealth, this is being utilized.

18 And it's a great program. You know, we think
19 certainly we'll probably be back to the Legislature to ask
20 for additional funding for that particular program to help
21 train Pennsylvania residents.

22 REPRESENTATIVE A. BROWN: All right. And the
23 last question.

24 How many employer/businesses took advantage of
25 the WEDnet program in 2020, and do you anticipate those

1 numbers are low, if they are low, due to COVID
2 restrictions?

3 SECRETARY DAVIN: Yeah. Um, that's a good
4 question. They're probably a little bit low, yeah. Yeah,
5 I would say, because I think we had last, the fiscal year,
6 we had about \$6 ½ million of the \$8 million that were
7 allocated specifically to WEDnet. The additional money
8 would have gone to PA First, and that was about
9 1,061 different contracts that we had through WEDnet, and
10 we think that there will likely be more this year to
11 utilize that particular funding.

12 So about 1,061 different applications that we
13 approved, and again, about \$6.5 million. So we look
14 forward to, you know, allocating all \$8 million this year,
15 again, you know, as we come out of the pandemic.

16 REPRESENTATIVE A. BROWN: Thank you,
17 Mr. Secretary.

18 Thank you, Mr. Chair.

19 MAJORITY VICE CHAIR TOPPER: The Chair thanks
20 the gentleman and recognizes the gentleman from Wayne,
21 Mr. Fritz.

22 REPRESENTATIVE FRITZ: Well, thank you,
23 Mr. Interim Chair Jesse Topper.

24 And good afternoon.

25 SECRETARY DAVIN: Good afternoon.

1 REPRESENTATIVE FRITZ: Mr. Secretary, this
2 proposed budget shows a sizable uptick in the appropriation
3 to help safeguard Pennsylvania during the BRAC process.
4 BRAC stands for Base Realignment and Closure. Now, these
5 dollars, I'll express, are a good investment, a good
6 insurance policy, if you will. Because trust me, I know
7 the important role that these installations have, not only
8 to our military communities but really to the national
9 security as a whole.

10 Now, Mr. Secretary, just south of my legislative
11 district is the Tobyhanna Army Depot, a very, very
12 significant employer and a depot that has proven agile and
13 adaptive as our military needs have evolved over the years.
14 Mr. Secretary, please speak to what you are gathering or
15 sensing at the Federal level, and do you feel that the
16 possibility of military installation closures is on the
17 table? Because my takeaway is, this money is in the
18 budget, so perhaps you know something that we don't know.
19 Please share with us.

20 SECRETARY DAVIN: Sure, Representative.

21 And first of all, I had the pleasure of touring
22 Tobyhanna about a year and a half, maybe even 2 years ago
23 right now. It's an incredible installation, like some of
24 the other ones that I have toured and all the installations
25 in Pennsylvania.

1 We don't know. Again, as you know, they do such
2 an incredible job. They mean a lot to the economy. We
3 have about 200,000 jobs in these military installations,
4 and they provide a lot of support to Pennsylvania, and
5 again, the jobs to Pennsylvanians can't, you know, can't be
6 minimized.

7 We don't know. And as you know, through the BRAC
8 process, they keep everything very, very close to the vest,
9 and we want to be able to provide the support that these
10 military installations need to be able to make the case for
11 why they are so important. We know why they are so
12 important. You know why Tobyhanna is so important. You
13 know, other Representatives know why the military
14 installations in their districts are so important.

15 You know, the spending in 2019 for these military
16 installations was \$37.2 billion. I have that number here,
17 because, you know, we're trying to highlight things that
18 are really big and important to Pennsylvania. You're
19 absolutely right how important it is to where you are right
20 there.

21 We don't know what's going to happen, but we want
22 to be prepared, and we think that now is a good time to
23 actually increase the amount of money to these military
24 installations to help with, you know, with the potential
25 for BRAC, for the BRAC process.

1 And, you know, again, you never know when it's
2 going to happen -- BRAC. I'm sorry; Base Realignment and
3 Closure. You never know when it's going to happen. You
4 never know how it's going to happen. And the military,
5 again, it keeps everything very, very close to the vest.
6 But we want to be prepared. We want these military
7 installations to be prepared because of how much they mean
8 to the districts within which they are, you know, they are
9 located.

10 REPRESENTATIVE FRITZ: Mr. Secretary, are there
11 game-plan specifics that we can consider, such as guidance,
12 outreach, publications, along those lines, and how can we
13 assist you in this endeavor?

14 SECRETARY DAVIN: Um, you can appropriate that
15 amount, first of all, that we are asking for.

16 Secondly, we don't have guidance, and that is the
17 one thing -- and to be honest with you, before I was in
18 this position, I didn't know that. The military keeps
19 their BRAC process very, very close to the vest, and, you
20 know, from my understanding anyway, you don't know that
21 you're on a potential closure list until you're on that
22 closure list and they're going to close it.

23 And I think the idea with this line item -- I'm
24 not even sure when this line item was first enacted, but
25 it's so important to Pennsylvania.

1 If you think about the amount of money that we're
2 allocating, that we're asking to allocate right now, it's
3 about a million dollars for, you know, all those jobs,
4 about, you know, 200,000 jobs, and that much of an
5 investment in Pennsylvania, it's incredible. It's not a
6 lot of money to do this. So we want to provide them with
7 all, you know, the funding for reports, any other
8 information, any other support we can provide.

9 But again, as you know, Representative, they keep
10 everything very, very close to the vest.

11 REPRESENTATIVE FRITZ: Okay. That's the---

12 SECRETARY DAVIN: The military does.

13 REPRESENTATIVE FRITZ: Thank you, Mr. Secretary.
14 That's the extent of my questions.

15 And thank you, Mr. Chairman.

16 MAJORITY VICE CHAIR TOPPER: The Chair thanks
17 the gentleman and recognizes the gentleman from Fayette,
18 Mr. Warner.

19 REPRESENTATIVE WARNER: Thank you, Mr. Chairman.

20 Thank you, Mr. Secretary.

21 SECRETARY DAVIN: Sure.

22 REPRESENTATIVE WARNER: So I want to bring the
23 business waiver process back up again. And I know that
24 back in my district in the area, one of the more
25 frustrating parts of the waiver process list was that some

1 businesses were granted the waiver and then an identical
2 business was denied the waiver. So, Mr. Secretary, would
3 you be able to elaborate on why some businesses were
4 granted a waiver while other businesses that do the same
5 exact thing were denied?

6 SECRETARY DAVIN: Yeah. And I think it was
7 really based upon what the businesses provided, the
8 information that the businesses provided to us in terms of
9 what they were doing and what the services that they were
10 providing, you know, the work that they were doing. And
11 that was really the basic of it, you know. So I think
12 that, you know, from our standpoint, we looked at a number
13 of different things in reviewing all of these waivers as
14 they were flying into our shop and our folks that were
15 looking at these.

16 Again, the other thing is, the folks that were
17 reviewing these were people that work in, you know, again,
18 our Governor's Action Team that work with businesses every
19 day, people that are in our business development shop that
20 work with businesses every single day. So they worked with
21 the information that they were provided as quickly as they
22 could.

23 REPRESENTATIVE WARNER: Thank you.

24 And I understand that. I know that it was no
25 easy task, but I think there was frustration, even with

1 information provided. I mean, a car dealership is a car
2 dealership, regardless of what type of information they
3 provide. You can sell cars or you don't.

4 But I want to get to another question. On
5 May 8th, after much pressure from the media and the General
6 Assembly and a subpoena, DCED released a list of businesses
7 that were granted a waiver from the essential/nonessential
8 list. My question to you, Mr. Secretary, is, why we fight
9 and the delay to release this information publicly, and why
10 did the Governor reject the subpoena from the Senate
11 Affairs and Emergency Preparedness Committee for this
12 information?

13 SECRETARY DAVIN: I'm not sure about the last
14 thing, but I think one of the things we wanted to do was
15 make sure we had all the information correct.

16 You know, there was a lot of information that we
17 were receiving on a daily basis, on an hourly basis. You
18 know, I think we had 42,000 or so waivers that were coming
19 in to us within a 2-week period. So we wanted to make sure
20 that the information was correct that we were releasing,
21 and we were making sure that these businesses had every
22 opportunity, you know, again, to know or for them to
23 understand what was happening with respect to them.

24 You know, we were---

25 REPRESENTATIVE WARNER: Mr. Secretary, with all

1 due respect, I mean, if you're the committee granting these
2 waivers, surely you have at least a spreadsheet or some
3 type of information that says this business applied for it
4 and was rejected and this one applied for it and was
5 granted. I just, I would believe that that would be
6 readily available information. Would you agree?

7 SECRETARY DAVIN: Sure. And I think after the
8 fact, we were able to do that. As we were reviewing 44,000
9 within, you know, a 2-week or actually less than a 2-week
10 period, I mean, we had to rely on the information that was
11 coming to us, you know?

12 REPRESENTATIVE WARNER: Okay.

13 SECRETARY DAVIN: And it's similar to
14 self-certification and other things.

15 You know, again, we can't go out and visit every
16 single business that was requesting a waiver. We just
17 simply didn't have the manpower. And at that point in
18 time, again, people were dying, you know, and we had to do
19 what we felt was best to make sure that we were giving
20 businesses as much of an opportunity to make the case. But
21 we didn't have the luxury of going out and visiting every
22 business and doing things like that. So, you know, that's
23 what we have.

24 REPRESENTATIVE WARNER: Thank you.

25 The follow-up on that, on May 7th at 9:30 at

1 night, the night prior to the business waiver list finally
2 being released by DCED, dozens of businesses across this
3 Commonwealth were contacted by DCED, at 9:30 at night, the
4 night before the business waiver list is released, and they
5 had their waiver revoked. Could you explain the timing of
6 that?

7 I mean, you have to admit, that seems a little
8 suspicious that the Department fought to release the
9 information and then, at 9:30 at night, before the
10 information is released, revoked waivers on that list.

11 SECRETARY DAVIN: Yeah. I can't tell you. I
12 don't recall that. But we can certainly get you that
13 information and get you an answer for that.

14 REPRESENTATIVE WARNER: I appreciate that,
15 Mr. Secretary.

16 I do have a little bit more time here, so I'm
17 going to shift gears and I'm going to move to the severance
18 tax.

19 You mentioned the severance tax being a Fair Tax.
20 Now, I look at the natural gas industry, and I do know that
21 they are charged an impact tax on top of all the other
22 business taxes that businesses in Pennsylvania pay for, so
23 we call it a Fair Tax. But, Mr. Secretary, I'd have to ask
24 on that, is it fair for them to pay an additional tax, and
25 I ask this in the light of the other States around us that

1 do severance taxes, right?

2 So when they do a severance tax, they do it on
3 most commodity industries. For example, Ohio does natural
4 gas, oil, salt, coal. West Virginia does coal, oil,
5 limestone, sandstone, and timber. My question is, why
6 natural gas? Why are they the ones chosen for this
7 severance tax?

8 SECRETARY DAVIN: Well, I think, Representative,
9 you know, you had said it right there. I mean, you know,
10 we're looking at this and I think the State is looking at
11 this comparable to other States that charge even much
12 higher severance taxes than what is being proposed right
13 now, you know.

14 Again, and you look at Pennsylvania as being the
15 second largest producer of natural gas, and at some point
16 in time, maybe even soon, based upon what's happening in
17 Texas right now, we might be number one doing this. And a
18 severance tax, in addition to what is being received right
19 now in the impact fee, so that combined -- the impact fee
20 is not going to go away. That money is still going to go
21 to the places that it's going to right now. But the
22 severance tax, even with what is being proposed, is lower
23 than just about every other State, I think, except for
24 Louisiana. You know, much, much lower than Texas.

25 You know, and again, so Texas doesn't have

1 whatever, a corporate net income tax or whatever, but they
2 have all these other taxes, and then they have all these
3 other sales taxes and things like that, because they got to
4 pay for services one way or another. But this is something
5 where we think it makes much more sense to bring the level
6 up to -- actually, be below all the other States that have
7 this, again, except for Louisiana, but to bring it up to
8 something that makes much more sense for Pennsylvania and
9 to be utilized for things in Pennsylvania that are
10 necessary.

11 REPRESENTATIVE WARNER: Yeah. I would love to,
12 if we have time, I would like to follow up on that. But my
13 time allotment is out, and I want to thank you very much
14 for your answers, Mr. Secretary.

15 SECRETARY DAVIN: Thank you.

16 MAJORITY VICE CHAIR TOPPER: The Chair thanks
17 the gentleman and recognizes the gentleman from Venango,
18 Mr. James.

19 REPRESENTATIVE JAMES: Thank you, Mr. Chairman.
20 Secretary, good afternoon.

21 SECRETARY DAVIN: Good afternoon.

22 REPRESENTATIVE JAMES: I would like to start with
23 a one-sentence quote. It's actually from your mission
24 statement, and it says the Department acts as an advisor
25 and an advocate, "providing strategic technical assistance,

1 training, and financial resources to help our communities
2 and industries flourish." That's an excellent line.

3 SECRETARY DAVIN: Thank you.

4 REPRESENTATIVE JAMES: And I think all the
5 Departments in Pennsylvania have an interrelationship, and
6 I think there is especially an important one between the
7 Department of Commerce, your own, and the Department of
8 Education, so I want to deal with that for just a moment.

9 Since DCED's role is to help counties flourish,
10 did you direct a study on the impact of school closures on
11 the Commonwealth?

12 SECRETARY DAVIN: Um, I'm going to look at Neil
13 or Carol. I don't believe so.

14 REPRESENTATIVE JAMES: Would either of your
15 deputies like to weigh in on that?

16 SECRETARY DAVIN: No. They just mentioned that
17 they hadn't.

18 DEPUTY SECRETARY KILKO: No, nothing that I'm
19 aware of, Secretary and Representative, that we had done
20 that.

21 REPRESENTATIVE JAMES: Okay. If not, apparently
22 not, did you consult with the Department of Education
23 before these closures?

24 SECRETARY DAVIN: No; no. I can't recall having
25 discussions with the Secretary of Education regarding any

1 closures.

2 REPRESENTATIVE JAMES: Okay. I'm sorry to hear
3 that. You didn't get the benefit of their education.

4 So time and again we hear from health experts
5 like Dr. Fauci that youngsters are not nearly as
6 susceptible, and this is according to their science. Well,
7 not their science, to science. Everyone in this building
8 here and on this Floor probably knows family or friends,
9 maybe your own children or grandchildren, who lost much of
10 a year of education.

11 Now, single parents have lost a lot more than
12 that, and I will use as an example a single mom in my area,
13 western Pennsylvania, who actually lost three jobs during
14 the course of this pandemic. She has a school-age child,
15 so even if a job was offered to her this afternoon, she
16 would have to stay home because the school district isn't
17 providing the same level of service that it did
18 historically. I think they are on 2, possibly 3 days a
19 week.

20 So you can kind of get the idea of what the
21 problem is for single parents as well as households with a
22 mom and a dad. Do you or does your Department have
23 anything teed up at this point, any programs teed up to get
24 kids back in school and enable their parents to get back to
25 work?

1 SECRETARY DAVIN: I mean, I'm going to leave
2 getting the kids back to school. That is really a
3 Department of Education---

4 REPRESENTATIVE JAMES: Oh, believe me, we'll ask
5 them, too.

6 SECRETARY DAVIN: Yep. Yeah. Thank you.

7 REPRESENTATIVE JAMES: Go ahead.

8 SECRETARY DAVIN: But in terms of getting people
9 employed, absolutely. And I think, you know, we have a
10 number of different areas around the State that can help
11 them. Certainly the Department of Labor and Industry has,
12 you know, help for people to become employed.

13 A lot of folks we know, and I think everybody
14 knows now, you know, based upon what we have all gone
15 through around the world in the past year, there are a lot
16 of people that are working from home. There are a lot of
17 opportunities to work from home, and there are things that
18 are happening there. There's a great need for people. So,
19 you know, I think that's really what we would promote, I
20 mean to look at things like that.

21 But, you know, again, this is unprecedented. It
22 is very, very difficult. And especially, I have, you know,
23 kids, nieces and nephews that have kids that, you know,
24 they're going through such a difficult time right now,
25 especially as the kids are not going to school.

1 But, you know, I leave that. That's really the
2 Department of Education, you know, and hopefully we'll get
3 better off here and kids will be able to go back to school
4 very soon.

5 REPRESENTATIVE JAMES: Well, that is all my
6 questions---

7 SECRETARY DAVIN: Full time.

8 REPRESENTATIVE JAMES: ---so I guess I would make
9 a closing comment, very briefly, that the longer that we
10 continue to do these interviews with the Department heads,
11 the more it is becoming apparent that you all didn't talk
12 to each other to kind of get the benefit of the knowledge
13 that one Department has, which could be helpful to another.

14 Thank you, Mr. Chairman.

15 MAJORITY VICE CHAIR TOPPER: The Chair thanks the
16 gentleman and recognizes the lady from Monroe, Ms. Brown.

17 REPRESENTATIVE R. BROWN: Thank you,
18 Mr. Vice Chairman, and thank you, Mr. Secretary. Good
19 afternoon.

20 SECRETARY DAVIN: Good afternoon.

21 REPRESENTATIVE R. BROWN: Tourism is a critical
22 part of Pennsylvania, as you know, and we are blessed with
23 a beautiful State. The Poconos is part of the district
24 that I represent and obviously a very key area for
25 Pennsylvania with tourism.

1 Tourism also, as you know, affects many sectors.
2 Obviously within tourism we have our recreational piece and
3 our entertainment. We have our hotels. We have resorts.
4 But then we also have the other sectors when we talk about
5 the ancillary pieces that are affected by tourism, and that
6 includes, you know, retail and transportation and
7 agriculture and more.

8 It has obviously been very difficult on tourism
9 this past year, as well as many other businesses, due to
10 the forced closures and the COVID restrictions. And as we
11 have had in the past as well, State budgeting is more
12 difficult and even more unpredictable than ever.

13 And so over the years, you know, tourism dollars
14 and the marketing for tourism dollars has been very
15 limited. We are now filling the gap with our destination
16 marketing organizations, our local visitor bureaus, for the
17 marketing. And actually, in this year's budget, the
18 Governor proposed a 77-percent reduction in the marketing
19 for tourism, which is about a \$4 million reduction. So we
20 are obviously at a point where we really need to reevaluate
21 how we market and how we promote Pennsylvania to make us
22 more nationally and internationally attractive and also to
23 continue to build in many other ways.

24 Where do you currently stand on the creation of
25 a PPP, a public-private partnership, to strengthen our

1 PA tourism industry underneath our current situation?

2 SECRETARY DAVIN: Right. And I just want to say,
3 Representative, with respect to the reduction that you have
4 said in our marketing to attract tourists line item, you
5 know, we are proposing the same amount that we received
6 last year, and the additional amount was essentially
7 legislative initiatives that were utilized by Members of
8 the Legislature. So, you know, again, we're asking for the
9 same amount. We're not asking for less than what we were
10 provided last year.

11 With respect to that, you know, I mean, the
12 tourism promotion fee, you know, is helping to raise some
13 funding for that. I think these tourism agencies do a
14 great job. They are needed now more than ever as we are
15 coming out of the pandemic. They have really, you know,
16 had a tough time of this, like the restaurant -- the
17 lodging and restaurant industry has just, you know, been
18 devastated, again, by the virus. So we want to be able to
19 help any way we can to be able to get them moving, you
20 know, and help them with the tourism promotion fee and work
21 with the Legislature on ways that we can do that.

22 We have a Deputy Secretary of Tourism --
23 Marketing, Tourism, and Film -- Carrie Lepore, that does a
24 great job and works very close with all the marketing and
25 tourism agencies to try to do what we can to help them.

1 You know, we are not at the level where we can,
2 you know, put funding into tourism promotion, you know,
3 like some of the other States, the amount of money that
4 they put into that. But the tourism promotion fee is going
5 to help. It's going to help to get that up and level the
6 playing field somewhat.

7 We have to get past this pandemic and get people
8 ready, you know, to go out and enjoy Pennsylvania and all
9 the things that Pennsylvania has to provide.

10 REPRESENTATIVE R. BROWN: Thank you,
11 Mr. Secretary.

12 SECRETARY DAVIN: And we're going to get there.

13 REPRESENTATIVE R. BROWN: Yeah. I'm sorry to cut
14 you off a little bit, but thank you so much.

15 And I understand that. I believe DCED is in the
16 corner with tourism and knows how important it is to
17 Pennsylvania. But my question really goes on the fact of
18 thinking outside the box and trying to reevaluate how we do
19 things and take advantage of private economies and private
20 investment with public, so a public-private partnership.

21 And I know that it has been talked about. I
22 believe there was something in the past. I had sent you a
23 letter about, it was a while ago, so you might not
24 remember, but developing the Tourism Commission. And I
25 know that there are difficulties and there are sometimes

1 uncomfortable conversations, but to reevaluate where we're
2 at and to consider things that maybe were off the table
3 before.

4 So could you give me just a little bit more
5 details on your opinion on establishing that public-private
6 partnership?

7 SECRETARY DAVIN: Yeah, I do recall that from a
8 while ago. I can't remember the specifics, and I apologize
9 for that, but we can certainly look back into that.

10 You know, tourism -- again, tourism, you know,
11 agriculture, I mean, they are our top industries in
12 Pennsylvania.

13 REPRESENTATIVE R. BROWN: Thank you.

14 SECRETARY DAVIN: And tourism especially has
15 taken such a terrific hit.

16 REPRESENTATIVE R. BROWN: Yeah.

17 SECRETARY DAVIN: And the area that you're in
18 right now is just, you know, is really kind of front and
19 center for this.

20 But we would love to be able to---

21 REPRESENTATIVE R. BROWN: Thank you,
22 Mr. Secretary. You know I'm out of time.

23 SECRETARY DAVIN: We would love to be able to
24 work with you and others on the development of that,
25 though.

1 REPRESENTATIVE R. BROWN: Thank you very much. I
2 definitely will follow up with you on that.

3 Thank you, Mr. Secretary.

4 SECRETARY DAVIN: Sure.

5 MAJORITY CHAIRMAN SAYLOR: Next is Representative
6 Jim Struzzi.

7 REPRESENTATIVE STRUZZI: Thank you, Mr. Chairman,
8 and good afternoon, Secretary Davin.

9 SECRETARY DAVIN: Good afternoon.

10 REPRESENTATIVE STRUZZI: I would like to go back
11 briefly here to the lockdown and the pandemic response.

12 Are you able to quantify the impact of the
13 lockdowns and business closures on Pennsylvania revenues?

14 SECRETARY DAVIN: I'm sure we have information on
15 that, probably the Department of Revenue, but we can
16 certainly get you any information related to that.

17 REPRESENTATIVE STRUZZI: Okay. Thank you for
18 that.

19 I'm a believer in looking ahead and not looking
20 back, but I'm also a proponent for accountability and
21 learning from our mistakes. And I know that you have said,
22 you know, that you were deeply involved in the business
23 closure or business waiver process -- excuse me; it has
24 been a long day -- the business closure process and the
25 lockdowns, et cetera, and some of those decisions that were

1 made. If you were to do it all over again, and again,
2 hindsight is 20/20, what might you do differently regarding
3 some of those decisions?

4 SECRETARY DAVIN: That's a great question. I
5 think we talk about that as an Administration. The
6 Governor certainly talks about that.

7 We don't want to get in a position where anything
8 like that has to happen again. But again, back then, we
9 were working with information -- we didn't have all the
10 information. We didn't know how bad this virus was. We
11 knew it was ravaging different areas and we knew it was
12 bad. So it was important, I think at that point in time,
13 to make sure that we kept people away from each other.

14 And all throughout this virus, things happened.
15 So, you know, initially the medical community put everybody
16 on ventilators, and they have decided that that probably
17 wasn't the best option for everybody. So there are a lot
18 of things that are different and a lot of things that are
19 changed. We never want to go through this again.

20 I can tell you, and I would speak for the
21 Governor on this, nobody wants to have to go through a
22 waiver process again, but we also want to be able to
23 provide clarity to the business community as much as we
24 can, if ever anything like this comes out again, to make
25 sure that we can do that. And I think, you know, we all

1 learned a lot, a lot during this.

2 You know, to be honest with you, there is a lot
3 of panic out there in not only the business community but,
4 you know, throughout, you know, everywhere in Pennsylvania,
5 because people just didn't know what to expect. People
6 didn't know what was happening back then. All we knew is
7 that there were a lot of people that were dying as a result
8 of this pandemic.

9 REPRESENTATIVE STRUZZI: Thank you.

10 SECRETARY DAVIN: So certainly we don't want to
11 get into a situation where this happens again, that we are
12 forced to do something like this again, but we want to be
13 in a position where we can, you know, help our businesses
14 thrive.

15 REPRESENTATIVE STRUZZI: Yeah. I think it's of
16 the utmost importance that we never go through this again.
17 I have heard from numerous businesses that have said, I'm
18 closing and leaving the State and not coming back because
19 of all the restrictions and the waiver process. So I hope
20 that we can learn from this and not revisit it.

21 I would like to move on then to the personal
22 income tax increase. And I think you said there's never a
23 good time for a tax increase, and here we are talking about
24 additional taxes, new taxes at a time during a pandemic.
25 If there's never a good time for this, why are you

1 advocating for a personal income tax increase?

2 SECRETARY DAVIN: Um, yeah. I think from the
3 standpoint of, you know, the tax situation, there is never
4 a good time to look at this.

5 I think from our perspective, we are looking at
6 what Pennsylvania needs to continue to grow, you know. And
7 I think, I got to tell you, sometimes we are our worst
8 enemy, and when I say "we," all of us as Pennsylvanians
9 when we look around the country at other things that are
10 happening and we go back to where we are here in
11 Pennsylvania and what we need to do.

12 And I think what the Governor is trying to do is,
13 he's trying to make a more fair tax structure in
14 Pennsylvania with respect to the personal income tax, with
15 respect to the business taxes, with respect to reducing,
16 you know, the highest or second highest corporate net
17 income tax in the country, to do things that we need to do
18 to bring more fairness to Pennsylvanians and to
19 Pennsylvania businesses, and that's really what it's about.

20 REPRESENTATIVE STRUZZI: Related to the personal
21 income tax, though, don't you see that as an economic
22 deterrent for small businesses right now at a time that
23 we're trying to restart the economy to get people back to
24 work and to help small businesses? Isn't that sort of
25 counterproductive?

1 SECRETARY DAVIN: I mean, I think it begs the
2 question from the Legislature to have a discussion about
3 that, you know, and I think that's really what is going to
4 happen here, you know?

5 This is something where, you know, through that,
6 you're going to have small businesses that are going to be
7 affected positively by this, by having a reduction in their
8 taxes, you know. And I think that's kind of the thing that
9 we want to take a look at and to have that discussion:

10 What do we need to do to get Pennsylvania in a better
11 position to be healthy and to be able to, you know, to pay
12 our bills, to be able to have businesses that are strong,
13 you know, and look at it that way.

14 You know, we talked about the severance tax, you
15 know, and to me, you know, we are at the very, very low end
16 of that. You know, it's not going to mean an increase in
17 taxes for individuals. It's not going to mean an increase
18 in the fee that you are paying or the cost that you are
19 paying for natural gas, you know. And we are paying other
20 States' severance taxes.

21 So, you know, I think people need to look at this
22 the right way, you know? We are a fraction of even what
23 the lowest State is asking for or is demanding. From that
24 perspective, we're just trying to get back in to something
25 that makes sense for Pennsylvanians as we go forward.

1 REPRESENTATIVE STRUZZI: Thank you for your
2 testimony, Mr. Secretary. I do think there is plenty of
3 room for debate on some of these issues, and I do not agree
4 that increasing or creating new taxes is going to get us
5 out of this economic dilemma. So thank you.

6 MAJORITY CHAIRMAN SAYLOR: Representative
7 Dave Zimmerman.

8 REPRESENTATIVE ZIMMERMAN: Thank you,
9 Mr. Chairman, and thank you, Secretary, for spending some
10 time with us.

11 So I have an Amish settlement in my district,
12 really a minority group, and we have these communities
13 scattered in other counties throughout Pennsylvania. And
14 the Amish may do a better job than most of us when it comes
15 to looking out for their own and so forth, and they have
16 many small businesses and things like garden centers and so
17 forth. In a lot of those you'll find, you know, five or
18 six people in some of these stores at the most at any given
19 time, and they ended up being closed because of the
20 pandemic.

21 And when you look at the Auditor General's report
22 on garden centers, he has quite a bit to say. It talks
23 about having "yes" responses and "no" responses and "not
24 required" responses and "correction" responses and so
25 forth, and it's completely unfair, I believe, to this group

1 of Amish.

2 SECRETARY DAVIN: A response? Representative,
3 would you like a response to that?

4 REPRESENTATIVE ZIMMERMAN: Yes, please.

5 SECRETARY DAVIN: Yeah. Sure; sure.

6 I think, we want to see the final report from the
7 Auditor General. That's what we have been waiting for for,
8 you know, close to, I don't know, 8 months, 9 months, or
9 whatever. I'm not sure why we haven't, but we need to see
10 the final report and be able to respond to that and work
11 with that and make sure if there were things that we needed
12 to do better, we'll do better.

13 REPRESENTATIVE ZIMMERMAN: Okay.

14 Well, so what happened then is so many of these
15 Amish, because they drive horse and buggies, they had to
16 find drivers to take them to some of these big-box stores,
17 your Lowe's and Home Depots and Walmarts that have garden
18 centers, you know, within their store where there is people
19 shoulder to shoulder.

20 So do you agree with me, though, when you look at
21 a minority group like this and what we have done to them,
22 to me, it ended up being outright discrimination. And when
23 you consider science, when you put all these people in one
24 store versus these small mom-and-pop shops, that really
25 didn't follow science. So would you agree with me on those

1 two issues?

2 SECRETARY DAVIN: I think, you know, looking at
3 this, some of these stores, and we had heard stories about
4 some of these stores that had people in there that they
5 weren't social distancing, they weren't doing things the
6 right way, and, you know, if you're referring to that,
7 absolutely. I think that they needed to be dealt with in a
8 way that made them do things the right way, in a way that
9 kept people safe.

10 I think the whole idea here was to keep people
11 safe, and that's what we were trying to do. That's what
12 everybody was trying to do with respect to all the
13 businesses all throughout Pennsylvania.

14 You know, we have worked through businesses. We
15 do that as a matter of, you know, course of action every
16 single day. You know, we try to help businesses. Nobody
17 wanted to shut down. Nobody wanted to do anything to hurt
18 any business. This pandemic was historic. It is historic
19 still. We're still in the middle of this thing. And, you
20 know, we felt we had to take some certain actions that we
21 felt were necessary to be able to make sure that we were
22 doing what was right to keep people as safe as we could,
23 you know, and that's what we did.

24 REPRESENTATIVE ZIMMERMAN: Well, thank you for
25 that.

1 Clearly, the Amish really felt violated, because
2 they are a group that does kind of take care of their own
3 and look out for each other and were really offended by
4 some of the government reaction. So thank you.

5 MAJORITY CHAIRMAN SAYLOR: Representative
6 Doyle Heffley.

7 REPRESENTATIVE HEFFLEY: Thank you, Mr. Chairman.

8 Mr. Secretary, according to a recent article in
9 the Square, the Center Square, Federal data had showed that
10 the pandemic restrictions forced roughly 30 percent of
11 Pennsylvania businesses statewide to close, or at least
12 temporarily, to make us the second worst, second only to
13 Michigan. Thank goodness for Michigan, so we weren't last.
14 The article goes on to note that a number of the businesses
15 that have received Federal aid in Pennsylvania for
16 complying with these closures didn't even crack the top 20,
17 leaving many employees seeking jobless benefits in a system
18 that was incapable of handling the 1.2 million claims in
19 March and April. Are you able to confirm these figures on
20 business closures and how things are looking more
21 recently?

22 SECRETARY DAVIN: I can't, I can't comment on
23 those particular figures right now. We can certainly take
24 a look at those and get back, Representative. We'd be
25 happy to do that.

1 REPRESENTATIVE HEFFLEY: Well---

2 SECRETARY DAVIN: Right -- go ahead. I'm sorry.

3 REPRESENTATIVE HEFFLEY: Well, I mean, the
4 Department of Community and Economic Development in
5 Pennsylvania has really -- and many of us; I mean,
6 obviously providing funding for this Department -- is to
7 really be the emphasis for economic development. And, you
8 know, I just, I look at some of the proposals and some of
9 the things that were discussed here today, and right now,
10 we're second worst only to Michigan, which they have their
11 own issues out there.

12 But I believe Pennsylvanians want to emerge, and
13 I want to know, like, what is the plan to emerge? I mean,
14 what I have heard thus far is an increase in small business
15 income taxes; higher wages through a minimum-wage increase;
16 a tax on energy through RGGI; now bridge tolling, which
17 will hurt manufacturing and commuters; a natural gas
18 extraction fee, which will hurt the natural gas industry,
19 which the biggest issue right there is getting the gas to
20 market. I mean, we have pipelines that have been delayed
21 and delayed and delayed. If we want to get gas and make
22 more money off of it, obviously it's to get it to market,
23 and we can't do that because we can't get the pipelines,
24 which is the safest way to transport it.

25 Our bars and restaurants aren't making any

1 investments because they don't even know if they can be
2 open next week or if the Governor is going to have a
3 shutdown. Most of the menus are restricted because they
4 don't want to order food because the Governor shuts them
5 down the day before the weekend and they have a lot of
6 perishable items that they lose. So there's this
7 inconsistency.

8 And I have heard numerous times in your testimony
9 the word "clarity," and I would just say on behalf of the
10 people that I represent and the small businesses, there has
11 been zero clarity, zero clarity from your Department and
12 from this Administration, and that's what businesses are
13 looking for. People want to get back to work.

14 We have identified much of how this virus, and
15 there's still a lot to know, but most people are going to
16 be responsible: no social distancing, washing the hands,
17 singing "Happy Birthday," wearing a mask. People are
18 putting up plexiglass shields. Businesses want the clarity
19 to know that we are on their side, that we are going to get
20 them back and we're going to get these people back to work,
21 because God knows you cannot rely on the unemployment
22 system in this State.

23 So I guess my question is, what type of clarity
24 should I go back and provide to the people that I represent
25 from your office? What clarity are you going to give them

1 on the status of all these new taxes and fees and
2 restrictions on their businesses so that we are not last
3 and that we're not competing at the bottom with Michigan
4 but that we're at the top of the food chain and that our
5 economy is growing and people are getting jobs and they can
6 provide for their family?

7 SECRETARY DAVIN: That's what we need to do.
8 You're absolutely right, and we need to continue to provide
9 clarity to these businesses. We need to keep people safe.
10 We need to keep people from passing away, and that is one
11 of the things that the Governor has been very---

12 REPRESENTATIVE HEFFLEY: Yeah, we're doing that,
13 but suicides are up---

14 SECRETARY DAVIN: That is one of the---

15 REPRESENTATIVE HEFFLEY: ---because people don't
16 have jobs and other things are up. I mean, keeping people
17 safe, and clarity, and I guess I haven't heard any of this
18 clarity.

19 We talk about the waiver program. Certainly, we
20 don't want to rehash that. But moving forward, from this
21 point looking forward, getting that clarity, and I ask your
22 Department to provide that clarity, to provide that clarity
23 and let the free markets prevail and get this State back to
24 work.

25 Thank you.

1 MAJORITY CHAIRMAN SAYLOR: Next is Chairman
2 Brad Roae. Brad, if you want to unmute yourself.

3 REPRESENTATIVE ROAE: Okay. Can you hear me now?

4 MAJORITY CHAIRMAN SAYLOR: We can hear you, Brad.

5 SECRETARY DAVIN: Sure. Yep.

6 REPRESENTATIVE ROAE: Okay. I was having trouble
7 unmuting.

8 Well, thank you, Mr. Chairman, and thank you,
9 Mr. Secretary.

10 I think all Members of the Legislature, everyone
11 in the Administration, we all have the same goal of
12 increasing prosperity in Pennsylvania, you know, helping
13 our economy, helping companies create jobs. So I think we
14 all, you know, can work together. We have different
15 perspectives on how we actually go about doing that.

16 But I am concerned that when you look at various
17 surveys over the years, Pennsylvania, we lag in job
18 creation compared to the other States. We lag in the
19 percent of working-age people that have jobs. You know, we
20 lag when you look at indexes that show how favorable
21 business climates are. You know, we lag pretty far towards
22 the back in a lot of surveys among different States of
23 where it is desirable to do business. So I'm hoping that
24 we can, you know, try to correct some of those things so
25 that we can help grow our economy.

1 But my question is, I want to get back to these
2 waivers. You know, back when the business waiver program,
3 the Department had been subpoenaed to cough up some
4 records, and the night before that information had to be
5 turned over, many companies had waivers revoked. Other
6 companies had waivers granted. Mr. Secretary, you said
7 that you did not recall that happening. Is that what you
8 had said a little bit ago?

9 SECRETARY DAVIN: Yeah. I don't know how long
10 ago that was. I don't recall that, but certainly, you
11 know, we'll take a look at it and we'll respond back to any
12 specific question related to that.

13 REPRESENTATIVE ROAE: Okay.

14 Mr. Secretary, you have other people from your
15 Department participating in this hearing today.

16 SECRETARY DAVIN: Mm-hmm.

17 REPRESENTATIVE ROAE: Could I ask, do any of them
18 recall waivers being revoked at the last minute or waivers
19 being approved the night before that information was due?

20 EXECUTIVE DEPUTY SECRETARY WEAVER: Secretary,
21 this is Neil Weaver. Can you hear me?

22 SECRETARY DAVIN: Mm-hmm.

23 EXECUTIVE DEPUTY SECRETARY WEAVER: Okay.

24 Yeah. Thank you, Representative, for that
25 question.

1 In that timeframe, we were doing a QA QC process
2 where we were looking at every single waiver to make sure
3 there weren't mistakes made and that we were able to make
4 sure that those were the right decisions that had been
5 made. So that evening, what you are speaking about, yes,
6 there were calls made. Decisions had been changed one way
7 or the other depending on what they found in the QA QC
8 process.

9 REPRESENTATIVE ROAE: Okay. Well, thank you for
10 that explanation, because, you know, a lot of people did
11 think it was kind of weird that, you know, literally at the
12 eleventh hour, it was -- it might've only been the ninth.
13 It might have been 9 o'clock, 10 o'clock at night decisions
14 were being changed.

15 But my follow-up question for the Secretary, when
16 we had talked briefly on the phone a couple weeks ago --
17 this is for the Secretary -- this red/yellow/green thing
18 still exists. In theory, the Governor could shut things
19 down again tomorrow if he thought case counts were getting
20 too high. Rather than having the Department try to do
21 these waivers at a statewide level, would you support
22 letting local economic development agencies and counties
23 make those decisions on what companies get waivers?
24 Because local development districts, local county economic
25 development agencies, they know what the businesses in

1 their districts do. Would you advocate to the Governor to
2 let those decisions be made locally if another situation
3 came up where businesses were ordered to shut down?

4 SECRETARY DAVIN: That's a great question,
5 Representative. And I think, you know, from our
6 perspective, these agencies at the local level -- and the
7 one in your particular district does a great job, you know,
8 in terms of the work that they do -- they know what's going
9 on. They have a great idea of what's happening within
10 their districts and how businesses are run and things like
11 that.

12 In this historic pandemic, I can't tell you. You
13 know, I think that it's something certainly we don't want
14 ever, ever to have to do any type of thing that we were
15 involved in before. And again, back then, people were
16 dying, people didn't know how many people were going to
17 die, so we---

18 REPRESENTATIVE ROAE: Well, Mr. Secretary --
19 excuse me.

20 SECRETARY DAVIN: So we don't want---

21 REPRESENTATIVE ROAE: Mr. Secretary,
22 Mr. Secretary, yes or no, would you support those decisions
23 on waivers being made at the local level? Yes or no?

24 SECRETARY DAVIN: I don't know. I don't know. I
25 can't answer that question right now. There's a lot in

1 that. You know, from my perspective, I mean, the thing
2 about it is, nobody knew at that point in time what was
3 happening. So now we know a lot more.

4 REPRESENTATIVE ROAE: Okay. But---

5 SECRETARY DAVIN: Can I finish for a second?

6 REPRESENTATIVE ROAE: Well, actually, my time is
7 almost up. I want to ask one last question.

8 SECRETARY DAVIN: Sure.

9 REPRESENTATIVE ROAE: Have apology letters been
10 sent by your Department to businesses that were wrongly
11 ordered to close? Have apology letters been sent regarding
12 that situation?

13 SECRETARY DAVIN: I'm sorry? I'm not sure what
14 you mean.

15 REPRESENTATIVE ROAE: Businesses that your
16 Department would not grant waivers to, then you realized
17 later on that was an error, did your Department send
18 apology letters to those companies apologizing that you
19 made them close when they actually should have been open?

20 SECRETARY DAVIN: Representative, we responded to
21 information that was given to us and through professionals
22 that do this on a daily basis. So I'm not sure what you're
23 asking.

24 REPRESENTATIVE ROAE: Well, I---

25 SECRETARY DAVIN: If you're asking that

1 information that businesses provided to us, that was
2 reviewed by professionals that do this every, that look at
3 these businesses every single day, I'm not sure what you're
4 asking.

5 REPRESENTATIVE ROAE: Well, I'm asking---

6 SECRETARY DAVIN: Who are we going to, who are we
7 going to apologize to? You know, this was an unprecedented
8 event---

9 REPRESENTATIVE ROAE: The night---

10 SECRETARY DAVIN: ---and I think that everybody
11 recognizes this.

12 REPRESENTATIVE ROAE: The night before---

13 MAJORITY CHAIRMAN SAYLOR: Representative, your
14 time has expired.

15 REPRESENTATIVE ROAE: Yeah.

16 MAJORITY CHAIRMAN SAYLOR: All right. Now that
17 we have completed the first round of questions, we will
18 have a second round. All the Chairmen who wanted to ask
19 questions have been called on, and that was only
20 Representative Roae. So we move to a second round with
21 Representative John Lawrence.

22 REPRESENTATIVE LAWRENCE: Thank you,
23 Mr. Chairman.

24 Mr. Secretary, the proposed sale of Chester Water
25 Authority has generated a great deal of concern in Chester

1 and Delaware Counties.

2 Mr. Secretary, in response to a letter that
3 Speaker Cutler and I sent you last April advocating for
4 Chester Water Authority, you sent me a letter, which I have
5 here, which stated, and I quote, "Neither DCED nor the
6 Act 47 coordinator" -- for the city of Chester -- "has"
7 ever "promoted a sale of the Chester Water Authority."
8 That's a direct quote from the letter.

9 The Secretary, this is simply not true. Econsult
10 Solutions, serving in the role of Chester's Act 47
11 coordinator, stated as far back as a report prepared May 4,
12 2018, that Chester, quote, "...must explore the
13 monetization of municipal assets, including a potential
14 transaction involving the Chester Water Authority,..." end
15 quote.

16 Later in the same report, quote, "As we have
17 stated repeatedly..., this potential monetization" -- the
18 sale of Chester Water Authority -- "is the...option we can
19 identify...." The report even adds that the Act 47
20 recovery coordinator, quote, or to the Act 47 coordinator,
21 that they apply for a grant from DCED to help pay advisors
22 on this transaction.

23 I could cite many, many other instances where the
24 recovery coordinator for the city of Chester, who you
25 oversee, clearly advocates in favor of the sale of Chester

1 Water Authority. Your letter told me that neither DCED nor
2 the Act 47 coordinator for the city of Chester has ever
3 promoted the sale of Chester Water Authority, and abundant
4 evidence in the public domain clearly indicates otherwise.

5 I am very concerned about this apparent
6 contradiction. How do you justify telling me that the sale
7 of Chester Water Authority was not being promoted when it
8 obviously was in fact being promoted?

9 SECRETARY DAVIN: Representative, we'll have to
10 take a look at that. I don't recall. Certainly, you know,
11 you have a letter there. We'll take a look at that, and
12 we'll provide a response to you.

13 REPRESENTATIVE LAWRENCE: That's a very
14 interesting answer, Mr. Secretary. Maybe I should provide
15 a copy of the letter to you that you sent to me regarding
16 this matter. I mean, it was a letter to Speaker Cutler and
17 myself.

18 Let me ask you this, Mr. Secretary: As it stands
19 today, what is DCED's position on the sale of Chester Water
20 Authority?

21 SECRETARY DAVIN: I'd have to get back to you. I
22 don't know exactly what it is right now. I think, you
23 know, Chester is going through a situation right now. They
24 have a coordinator, and, you know, they are making
25 recommendations on what should happen. They are working

1 directly with the folks in Chester right now. So I'll
2 certainly get back to you on that.

3 REPRESENTATIVE LAWRENCE: So with all due
4 respect, Mr. Secretary, this is not an issue that just fell
5 out of the sky yesterday. This is an issue that I have
6 been in correspondence with you for over a year. This has
7 been an issue that has been in the public domain for quite
8 a while now, and it's the key issue concerning the exit of
9 the city of Chester from Act 47, a process that your
10 Department oversees. So with all due respect, hundreds of
11 thousands of Chester Water Authority ratepayers oppose the
12 sale of Chester Water Authority, and they are listening
13 very carefully to your answer to this question.

14 Now, what I'm hearing and what they are hearing
15 is that you said in this letter that you and the recovery
16 coordinator your agency appointed had not promoted the sale
17 of Chester Water Authority. Then it turns out the recovery
18 coordinator in fact was promoting the sale of Chester Water
19 Authority. And now you're telling me you don't know if you
20 have a position. Which one is it?

21 SECRETARY DAVIN: No, I'm telling you we'll
22 respond to you. Once we take a look at the information and
23 we talk to the folks that are involved in this in our
24 office, we'll respond to you. I don't have a response
25 right now.

1 REPRESENTATIVE LAWRENCE: Let me ask this
2 question: Have you had conversations with the Governor
3 with regard to the sale of Chester Water Authority one way
4 or the other?

5 SECRETARY DAVIN: I don't believe I did, not with
6 the Governor specifically.

7 REPRESENTATIVE LAWRENCE: Does DCED intend to
8 have any position on this in the future and then you will
9 get that to me?

10 SECRETARY DAVIN: I don't know. I mean, we'll
11 certainly respond to you. I don't have an answer for you
12 right now, Representative.

13 REPRESENTATIVE LAWRENCE: So for the record, I
14 would like to just put on the record that I am opposed to
15 the sale of Chester Water Authority. Every Legislator,
16 Republican and Democrat, that is affected by this issue in
17 the Chester and Delaware Counties has gone on the record
18 being opposed to it. Multiple letters have been sent to
19 the Governor and to DCED on this. It's very disappointing
20 to me that you seem not to have any idea of this situation
21 or to have any answer to these questions.

22 SECRETARY DAVIN: The answer to your specific
23 questions -- I want to answer them specifically. So again,
24 we'll take that back and we will provide a response to
25 you.

1 MAJORITY CHAIRMAN SAYLOR: Next is Representative
2 Natalie Mihalek.

3 REPRESENTATIVE MIHALEK: Thank you,
4 Mr. Chairman, and thank you, Mr. Secretary, for giving me
5 another shot.

6 SECRETARY DAVIN: Sure.

7 REPRESENTATIVE MIHALEK: You said in an earlier
8 comment to the gentleman from Crawford County that you were
9 unaware of any specific instances where either waivers had
10 been granted or a business was told that they were not
11 required to receive a waiver and that those decisions were
12 then later changed on the heels of the report coming out on
13 May 8th. So I just want to draw your attention to a
14 specific instance that happened in Allegheny County.

15 The Jim Jenkins Lawn & Garden Center in Allegheny
16 County -- perhaps you are familiar -- they had requested a
17 timely waiver. On March 27th, they had reached out to my
18 office, because they had not heard back from DCED. I had
19 received a prompt response from the legislative affairs
20 assistant with DCED, and it says, and I quote, "The
21 Jim Jenkins Lawn & Garden Center does not require a waiver,
22 and notification of such appears to have been issued on
23 March 24, 2020." Jim Jenkins, I forwarded this to
24 Jim Jenkins. He was very grateful that he could continue
25 operating his family-owned business.

1 About 6 weeks later, at 10 p.m. on May 7th, the
2 night before that report was to come out, the owner
3 received correspondence via email from DCED rescinding
4 their previous statement from that March 27th email stating
5 that they have reviewed their response to the exemption
6 and that his business no longer fits the definition of
7 "life-sustaining."

8 So by your earlier definition of
9 "life-sustaining," and that is a business that was able to
10 sustain life, and I suppose if we're talking about a lawn
11 and garden center, you know, it's not sustaining life
12 unless it's a rosebush, I'm just wondering, you know, how
13 did that change and why?

14 And I'm guessing this is going to be something
15 that you're going to look into, but I wanted to make you
16 aware of this specific instance in the hope that I might be
17 able to take an answer back to my constituent, to
18 Mr. Jenkins and his family, because all of these months
19 later, we still do not have an answer to why he was
20 suddenly told that he would need a waiver and did not
21 qualify for one.

22 SECRETARY DAVIN: Yeah. Again, I don't know that
23 specific instance, Representative, and I think, you know,
24 we'll take that back and we'll respond to you specifically
25 about that particular one.

1 REPRESENTATIVE MIHALEK: I'll be happy to forward
2 the emails from your Department---

3 SECRETARY DAVIN: Thank you.

4 REPRESENTATIVE MIHALEK: ---so you have the
5 information.

6 SECRETARY DAVIN: Thank you.

7 REPRESENTATIVE MIHALEK: I guess perhaps instead
8 of earlier asking what your definition of "life-sustaining"
9 was, I perhaps should have asked what the definition of
10 "arbitrary" was.

11 Thank you, Mr. Secretary.

12 MAJORITY CHAIRMAN SAYLOR: Seeing no further
13 questions, I will call on Representative Bradford for any
14 closing comments.

15 MINORITY CHAIRMAN BRADFORD: Thank you, Chairman.

16 Thank you, Secretary, and thank you for the work
17 you have done. I realize there has been a lot of back and
18 forth regarding, while this is still a budget hearing, and
19 I know we were reminded at the last Department of State
20 hearing that these were forward looking and about the
21 budget numbers, it seems like we've been talking quite a
22 bit in the rearview mirror. And I think, frankly, that's
23 appropriate. And I realize some of the questions are tough
24 and I realize that some of the waiver program and the
25 closures were chaotic, with all the best intentions in the

1 world, but I think there needs to be a little clarity.

2 And when you talk about March of last year, if we
3 are going to talk about the rearview mirror, I think we
4 need to note a couple of things. And it's kind of amazing
5 that we have had the better part of a 2-hour budget hearing
6 talking largely about what happened over the last year, and
7 no one mentioned a half a million Americans are dead, and
8 no one mentioned over 23,000 Pennsylvanians are dead.

9 And it seems kind of callous to talk about
10 business losses, which let's be clear, as someone who grew
11 up in my parents' own small business recognizes that they
12 in many ways sustained families, but it would be beyond
13 callous not to lose sight of the half a million Americans
14 that are dead and the mitigation efforts, as well intended
15 as they were, the impact on our budget and our
16 Commonwealth.

17 And I want to thank you for the job you did
18 recognizing it was not perfect. But I do think we need to
19 draw some clarity from that, and not just clarity for
20 business but clarity for the public in general.

21 Several times, Secretary, it was posed whether
22 how you made these decisions about -- or in the future, how
23 you should make decisions about closures. I got to tell
24 you something, Secretary. I think you are a very smart
25 man, you have done a fine job answering these questions,

1 but I doubt, and I'm going to actually ask you, do you have
2 a medical degree? Are you an epidemiologist? Should you
3 be making these decisions without consultation with the
4 Department of Health, or should the Department of Health be
5 driving the way on some of these decisions, because it
6 would strike me that we have not had a pandemic in about
7 100 years, that it's probably better to listen to medical
8 professionals than the Secretary of DCED.

9 SECRETARY DAVIN: I don't have a medical degree.
10 Thank you. I certainly, you know -- I don't have a medical
11 degree.

12 The issue is essentially that, you know, I think
13 we tried to work in tandem with respect to the Department
14 of Health during this whole event from the beginning.
15 Actually, not just the Department of Health -- the
16 Department of Health, the Governor's Office, other
17 agencies, to make sure we had as much information as
18 possible. And agencies outside of the Commonwealth, so the
19 chambers of commerce, economic development organizations,
20 you know, Members of the Legislature, both on the House and
21 the Senate side. That's who we were talking to and working
22 with, you know, over and over again.

23 So, you know, again, we did what we did. We
24 stand by what we did. We hope that never has to happen
25 again. And, you know, I think for the most part, you know,

1 we're coming out of this and we're going to be much, much
2 stronger once we come out of this, and we're going to work
3 that much harder for all the businesses as we go forward.

4 MINORITY CHAIRMAN BRADFORD: And again, I
5 appreciate the best efforts and I recognize it was a
6 chaotic time. And I think it's important sometimes, if we
7 are going to go back in this time machine, to be clear
8 about the advice that was coming from the Federal
9 Government at that time.

10 March 6, 2020: You have to be calm. It will go
11 away.

12 March 7, 2020: No, I'm not concerned at all.

13 Now, I'm not going to bore you with the hundreds
14 of Tweets and press releases and really inconsistent and,
15 in many cases, dangerous advice that came from the Federal
16 Government during this time. But I will tell you, in
17 mid-March -- and my county in Montgomery obviously got hit
18 a little bit earlier and had some of the first cases. I
19 remember at that time, President Trump gave 15 days to stop
20 the spread. At the end of March, it was an additional
21 30 days. So let's, if we're going to have a conversation,
22 let's realize this is a global pandemic, and we had a
23 national response, as clearly flawed as it was at the
24 national level, and frankly, imperfect at the State levels
25 as they tried to implement it.

1 I think a little bit of clarity is important.

2 I think we all remember, as we come up on the
3 Easter of 2021, that we were promised the Easter miracle of
4 2020 where this would all go away. And I think, again, if
5 we're going to go back in the time machine and use a budget
6 hearing to relitigate the actions of last year, I think it
7 begins by having a little honesty as to what the historical
8 record was.

9 Now, I think we should, though, have a little bit
10 of a budget hearing for DCED, and with that, I would
11 actually like to ask some very serious substantive
12 questions, because I have real concerns, frankly, about
13 what post-pandemic Pennsylvania looks like.

14 Tax distortion is one issue that I am very
15 concerned about. I live in the suburbs of Philadelphia. I
16 realize a wage tax is one way that Philadelphia supports
17 itself. I realize property taxes is the way many
18 communities support themselves. With so many people
19 Zooming to work and where eventually, when we talk about
20 commercial office space, when we talk about where people
21 are going to work from, the impacts on property taxes, on
22 the wage tax, on the Sterling Act, what this is going to
23 mean for our first-class city, what it's going to mean for
24 school districts in suburban and, frankly, all across
25 Pennsylvania. Is DCED starting to have those serious

1 discussions, and is this Legislature, instead of getting
2 bogged down about what happened a year ago, have they
3 started to come to DCED and ask serious questions about
4 what we're going to do with a glut of commercial office
5 space? What are we going to do when our retail centers and
6 our malls, that long before this pandemic were already
7 having record vacancies? Are we talking at all? Because
8 we spent an entire 2 ½ hours, and I don't think we once
9 talked about these issues. And I have real concerns about
10 the economy of the future of Pennsylvania.

11 SECRETARY DAVIN: Yeah. Absolutely. I mean,
12 those are critical issues. We just talked to folks from
13 Pittsburgh and Philadelphia, I think last week with some of
14 our staff, about those specific things.

15 We don't know what it's going to be. You know,
16 you look at some of the major corporations around the
17 country, and they are reducing the size of their locations,
18 and they are seriously thinking about telework. Think of
19 what that means to a place like Philadelphia. Think of
20 what that means to Pittsburgh. Think of what it means to
21 even like an Allentown or Erie or these other places, you
22 know. We don't know what it's going to be.

23 We had discussions with these folks, and we had,
24 you know, we had brokers, we had others there that are
25 talking up, you know. They're saying all the right things,

1 that it's going to come back; it's going to be just like it
2 was before. We don't know, you know, and there's a concern
3 out there. All we can do right now is we can pay attention
4 to what's going on. We can keep communication going. We
5 can continue to look at what is happening on a nationwide
6 basis, a nationwide level, and be able to get ahead of it
7 as much as possible, but it's not going to be perfect.
8 We're not going to have all the answers.

9 The answers are really -- the answer to this
10 discussion that we're having right now is communication, is
11 good communication, and I think that's what we're going to
12 work on, continue to work on, certainly with the areas all
13 throughout the Commonwealth and with Members of the
14 Legislature.

15 You know, you folks do a great job representing
16 your particular districts. We need to hear from you, you
17 know. And, you know, our folks would be happy to sit down
18 to discuss this more, because we are doing that right now
19 with the particular areas in the districts so we can then
20 respond back to you on what we think the needs are going to
21 be.

22 MINORITY CHAIRMAN BRADFORD: Thank you,
23 Secretary. And I won't belabor the point.

24 I'm wondering, too, though, countries that got
25 hit by the pandemic earlier handled it better and were able

1 to come out of it sooner. Is anyone starting to look at
2 what their experience is?

3 I mean, you know, I use this just in my own
4 experience, you know. I would often go into Philadelphia
5 for an afternoon, and knowing what traffic would look like,
6 you knew that was a commitment of a whole day. So you just
7 knew you were going to do breakfast, lunch, and dinner
8 there and make the most of it, because you were risking
9 spending an hour and a half in traffic on 422 and then on
10 the Schuylkill Expressway. Now you're not going to those
11 restaurants. You're not doing all those meetings. Heck,
12 you may be more efficient, you may be more productive this
13 way, but are we looking at other countries in terms of what
14 a post-pandemic world, and really, no one is truly in a
15 post-pandemic world, but is anyone starting to look at how
16 this plays out in all these different ways?

17 Because, you know, you look at our transit
18 agencies, our tax base, where we station them, and then all
19 the ripples that go from there. I'm just wondering if
20 anyone is starting those studies on kind of a national and
21 international basis as well.

22 SECRETARY DAVIN: That's a good question.

23 I think on a national level, absolutely, I mean,
24 the national organizations we're all involved in. We have
25 a network called the SEED Network. They are a bunch of

1 people like me that, you know, are from around the country
2 that are dealing with this, you know, talking about this,
3 and trying to figure out the best way to move forward.

4 We have been in a position right now of reacting,
5 and we need to get, you know, proactive, I think, in what
6 we're talking about, you know. And that's some of the
7 things that we're talking about with respect to our budget.
8 We're trying to be respectful of this budget process in
9 understanding that, you know, not everybody wants to give
10 us a whole bunch of money to do a variety of different
11 things. But we understand that there are certain things
12 that we're going to need to do, we're going to need to ask
13 for from you as we're going forward.

14 We're in touch with our folks, our different
15 organizations. Sure, they are organizations that the
16 Legislature is in touch with. But the other thing is,
17 notwithstanding some of the comments that were made to me
18 by some of the Members of this Committee, we are out there
19 talking to Members of the Legislature. We're out there
20 talking to all the different organizations -- the cities,
21 the communities, the various economic development
22 organizations. We're doing that on a consistent basis.
23 We're talking to the industries to make sure we can
24 represent them and hear from them in real time on what is
25 going on, and we're going to continue to do that.

1 We have had some very, very difficult, tough
2 conversations with them, you know, in terms of what they
3 have asked, what they have said, what they have demanded,
4 but we also had an opportunity to really go back and forth.
5 We can tell them what we're doing; they can tell us what
6 they think we need to do, and we take that information and
7 work on that. That's what we really need to do going
8 forward. We need to take care of Pennsylvania, but we need
9 to really understand what has worked and what hasn't worked
10 around the country and around the world.

11 And I can tell you, Mr. Chairman, and I think you
12 know, I'm looking at some of the other areas that were
13 considered, that, you know, they were on top of this. They
14 weren't on top of it, because things happened with this
15 virus. It was just, you know, the way that it maneuvered,
16 you know, throughout the world.

17 This pandemic is just, you know, something we've
18 never seen, and I think that we're going to do the best
19 that we can. We are going to rely on the Legislature, we
20 are going to rely on our relationship with Members of the
21 Legislature, you know, to give us good information that we
22 can, you know, all work together on on developing out the
23 different programs and different initiatives that we need
24 to to help us get through this.

25 MINORITY CHAIRMAN BRADFORD: Well, thank you.

1 I said I wouldn't belabor it, but I do think
2 those transitions and, frankly, how trends in our economy
3 are going to be expedited and just move so much quicker, I
4 mean, you know. My parents now order groceries online, and
5 the idea that my parents, who could never, you know,
6 program a VCR let alone a DVR, are using these
7 technologies, and the expanding gig economy and what that
8 means for a larger service economy---

9 SECRETARY DAVIN: Right.

10 MINORITY CHAIRMAN BRADFORD: ---more employees
11 making less money and making minimum wage, and, you know,
12 all the equity and equality issues that are bound up in
13 that.

14 There are big issues ahead as we go to, you know,
15 build back better, as somebody once said, and it just seems
16 like we should be talking about those things, because
17 frankly, they are the issues that are going to determine
18 probably the next decade here in Pennsylvania.

19 So thank you, Secretary.

20 SECRETARY DAVIN: Thank you.

21 MAJORITY CHAIRMAN SAYLOR: Well, let me start off
22 with, the gentleman brought up the Secretary of Health. I
23 guess that's the Secretary of Health who is a specialist in
24 child nutrition, who didn't have an epidemiologist making
25 those decisions but her. And a Secretary of Health who

1 removed her mother prior to ordering nursing homes to take
2 COVID patients, took hers out and put her in a hotel and
3 then didn't even work with the hospitals in Pennsylvania to
4 develop a really good plan for dealing with this pandemic.
5 So let's move on.

6 The closures do affect this budget. Anybody that
7 doesn't -- I'm Appropriations Chairman. I know it affects
8 this budget. It affects our revenues. So any suggestion
9 that closures that took place aren't going to affect our
10 budget, then why are we considering a \$1.9 billion bailout
11 in Washington for State Governments, local governments, as
12 well as the business community and schools and colleges?
13 If there's no problems for the closures, I guess there's no
14 need for that \$1.9 billion.

15 Anyway, these business closures caused a lot of
16 problems in this Commonwealth, and it was a serious issue.
17 We have seen suicides, mental health issues, bankruptcies,
18 and there's going to be homelessness. Because people who
19 own these small businesses that were forced to file
20 bankruptcy or close permanently, which is about 30 percent
21 of Pennsylvania's businesses, may never open again, can't
22 pay the mortgages. And if they're bankrupt, guess what?
23 They can't pay that home loan off either. So where are
24 they going when the bank forecloses when this is all
25 done?

1 Eighty percent of our small business community
2 pays the PIT, and we are proposing the largest tax increase
3 on them in the middle of a pandemic, which is still
4 ongoing, in our State's history. I don't know what weed
5 this Governor is smoking, but this is ridiculous. This is
6 an insult to the taxpayers, and particularly to the small
7 businesses of Pennsylvania. It's a slap in the face after
8 having closed them and let big-box stores being open, where
9 most of the spread took place, by the way. And restaurants
10 who obeyed the Governor's orders and put up plastic,
11 separated people, were the ones who were closed. While
12 everybody crammed into Walmart and Lowe's and the
13 Home Depots and many others, those little guys, they got
14 stepped on.

15 We talk about the severance tax. You know,
16 Mr. Secretary, it's not genuine when you talk about
17 Pennsylvanians are paying the severance tax of other
18 States. Because you see, in Texas and these other States,
19 they don't have a corporate net income tax that we have,
20 that those gas companies in Pennsylvania pay. And guess
21 what? You add the corporate net income tax and the
22 severance tax and the impact fee that we have in
23 Pennsylvania and that the Governor is proposing and you
24 have the highest taxed gas industry in the country. Guess
25 who is paying that if it happens.

1 Every time we propose these kinds of taxes, it
2 isn't people like you and I maybe that get affected by it,
3 it's people in poverty who are already having a tough time
4 paying their energy bills and putting food on the table.
5 Because if you believe raising the gas prices and electric
6 rates in this Commonwealth don't impact grocery prices as
7 well, you're kidding yourself.

8 We're doing everything we can in this General
9 Assembly to make sure, and I believe the Governor is as
10 well, to help every food bank provide food, because our
11 Department of Labor and Industry can't get checks since
12 last April out to people who are unemployed. So yes, these
13 closures do affect people, because there are people who
14 have had to go to a food bank because they haven't received
15 a check since April of last year on unemployment. This is
16 a serious issue.

17 Look, I don't believe, I'm not going to kick
18 myself that this is going to be the last pandemic that ever
19 hits this State. It's a new world out there. We all know
20 that. So guess what? What we need to do is learn from
21 this one and agree to what our mistakes were and try and
22 make sure if it ever happens again, it doesn't, and also
23 try and work in a way to help those who have been hurt the
24 most, and raising taxes on Pennsylvanians, raising taxes on
25 small businesses, is not going to help Pennsylvania

1 recover.

2 We are seeing it very clearly as the people of
3 California, New York, and New Jersey are leaving those
4 States in droves and going elsewhere. That's not good for
5 our economy. We already in Pennsylvania lose more of our
6 young people to those other States across this country,
7 including States in the Midwest, than any State in the
8 country. These high taxes that are being proposed by this
9 Governor will only drive more young people out of here,
10 because there will be no businesses being created. If you
11 believe that raising taxes on small businesses is going to
12 encourage people---

13 I live on the Maryland border. I see it every
14 day. I see people making decisions based upon taxes,
15 taxes, and taxes, small businesses choosing just to move
16 over the line, either in Pennsylvania or in Maryland,
17 depending on the size of their business and on what tax
18 rate they're going to pay.

19 So, Mr. Secretary, I would say to you, these are
20 critical decisions. If we are going to make Pennsylvania
21 recover from a pandemic that we have so tremendously
22 suffered compared to other States in this country, we need
23 a better policy than just raising taxes and more
24 regulations on the people of Pennsylvania and the business
25 community. They truly need a government that is friendly

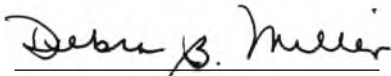
1 to job creation, not one that wants to shut it down and
2 move it to other States.

3 With that, this Committee will reconvene tomorrow
4 morning at 10 a.m. with the Secretary of Transportation.
5 With that, this meeting and hearing is adjourned.

6

7 (At 4:25 p.m., the budget hearing adjourned.)

1 I hereby certify that the foregoing proceedings
2 are a true and accurate transcription produced from audio
3 on the said proceedings and that this is a correct
4 transcript of the same.

5
6
7 

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