

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE BUDGET HEARING

STATE CAPITOL
HARRISBURG, PA

MAIN BUILDING
HOUSE FLOOR

THURSDAY, FEBRUARY 17, 2022
10:10 A.M.

PRESENTATION ON THE
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

BEFORE :

HONORABLE STANLEY SAYLOR, MAJORITY CHAIRMAN
HONORABLE LYNDA SCHLEGEL CULVER
HONORABLE TORREN ECKER
HONORABLE JONATHAN FRITZ
HONORABLE KEITH GREINER
HONORABLE DOYLE HEFFLEY
HONORABLE JOHNATHAN HERSHEY
HONORABLE LEE JAMES
HONORABLE JOHN LAWRENCE
HONORABLE ZACH MAKO
HONORABLE NATALIE MIHALEK
HONORABLE TIM O'NEAL
HONORABLE CLINT OWLETT
HONORABLE GREG ROTHMAN
HONORABLE LOUIS SCHMITT
HONORABLE MEGHAN SCHROEDER
HONORABLE JAMES STRUZZI
HONORABLE JESSE TOPPER
HONORABLE RYAN WARNER
HONORABLE JEFF WHEELAND
HONORABLE DAVE ZIMMERMAN
HONORABLE MATT BRADFORD, DEMOCRATIC CHAIRMAN
HONORABLE AMEN BROWN
HONORABLE DONNA BULLOCK
HONORABLE MORGAN CEPHAS
HONORABLE ELIZABETH FIEDLER
HONORABLE MANUEL GUZMAN

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE: (cont.)

- HONORABLE PATTY KIM
- HONORABLE EMILY KINKEAD
- HONORABLE STEPHEN KINSEY
- HONORABLE LEANNE KRUEGER
- HONORABLE KYLE MULLINS
- HONORABLE BENJAMIN SANCHEZ
- HONORABLE PETER SCHWEYER
- HONORABLE JOE WEBSTER

ALSO IN ATTENDANCE:

- HONORABLE JERRY KNOWLES
- HONORABLE DAVE MILLARD
- HONORABLE DARISHA PARKER
- HONORABLE JOE CIRESI
- HONORABLE MARY JO DALEY

COMMITTEE STAFF PRESENT:

- DAVID DONLEY
MAJORITY EXECUTIVE DIRECTOR
- RITCHIE LaFAVER
MAJORITY DEPUTY EXECUTIVE DIRECTOR
- ANNE BALOGA
DEMOCRATIC EXECUTIVE DIRECTOR
- TARA TREES
DEMOCRATIC CHIEF COUNSEL

* * * * *

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

TESTIFIERS

* * *

<u>NAME</u>	<u>PAGE</u>
NEIL WEAVER ACTING SECRETARY, DCED.....	6
RICK VILELLO DEPUTY SECRETARY FOR COMMUNITY AFFAIRS & DEVELOPMENT, DCED.....	10
KEVIN ROWLAND CHIEF FINANCIAL OFFICER, DCED.....	31

SUBMITTED WRITTEN TESTIMONY

* * *

(See submitted written testimony and handouts online.)

* * * * *

Summer A. Miller, Court Reporter
SMCourtreporting@gmail.com

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REQUESTS FOR PRODUCTION OF INFORMATION

Page 52, lines 8-11	Ben Franklin Technology Development Authority innovation initiatives
Page 62, lines 8-13	Neighborhood tax credit uses
Page 79, lines 18-19	Industries in most need
Page 79, lines 24-25	Outcomes and impact of last year's funding
Page 82, lines 18-22	Survey results
Page 103, lines 24-25	Other government barriers
Page 106, lines 20-23	Tourism hotel room estimate
Page 111, lines 1	Tourism money in General Fund
Page 118, lines 2-4	Sale of Chester Water Authority information

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

2 * * *

3 MAJORITY CHAIRMAN SAYLOR: This morning we
4 will start with our testifiers who we have from the
5 Department of Community and Economic Development. We have
6 here with us Acting Secretary Neil Weaver and Rick -- I'm
7 going to apologize if I screw up your last name -- Rick
8 Vilello -- okay, good -- who is the deputy secretary for
9 community affairs and development, and we have Kevin
10 Rowland who's chief financial officer.

11 If you gentlemen will rise and raise your
12 right hand, we'll swear you in.

13 Do you swear or affirm that the testimony
14 you're about to give is true to the best of your knowledge,
15 information, and belief? If so, say "I do."

16 (Affirmative answers.)

17

18 NEIL WEAVER, RICK VILELLO, and KEVIN
19 ROWLAND, called as witnesses, being duly sworn, testified
20 as follows:

21

22 MAJORITY CHAIRMAN SAYLOR: Thank you very
23 much.

24 And we will start off with our first
25 questioner, which is Representative Lou Schmitt.

1 REPRESENTATIVE SCHMITT: Thank you, Mr.
2 Chairman.

3 Good morning, gentlemen. Thank you for
4 coming over and spending a little time with us here this
5 morning so we can ask you a few questions.

6 I'm going to start off with a question about
7 small business. We know how vitally important small
8 business is to our economy here in the Commonwealth. And I
9 notice that under the Governor's proposed budget for the
10 Manufacturing PA appropriation, the Industrial Resource
11 Centers would receive an additional \$1.5 million and the
12 Partnerships for Regional Economic Performance would also
13 receive \$1.5 million to foster partnerships with
14 institutions of higher education.

15 I would appreciate if you would talk a
16 little bit about what these initiatives are, and even more
17 importantly, how they will assist Pennsylvania's small
18 businesses.

19 ACTING SECRETARY WEAVER: Sure. Thank you,
20 Representative.

21 Both lines are great and have a lot of great
22 work that's done with them, within them. The small
23 business development centers are within --

24 REPRESENTATIVE SCHMITT: Excuse me, could
25 you speak maybe a little more into your mic?

1 ACTING SECRETARY WEAVER: Sure. Is that
2 better?

3 REPRESENTATIVE SCHMITT: Better. Thank you.

4 ACTING SECRETARY WEAVER: All right.

5 The program includes the Small Business
6 Development Centers and other programs as far as -- they
7 also have manufacturing training within those. The
8 manufacturing to training program that provides funding and
9 training are pre-apprentice programs within those.

10 They both support our small businesses as do
11 a few other programs that we have.

12 REPRESENTATIVE SCHMITT: Thank you very
13 much.

14 Thank you, Mr. Chairman.

15 MAJORITY CHAIRMAN SAYLOR: Our next
16 questioner is Representative Fritz.

17 (No response.)

18 MAJORITY CHAIRMAN SAYLOR: Representative
19 Fritz?

20 REPRESENTATIVE FRITZ: Thank you, Mr.
21 Chairman.

22 And good morning, Mr. Secretary.

23 ACTING SECRETARY WEAVER: Good morning.

24 REPRESENTATIVE FRITZ: Pleased to see you.

25 So, Mr. Secretary, the Governor's proposed

1 budget requests \$100,000 within DCED's general government
2 operations or GGO appropriation for an initiative to
3 support industrial sector decarbonization through
4 deployment of carbon capture, utilization and storage, and
5 hydrogen technologies in the Commonwealth.

6 So my question is twofold -- and I guess
7 before I go to the question, I'll mention that I support
8 these measures. It's very, very important and definitely
9 the way of the future.

10 So number one, Mr. Secretary, what will the
11 \$100,000 be used towards? And number two -- and this is
12 important -- why was DCED chosen in lieu of DEP to move
13 forward with this initiative?

14 ACTING SECRETARY WEAVER: Sure. Thank you
15 for the question.

16 The \$100,000 is going to be used for a
17 partnership with the Team Pennsylvania Foundation. We're
18 working on a strategy with them and have our -- pulling
19 together our stakeholders to talk about that future.
20 You're right; this is the direction of the future that
21 we're going with energy, and we have our stakeholders. DEP
22 is part of that, as is our partners with US Steel and EQT.
23 We continue to work with them.

24 I think -- we put it in -- the Governor put
25 it in our budget because of our driving the energy economy

1 from the business side of things.

2 REPRESENTATIVE FRITZ: Okay. I appreciate
3 that.

4 And I guess I just want to go on record in
5 saying that expansion of industry and environmental
6 stewardship are not mutually exclusive, that they can be
7 achieved. So I appreciate where the State is moving in
8 this and I appreciate your time.

9 I'll yield my time, Mr. Chairman. Thank you
10 so much.

11 MAJORITY CHAIRMAN SAYLOR: Our next question
12 is Representative Sanchez.

13 REPRESENTATIVE SANCHEZ: Thank you, Mr.
14 Chairman.

15 Good morning, gentlemen. Welcome.

16 ACTING SECRETARY WEAVER: Good morning.

17 REPRESENTATIVE SANCHEZ: Thank you for your
18 time today.

19 I wanted to -- I see in the Governor's
20 budget a \$1.5 million appropriation for the Invent Penn
21 State initiative. I wanted to invite you gentlemen to talk
22 about a little bit and what that would mean in my district,
23 which is Penn State campus, Penn State Abington. I would
24 love to hear what that would mean for young entrepreneurs
25 in the Commonwealth.

1 ACTING SECRETARY WEAVER: Sure. Thank you
2 for that question.

3 Invent Pennsylvania -- or Penn State is a
4 phenomenal program. We're excited to support it and
5 partner with Penn State. It's a very unique program and
6 we're excited about it because it spans across all of their
7 branch campuses. And it reaches rural and urban areas.
8 And we're excited about it.

9 It's focused on economic development. It's
10 focused on job creation and entrepreneurship. It provides
11 IT support, IP advice, as well as legal advice, and it also
12 provides mentorships and funding for entrepreneurs.

13 REPRESENTATIVE SANCHEZ: And do you see that
14 as linked to, like, the communities that the campuses are
15 within or do they -- is it a broader reach?

16 ACTING SECRETARY WEAVER: The reach is the
17 entire areas that they cover and the Penn State students
18 that attend there and the local communities.

19 REPRESENTATIVE SANCHEZ: And is there an
20 emphasis on diversity in the entrepreneurship or is that
21 kind of coming naturally out of, you know, the efforts to
22 have a diverse student body in the schools?

23 ACTING SECRETARY WEAVER: Go ahead.

24 DEPUTY SECRETARY VILELLO: We've worked
25 really closely with Penn State in locating a large portion

1 of where they're at and in places like Hazelton and Dubois
2 and Johnstown. We specifically identified community
3 development and the tie with economic development in those
4 locations, in their downtown.

5 Many are in buildings that were abandoned or
6 dilapidated. So it not only brings the incubation of new
7 jobs, but it, in most places, it saves blighted buildings
8 or key buildings, anchor buildings in downtown locations.

9 So it's been a really good partnership from
10 the very beginning. And we see it as growing. We see it
11 as a stabilizing factor in these communities, and we see it
12 as an opportunity for underserved areas.

13 REPRESENTATIVE SANCHEZ: Excellent. Sounds
14 really exciting and I, you know, look forward to helping
15 get this off the ground. And thank you.

16 ACTING SECRETARY WEAVER: Thanks,
17 Representative.

18 REPRESENTATIVE TOPPER: The Chair thanks the
19 gentleman and recognizes the gentleman from Indiana, Mr.
20 Struzzi.

21 REPRESENTATIVE STRUZZI: Good morning.

22 ACTING SECRETARY WEAVER: Good morning.

23 REPRESENTATIVE STRUZZI: Good morning,
24 Acting Secretary, gentlemen.

25 I'd like to continue the train of thought

1 that Representative Fritz asked about regarding carbon
2 capture and the, specifically the Regional Greenhouse Gas
3 Initiative. As you know, I'm from Indiana County. We are
4 ground zero for the impacts of RGGI with our coal-fired
5 electric generation plant.

6 So just this Monday, the Homer City
7 Generating Station announced that they may be
8 decommissioning, and make that decision by April 4th. One
9 hundred twenty-nine people work at the Homer City
10 Generating plant, family-sustaining jobs. You know, we're
11 coming off the tail end of a pandemic where your own
12 numbers are that we've lost 300,000 permanent jobs.

13 In your priorities, you talk about job
14 creation, workforce training, business growth, and
15 attraction. You talk about Pennsylvania's energy economy.
16 This is going to be devastating to our economy. And I
17 think we all know that.

18 It's kind of contradictory to me that your
19 priorities don't line up with the initiative that the DEP
20 and the Governor are pushing regarding RGGI.

21 Cheswick Power Plant is going to close on
22 April 1st, another 50 family-sustaining jobs.

23 Tell me, tell me how from DCED's perspective
24 is this good? How is this helping Pennsylvania?

25 I don't -- I'm frustrated, as you can tell.

1 And I've been fighting this battle for two years now. And
2 the news that we got on Monday to me is devastating to our
3 small rural communities in Pennsylvania at a time when we
4 need a balanced energy portfolio.

5 Can you explain to me how DCED plays a role
6 in this and how you're going to be able to help our
7 communities survive these devastating losses?

8 ACTING SECRETARY WEAVER: Sure. Thank you,
9 Representative.

10 And I understand where you're coming from.
11 My brother lives in your district, so I've been there often
12 and understand the area.

13 Market forces, as you know, have played a
14 really big part in the closing of these coal-fired power
15 plants. Since 2011, 15 of them have shut down before RGGI
16 was a thing and before we discussed RGGI.

17 As far as what we're doing, you have my
18 commitment -- one job loss is important to us even. One
19 hundred twenty-nine is devastating.

20 So as part of our mission, we're completely
21 dedicated to you and to your constituents and to the
22 communities to make sure we're providing the resources
23 needed to you and your constituents -- job training, new
24 opportunities, and the like. And we'd like to work with
25 you on that.

1 REPRESENTATIVE STRUZZI: Is there a
2 possibility -- the \$100,000 doesn't seem like a whole lot
3 to me when it comes to carbon capture technology. Is there
4 a possibility to try and save these power plants?

5 As Representative Fritz said, you know,
6 energy and environmental stewardship don't need to be
7 mutually exclusive. We can work together to try and retain
8 these jobs and achieve the climate goals that the Governor
9 has set and the Administration. Is there a way to do that?

10 As you probably know, in 2028, there's going
11 to be some federal wastewater regulations that basically
12 will push all of these power plants over the cliff. And a
13 number of them -- two of them in my area, Conemaugh and
14 Seward, have announced that they will be closing in 2028,
15 and Homer City had said that they were going to try to
16 continue beyond that. Is there anything in your vision
17 that would enable us to try and save these essential energy
18 producers?

19 You know, Pennsylvania is one of the largest
20 exporters of energy because of our coal-fired electric
21 generation, because of our fossil fuels. And I know I've
22 been talking about this for a couple of years now, but the
23 economic impacts are going in the billions across this
24 Commonwealth. We're already seeing customers' electric
25 rates increasing.

1 I mean, are you looking that far ahead? And
2 is there something we can do to try and help these power
3 plants survive?

4 ACTING SECRETARY WEAVER: First of all, I'd
5 like to have the opportunity to sit down with you and talk.
6 This is my fourth day on the job, so I'd love to sit down
7 with you and have a further conversation.

8 REPRESENTATIVE STRUZZI: Sure.

9 ACTING SECRETARY WEAVER: I do know from the
10 estimates from DEP on their report, they're looking at
11 30,000 new jobs to be created for (inaudible) energy
12 economy. And so we're looking at that and the funding that
13 would come from the auctions to be invested back into the
14 communities.

15 So I'd like the opportunity and welcome the
16 opportunity to sit with you and talk about that further.

17 REPRESENTATIVE STRUZZI: Well, I'd certainly
18 welcome that opportunity as well, and I'd invite you to
19 come to Indiana County and, you know, look at all the
20 things we have going on based on economic development
21 because we are looking at the future given what is
22 happening with the energy economy.

23 But, you know, to me it just, it flies in
24 the face of economic development to basically push an
25 industry out of this Commonwealth that is providing

1 family-sustaining jobs right now. And it concerns me
2 deeply that we're not looking at this from a larger
3 perspective.

4 So I appreciate your time. Thank you.

5 ACTING SECRETARY WEAVER: Thank you.

6 REPRESENTATIVE TOPPER: The Chair thanks the
7 gentlemen.

8 Also, again, thanks to Secretary, Acting
9 Secretary Weaver who, even though it is your fourth day on
10 the job, we also, you know, we know that you have been the
11 executive deputy secretary and have worked with many of us
12 before. So we appreciate that that relationship can
13 continue now in this capacity.

14 With that, the Chair recognizes the
15 gentleman from Montgomery, Mr. Webster.

16 REPRESENTATIVE WEBSTER: Thank you, Mr.
17 Chairman.

18 I will be brief today. I got in trouble for
19 that yesterday.

20 And, Acting Secretary, thanks for being
21 here.

22 I'm one of those guys that likes to plant a
23 seed and, you know, in a couple of months, we'll water it a
24 little bit and we'll see how things grow.

25 And I think your one-stop shopping effort

1 within DCED is a lot like that for our small businesses,
2 you know, to go investigate and then begin the regulation
3 process all the way through operation or growth.

4 My question would be in our current
5 environment, do you see one of those categories as most
6 beneficial, like maybe how to grow our existing companies
7 or where you might focus in that process to sort of
8 envision some next steps for Pennsylvania?

9 ACTING SECRETARY WEAVER: Sure. Thank you,
10 Representative.

11 We have a number of -- I'll start off -- a
12 number of programs that are focused on our small
13 businesses. The One-Stop Shop is a tremendous opportunity
14 for our entrepreneurs and start-ups to come and visit and
15 get all the information that they need to provide them to
16 start a business. They -- it connects ourselves with the
17 Department of State, Department of Revenue, and Department
18 of L&I to make sure they'll be able to focus their efforts
19 and be able to find everything they need at one place.

20 We've had 25,000 start-ups in the past year
21 which is tremendous, and had great opportunity for
22 Pennsylvania and its entrepreneurs.

23 REPRESENTATIVE WEBSTER: That's a huge
24 number. Do you have the capacity within DCED to -- you
25 know, aside from like an automated website to support those

1 entrepreneurs.

2 ACTING SECRETARY WEAVER: Yes. Absolutely
3 we do. And we've got our folks in the business assistance
4 programs, our community programs to definitely do that to
5 help these businesses with a few different programs that we
6 have including the Pennsylvania Industrial Development
7 Authority and a few other programs.

8 REPRESENTATIVE WEBSTER: Thank you for that.
9 We'll certainly want to support -- did you have another
10 comment?

11 DEPUTY SECRETARY VILELLO: Just to share a
12 funny story from yesterday.

13 The One-Stop Shop has a dedicated line and a
14 dedicated e-mail, but a business that was having an
15 incorporation issue somehow got their e-mail into an all
16 DCED e-mail. So a bunch of us got copied on an
17 incorporation question. And there were 12 answers in about
18 15 minutes. And I was like "Hey, that's really cool. It's
19 impressive that, you know, despite it not going to the
20 One-Stop Shop." And Tyrell in the One-Stop Shop goes,
21 "Well, thanks, guys, but I just got this," and it was 15
22 minutes later.

23 REPRESENTATIVE WEBSTER: I'm going to
24 laugh -- and don't answer this question -- but, you know,
25 how many of them were the same answer?

1 DEPUTY SECRETARY VILELLO: They were all the
2 same answer, so that was cool.

3 REPRESENTATIVE WEBSTER: Thank you.

4 Thank you, Mr. Chairman.

5 REPRESENTATIVE TOPPER: Chair thanks the
6 questioner and recognizes the lady from Bucks,
7 Ms. Schroeder.

8 REPRESENTATIVE SCHROEDER: Thank you,
9 Chairman.

10 Good morning, Acting Secretary Weaver and
11 your team.

12 ACTING SECRETARY WEAVER: Good morning.

13 REPRESENTATIVE SCHROEDER: Good morning.

14 My first question is about the America250PA
15 line. The Governor proposes 250,000 to support
16 Pennsylvania's leading role in the 250th anniversary of the
17 United States. While I understand that a commission was
18 officially sworn in in September of 2019, this celebration
19 is still over four years away.

20 Why the need for funding now?

21 ACTING SECRETARY WEAVER: There's a lot of
22 programs -- planning that's going to go into that. It's
23 going to be such a celebration, and it's going to draw
24 thousands and thousands to Pennsylvania. And so it's going
25 to take a lot of coordination between ourselves and our

1 partners to make sure that that is successful.

2 We're looking and we're working on the
3 coordination of all marketing efforts. So it's going to be
4 a big deal for our agency.

5 REPRESENTATIVE SCHROEDER: Okay. And so
6 that money you think will more so go towards marketing or
7 other --

8 ACTING SECRETARY WEAVER: Correct.

9 REPRESENTATIVE SCHROEDER: -- stuff that you
10 can tell us about, what the money would be spent for?

11 ACTING SECRETARY WEAVER: Specifically for
12 marketing.

13 REPRESENTATIVE SCHROEDER: So you don't
14 think it's premature to be spending that kind of money
15 now --

16 ACTING SECRETARY WEAVER: Not for the
17 planning --

18 REPRESENTATIVE SCHROEDER: -- when it's four
19 years away?

20 ACTING SECRETARY WEAVER: No. The planning
21 needs to take place now.

22 REPRESENTATIVE SCHROEDER: Do you think,
23 like, every year we're going to have the same amount of
24 money that you want towards that, or is it going to grow as
25 a bigger budget as we get closer for different things, or

1 what are you seeing as long-term planning for it?

2 ACTING SECRETARY WEAVER: Sure. I can't
3 answer that. I'm not sure what the out years will be on
4 that. I would assume there will be -- ask for funding to
5 continue the efforts that we're going to be doing as we get
6 closer.

7 REPRESENTATIVE SCHROEDER: Okay. Great.
8 Thank you so much.

9 So I'm just going to shift gears now to PA
10 jobs and businesses. Governor Wolf essentially shut down
11 the Pennsylvania economy by closing all nonessential
12 businesses on March 17th, 2020. Last year we heard from
13 the secretary of Labor that the industry will, at that
14 time, indicated 500,000 jobs would likely be permanently
15 lost as a result of the Governor's lockdown.

16 So do you have any strategies that you can
17 offer to us to get these businesses and jobs back other
18 than just allowing them to be open?

19 ACTING SECRETARY WEAVER: Sure.

20 So we've got a number of programs that we
21 focus on for small businesses. What I would say is that
22 one of the programs that we're very proud of is
23 the \$225 million program that came out last year. That
24 program was divided up by \$100 million for main street
25 small businesses and as well as minority- and women-owned

1 businesses, another 100 million.

2 So that program, we were able to
3 award 11,000 businesses funding. The Governor is asking
4 for recapitalization of 225 million for that program again.
5 We had \$1 billion asked, requested for that funding. And
6 we were -- we got the funding out through our CDFIs in
7 record time, to those businesses.

8 So we'll continue to look at those programs
9 as well as our programs through our partners, through the
10 Ben Franklin Technology Development Authority -- or
11 development partners and the Small Business Development
12 Centers.

13 REPRESENTATIVE SCHROEDER: Okay. So do you
14 have any ideas of, you know, which type of programs have
15 been implemented that have done better than others that
16 we're going to try to invest in like that? Specifically
17 like -- 11,000 businesses were founded through that. You
18 know, is there a goal to fund more? I just know that a lot
19 of businesses are still really struggling --

20 ACTING SECRETARY WEAVER: Absolutely.

21 REPRESENTATIVE SCHROEDER: -- and the
22 labor-force issue.

23 ACTING SECRETARY WEAVER: No, absolutely.

24 The labor issue is huge for us. But we're
25 working on our training programs specifically geared

1 towards incumbent training, but also to apprenticeship,
2 pre-apprenticeship programs and making sure that we're
3 providing the need for those. Those are great training
4 programs. We have a training-to-career program that last
5 year trained 700. Our WEDnet program that is an incumbent
6 program, trained about 20,000 last year up to this year.
7 So we have all those programs in place, and we're
8 working -- and we're marketing those programs also.

9 REPRESENTATIVE SCHROEDER: Okay. And I
10 think I read it was 5.9 million people are working in PA.
11 Do you think we should be higher than that? Do you think
12 we're on track? What do you think about that number?

13 ACTING SECRETARY WEAVER: I think that
14 number could always be higher, the number we need working
15 in Pennsylvania. I mean, that's a major issue.

16 There's a lot of barriers to workers, and
17 we're trying to work with the businesses. We've been out
18 and visited almost a thousand businesses over the past
19 seven years and communities. And so we are hearing them,
20 we know what their issues are, and we're trying to address
21 those.

22 REPRESENTATIVE SCHROEDER: Well, I
23 appreciate that. That's great. Thank you so much.

24 That's all my questions. I'll yield back my
25 time, Chairman.

1 thank you for that question.

2 We're very excited and proud of the fact
3 that we brought on Norman Bristol Colón who worked with
4 many of you on the census. He's our chief diversity
5 officer. He's part of our executive staff.

6 And what he's done is, he is spearheading
7 the diversity committee that we have had since 2018.
8 They've made recommendations, and he's looking at which one
9 of those we can get moving as quickly as possible. We have
10 put a nondiscrimination clause in our contracts for our
11 grants and loans and a number of other things that the
12 committee has done.

13 One thing we're also proud of is the amount
14 of federal dollars we have coming in this year. We have
15 carveouts for minority and diversity businesses and
16 women-owned businesses. Out of \$260 million, we have a
17 \$17 million program that's going to be geared towards
18 minority-owned venture funds that are going to be investing
19 in other funds. We have -- out of the \$17 million we're
20 going to have from the Tourism Fund, 6.8 is going to be
21 focused on minority- and women-owned business.

22 So we have a number of programs that we're
23 very proud of on the diversity side. Businesses are
24 reflective of the state. We have a diverse state in every
25 corner. So we need to make sure that we are diversifying

1 and that we are working with our businesses to meet their
2 needs.

3 REPRESENTATIVE BULLOCK: Thank you.

4 And I appreciate that because Pennsylvania
5 is a very diverse Commonwealth from one end to the other
6 and everywhere in between, and I think we should celebrate
7 that diversity in our economy as well.

8 And a second question, could you share with
9 us the work you are doing to support our distressed
10 communities and those businesses that may have been
11 impacted during the pandemic in those particular
12 communities?

13 ACTING SECRETARY WEAVER: Absolutely.

14 Rick, you want to take that?

15 DEPUTY SECRETARY VILELLO: This is an area
16 that I'm really proud of. On the community side, the
17 Act 47 program, the distressed communities fall under the
18 community-side umbrella. And, you know, actually
19 immigration, diverse-owned businesses are driving the
20 economy in many of our core communities.

21 And the perfect example of that is the City
22 of Reading where, you know, the earned income tax is
23 normally a flat, stagnant tax, and the City of Reading --
24 which was rated the most distressed city in the nation not
25 too long ago -- is going to come out of Act 47. But what's

1 driving them coming off Act 47 is their earned income tax
2 increases, and it's been over a 7 percent increase yearly,
3 not just stagnant, and it's all because of bodegas hiring.
4 And, you know, each one is employing 15, 20 individuals.
5 And we're looking at that as a way to improve not only our
6 distressed communities, but other places because of what it
7 brings to, you know, our culture.

8 And, you know, it's the backbone of, you
9 know, creating jobs, small businesses, and local economies.
10 You know, it's amazing.

11 REPRESENTATIVE BULLOCK: Thank you for that.
12 And thank you for shouting out the City of Reading. My
13 colleague over there gave you plenty of finger snaps during
14 that. And for shouting out our bodegas, those small
15 community grocery stores. I have one around the corner
16 from my house. And those of us who don't know about a
17 bodega, that is the Spanish term for those small community
18 stores that we have and delis in our community.

19 So thank you. They are a strong part of our
20 economy, and it's those kind of small businesses that we
21 need to continue to support.

22 DEPUTY SECRETARY VILELLO: I couldn't
23 believe it when I was looking at the numbers because you
24 look at the tax level and you look at most places -- and
25 I've been very involved with Reading -- and you saw the

1 graph and I'm like, we have to dig deeper. Why is this
2 happening there? And it came down to, you know, 100 little
3 places all employing 15 or 20 people and driving the earned
4 income tax revenue up significantly.

5 REPRESENTATIVE BULLOCK: All right.

6 What we know is those small businesses hire
7 from our communities.

8 DEPUTY SECRETARY VILELLO: Yeah.

9 REPRESENTATIVE BULLOCK: Thank you very
10 much.

11 REPRESENTATIVE TOPPER: The Chair thanks the
12 lady and recognizes the gentleman from Lancaster, Mr.
13 Greiner.

14 REPRESENTATIVE GREINER: Thank you, Mr.
15 Chairman.

16 And I appreciate my last colleague's
17 comments. That's a great segue because I'm going to talk
18 about economies and where we're heading and some of the
19 reports that have been out.

20 Recently, the National Federation of
21 Independent Business, NFIB, released a survey -- and this
22 is very recent -- that found that the small business owners
23 here just in January raised their selling -- 61 percent of
24 those businesses had to raise their prices. And that's a
25 four-point increase from the previous month, and actually,

1 this is the highest increase we've seen since 1974. And
2 another 50 percent of those firms said that they have had
3 to boost wages amid difficulty in attracting new workers.

4 And then finally, the NFIB, they have
5 surveys and indexes measuring the confidence among small
6 business owners, and that confidence has dropped. It's the
7 lowest it's been in a year. And, of course, those business
8 owners are concerned about the extremely high inflation we
9 have right now, the worker shortages, and the uncertain
10 economic conditions that we currently have. And the
11 survey -- those concerns were actually before we just
12 received the January inflation numbers where the CPI index
13 was once again seven and a half percent -- or actually,
14 that's actually at a 40-year high as well.

15 So we're really in a precarious position
16 right now. And I think myself -- and I would hope my
17 colleagues would find this very concerning and -- as we
18 move forward because, you know, we talk about economic
19 growth in the state and we certainly -- not only do we want
20 growth, but we want recovery through this pandemic.

21 I guess what I want to know in this
22 environment, what are your thoughts on the inflationary
23 levels in Pennsylvania and how that's going to affect the
24 current atmosphere for small businesses? I think everybody
25 knows -- getting back to what we just said, I mean, small

1 businesses -- perfect, you talked about Reading and adding
2 15 people. Small businesses -- small business is the
3 economic driver in this Commonwealth. I know we have big
4 businesses, but the reality is it's the small businesses
5 that is the driver.

6 So I want your input on that moving forward.
7 And are there any additional red flags that DCED is seeing
8 that we need to address as we move forward here in the next
9 half year?

10 ACTING SECRETARY WEAVER: Sure. I'll take
11 the second part of your question first, if that's okay.

12 We're looking at -- and we're taking a look
13 when we talk to businesses and we talk about the labor
14 shortage and we talk about what their issues are. Number
15 one, it's workforce, as we all know. It's attracting and
16 keeping people in their jobs.

17 But we look at, why is that? Well, it's
18 childcare, it's transportation, it's an aging workforce.
19 We have a number of reasons why. And those are things that
20 we're working with our small businesses.

21 As far as inflation, you know, it's a
22 national issue. And we need to address what we can here in
23 Pennsylvania. We need to invest in our communities, we
24 need to invest in our businesses, and we need to invest in
25 education which is what we're doing through this budget.

1 And we believe that our communities are the gateway to our
2 businesses and making sure that we know and we have the
3 opportunity to talk about what those issues are and how we
4 can address them.

5 REPRESENTATIVE GREINER: Was there -- and I
6 think there might have been a follow-up, or maybe you
7 answered the labor first and the inflation second, I guess.

8 I guess my question is -- so we don't have
9 any specifics, though, moving forward. I mean, this is,
10 this is -- even for myself, I was very young when we had
11 the huge inflation pressures the last time this country has
12 seen anything like this.

13 Do you have any specifics on how we might
14 want to address this or how to deal with it, you know,
15 moving forward?

16 I mean, just a bigger item, I was at the
17 grocery store the other evening and, wow, that's all I'll
18 just say, wow. You know, I think the prices are more than
19 seven and a half percent higher.

20 MR. ROWLAND: Thank you. And we acknowledge
21 that that's a real concern.

22 Typically, inflation would be addressed at
23 the national level with fiscal and monetary policy, and
24 that's going on right now. In terms of what we can do at
25 the state level and at our agency, we are happy to sit down

1 with you and talk about how we can best address that.

2 As Neil mentioned, we are trying to focus on
3 those things that we can control and being there to support
4 businesses and communities. But in terms of the actual
5 impact that we can have on inflation, it's something that
6 we're considering and we're, you know, trying to determine
7 how best we can address it.

8 REPRESENTATIVE GREINER: I appreciate your
9 time.

10 I do think we need to take a long look at
11 the effect on our small businesses, because as I said,
12 they're the ones that are going to make or break us moving
13 forward and hopefully be part of a strong recovery, so
14 thank you.

15 MAJORITY CHAIRMAN SAYLOR: Thank you.

16 And our next questioner is Representative
17 Kinkead.

18 REPRESENTATIVE KINKEAD: Thank you, Mr.
19 Chairman.

20 Thank you for being here today.

21 I wanted to talk a little bit about
22 something that, you know, is maybe a little unexpected, but
23 has come up more recently in my district. I represent
24 areas of Allegheny County, and we've had some serious
25 landslide issues coming up. And I know that a lot of

1 programs that you focus on in terms of housing or
2 affordable housing, but I'm wondering if DCED is
3 contemplating or considering any kind of investment?

4 Because I have legislation, HB 1054, that
5 would provide an insurance program through PEMA to help
6 those impacted by property loss due to landslides. It
7 hasn't moved anywhere, and I'm wondering if DCED is
8 contemplating how to help those who are impacted by
9 landslides in terms of housing and property damage that
10 way.

11 ACTING SECRETARY WEAVER: Sure. I'm going
12 to ask Rick to answer in a second.

13 But we'd be happy -- we haven't on that side
14 of things, but I would be happy to sit down with you and
15 talk about your legislation and what we can do and what our
16 agency can do to help.

17 I don't know if, Rick, you want to talk
18 about the housing piece.

19 DEPUTY SECRETARY VILELLO: Not specifically
20 to landslides, but with Community Development Block Grant
21 funds, disaster recovery funds, home funds, emergency
22 solution grants, LIHEAP, everything that falls under that
23 umbrella, as well as community planning, you know, working
24 with the State Planning Board on the Governor's charge to
25 look at stormwater runoff and flooding issues. All of that

1 we look at in a holistic way. And we've been putting more
2 funding into the Municipal Assistance Program and planning
3 grants so that places are updating their comprehensive
4 plan, including emergency planning, you know, all of that
5 big picture.

6 So many places, the comprehensive plan is
7 decades old, and, you know, emergency planning all of that
8 wasn't included. So we're trying to look at implementable,
9 real, structural plans that address where housing is
10 located, how it's built, how runoff affects it, all that
11 kind of stuff.

12 REPRESENTATIVE KINKEAD: For people who are
13 currently experiencing losses as a result of landslides,
14 would any of these programs be available to them to offset
15 the loss, or would we need to adapt these programs to
16 expand it to make them available?

17 DEPUTY SECRETARY VILELLO: They would have
18 to be adapted. A lot of -- when we make investments in
19 places like that, we're looking at resiliency, you know, is
20 there a better way to build, are we looking at how things
21 are paved, how it's affecting downstream development, all
22 of that. But there isn't anything that -- you know, if a
23 landslide happens today and a business is wiped out because
24 of it, there's nothing in place currently.

25 REPRESENTATIVE KINKEAD: Thank you.

1 Shifting gears, I wanted to talk about just
2 generally our distressed and disadvantaged communities,
3 especially as they've been impacted disproportionately by
4 the pandemic, and what it is that you guys have been doing
5 in order to assist those communities.

6 ACTING SECRETARY WEAVER: Sure. And I'll
7 again ask Rick on the community side of things.

8 But we've been working closely with those
9 communities. You know, we've had -- we just had Scranton
10 come out of Act 47 after 30 years. It was an amazing feat.
11 It was a lot of hard work and a lot of work from the people
12 of Scranton and the officials there and the local
13 officials. But we also have two that are coming out in the
14 near future. We have the Borough of Colwyn and we also
15 have the City of Reading, which we're excited that those
16 are coming out.

17 So Rick and his team have been doing a
18 tremendous job on the Act 47 piece.

19 But, Rick, do you want to --

20 DEPUTY SECRETARY VILELLO: Specifically
21 pandemic related and -- PEL did a study about six months
22 into the pandemic that, you know, there was going to be 43
23 municipalities likely filing for distressed status and Act
24 47. But what we've seen over course is those impacts
25 didn't happen as soon or as large as they were projected to

1 be. And we worked closely with all of those to make sure
2 they're looking at the strategic management planning
3 program and other programs so that they wouldn't slide into
4 Act 47. And we were very involved in delivering the ARPA
5 funds, the 981 million, to all of the municipal governments
6 that weren't direct entitlements, and we were very
7 efficient at delivering the ARPA funds and working closely
8 with plans on how to be most impactful so those investments
9 last generations, and not just in the short-term.

10 So it's on our radar. We're paying really
11 close attention to it and trying to make a difference in
12 that way.

13 REPRESENTATIVE KINKEAD: Thank you. I
14 appreciate it.

15 Thank you, Mr. Chairman.

16 MAJORITY CHAIRMAN SAYLOR: Thank you.

17 And our next questioner is Representative
18 Lee James.

19 REPRESENTATIVE JAMES: Thank you, Mr.
20 Chairman Saylor.

21 Gentlemen, welcome.

22 Once more into the breach of Act 47 of 1987,
23 for folks who may not be completely familiar with the
24 purpose of that act, it's to allow, or to design procedures
25 to stabilize communities in financial distress.

1 The '22-'23 proposed budget level of funds
2 at four and a half million, the contribution to
3 municipalities finance recovery aid fund -- and it's my
4 understanding there currently are 15 communities in there.
5 I don't know if Reading is in or out at this point, but the
6 projection was that by the end of this fiscal year -- which
7 is only four short months away -- we may have as many as 19
8 communities. And then at the end of the following fiscal
9 year, possibly as many as 22 communities.

10 So if the Pennsylvania economy leg weighs in
11 with another 5 percent increase, potential municipalities
12 entering Act 47, do you -- can you justify flat funding a
13 line item of this importance? And then, just to make
14 matters worse, we have to consider the effect of lockdowns
15 and COVID.

16 So I would ask you, any or all of you, to
17 make comments on the financial health of the municipalities
18 across our Commonwealth.

19 ACTING SECRETARY WEAVER: Sure. And again,
20 Rick, I'll ask you in a second to chime in.

21 But on the Act 47 line item, we do believe
22 that that's sustainable with where we are right now. We
23 have the Strategic Management Planning Program that works
24 with our communities before they would get to the Act 47
25 area.

1 So we're working really hard. Our staff is
2 comfortable with where they are with that funding.

3 Rick, do you want to...

4 DEPUTY SECRETARY VILELLO: Yeah. I'm really
5 comfortable with where we are with the funding.

6 When we look at the overall health of
7 communities and the early warning system that's established
8 at DCED to monitor their health, most communities are
9 improving. And when we looked at the survey from PEL and
10 those projections were made, we were pretty conservative
11 with, you know, doing the estimates, and we looked at the
12 timing and when municipalities will be coming out of
13 distressed status and which ones they were. And with
14 places like Scranton and Reading coming out and being able
15 to stand on their own, the larger the municipality, the
16 larger the costs were in Act 47. So when Reading and
17 Scranton come out, that creates room in the budget for if a
18 smaller place would need to come in.

19 But we've been doing a good job with those
20 projections and doing outreach through the Strategic
21 Management Planning Program. And right now, we have 72
22 municipalities participating in Strategic Management
23 Planning, STMP, and they're all doing better. All of the
24 ones that have participated in STMP have raised their
25 position when it comes to municipal finance, bond ratings,

1 and those conditions.

2 So we're pretty confident in our number and,
3 you know, have faith that the number is what it should be.

4 MR. ROWLAND: And if I could just add to
5 that too, through the America Rescue Plan, there has
6 been 983 million that's flowing through our department out
7 to the municipalities, and that's being done over two
8 tranches. So 483 million went out last summer, and we're
9 going to push out an additional 483 million in June.

10 REPRESENTATIVE JAMES: Well, that answers my
11 second question. Thank you very much.

12 In my community of Oil City, we have a
13 pretty good city manager and a board of folks who are
14 paying attention to this matter, but we do have issues with
15 infrastructure.

16 So I would invite you, Rick, or whomever to
17 come out and talk to us about that issue.

18 Mr. Chairman, I cede back my time.

19 MAJORITY CHAIRMAN SAYLOR: Our next
20 questioner is Representative Guzman.

21 REPRESENTATIVE GUZMAN: Thank you, Mr.
22 Chair.

23 And thank you, gentlemen, for your time this
24 morning.

25 First, I want to say, you know, hiring

1 Norman Bristol Colón -- Norman is a friend of mine and a
2 mentor. And I know he is leading your diversity efforts,
3 you know, the department is in good hands.

4 And so, Norman, if you're watching,
5 (speaking Spanish).

6 Of course, thank you so much again for
7 mentioning the City of Reading. The City of Reading is a
8 city that I represent, and of course one of those success
9 stories. And I just want to thank you all for the
10 investment and the time that you've given us to really help
11 us navigate some really tough times.

12 On that particular note though, of course,
13 you know, Act 47 was mentioned, and, you know, one of
14 the -- I guess, I don't know to say challenges, but I guess
15 one of the things that we are worried about as a city, of
16 course, is when we do exit Act 47, is the loss of that
17 commuter tax. And I know that that -- we're probably not
18 the only ones who are worrying if and when these other
19 cities leave Act 47.

20 So just generally, is the Department in
21 favor of modifying Act 47 to potentially include a phase
22 out of the commuter tax over time rather than an abrupt
23 exit when cities do exit Act 47?

24 ACTING SECRETARY WEAVER: So that's
25 something we need to talk about further. We can talk about

1 with you.

2 I think it's incredibly important. And we
3 do hear that from the Act 47 communities. I think it's
4 something we sit down and have a conversation with you
5 about.

6 REPRESENTATIVE GUZMAN: Absolutely. I think
7 I'll definitely be more than happy to have that
8 conversation.

9 But switching gears here, you know -- and
10 your testimony, Secretary, you mentioned raising the
11 minimum wage. And as we all know here in the Commonwealth
12 of Pennsylvania, the minimum wage is \$7.25 an hour.

13 Can you elaborate in terms of, you know, how
14 would increasing the minimum wage impact economically
15 disadvantaged Pennsylvanians, including those who live in
16 the City of Reading?

17 ACTING SECRETARY WEAVER: Sure.

18 So we believe that \$7.25 is not a livable
19 wage. A livable wage in Pennsylvania is little more than
20 \$13 an hour. We feel very strongly that it's a barrier to
21 families that can't afford childcare. A single person
22 can't live off of \$7.25 an hour. We know that \$75 million,
23 if you raise the minimum wage, would go into the local
24 economy. We know that 80 percent of people that would
25 receive the increase in minimum wage would be over age 19.

1 So we know that it would have a positive
2 impact on these families and on our workers. The workers
3 are calling the shots. They are the ones we also need to
4 support. So we do a good job in balancing economic
5 development in that way.

6 REPRESENTATIVE GUZMAN: Now, is it the
7 Department's view that if we were to increase the minimum
8 wage, would that make Pennsylvania less attractive to
9 businesses wanting to come to the Commonwealth?

10 ACTING SECRETARY WEAVER: Absolutely not.

11 If you look across the nation, 30 states
12 have increased and they are not -- you know, they are not
13 being negatively affected with these businesses. Every
14 single state around Pennsylvania has it. In fact, we
15 have -- you have people on the borders of New Jersey and
16 Ohio where you can go across the border and make twice that
17 you would make at the same job as you would in
18 Pennsylvania.

19 REPRESENTATIVE GUZMAN: So a minimum wage
20 increase would not only be beneficial to the workers, but
21 also businesses as well, which is why we desperately need
22 that here in the Commonwealth of Pennsylvania.

23 But, you know, switching gears, earlier this
24 session, I was incredibly proud to join a bipartisan effort
25 in helping to pass Pennsylvania's Broadband Authority.

1 And, you know, obviously, you know, we have issues in the
2 City of Reading with broadband connectivity. You know,
3 especially during the pandemic, I had kids who needed to go
4 to Starbucks or McDonald's, right, to connect in order to
5 do their remote schooling. And so it's an issue that's not
6 only affecting rural Pennsylvanians, but it's also
7 impacting urban cities, including the City of Reading.

8 So can you give us a status update in terms
9 of where we're at with the broadband authority and how, in
10 your opinion, the broadband authority will make
11 Pennsylvania more attractive and more competitive in the
12 years to come?

13 ACTING SECRETARY WEAVER: Sure. It's a
14 great question.

15 The Authority just met for the first time on
16 Tuesday. And we have the opportunity -- every state in the
17 country will be receiving \$100 million at least. And we
18 have the opportunity to get that money out.

19 The Authority serves in a few different
20 capacities. One is getting the federal dollars, as many as
21 they can, and getting them out the door to all of our
22 communities as quickly as possible. It's also putting
23 together a state plan to make sure that we're all driving
24 in the same direction when it comes to broadband.

25 I share the same issue. I have a colleague

1 that lives in Clarion County, has to drive her son back to
2 her office every day. She lives 10 miles outside of
3 Clarion and has to drive so her son could do work during
4 the school year.

5 So we're very excited about the opportunity
6 with the broadband authority.

7 REPRESENTATIVE GUZMAN: Well, thank you very
8 much.

9 And very quickly, Mr. Chairman, if you would
10 indulge me, what I would say in regards to the City of
11 Reading and the economic force that our Latinos -- you
12 know, again, Latinos are an economic driver in the City of
13 Reading, an economic driver in Allentown, and my hope is
14 that this body continues to move in the direction of
15 helping this growing community and helping them reach their
16 potential.

17 Thank you very much, Mr. Chair.

18 MAJORITY CHAIRMAN SAYLOR: Representative
19 Guzman, I can see you're proud of Reading.

20 And with that, our next questioner is
21 Representative Culver.

22 REPRESENTATIVE SCHLEGEL-CULVER: Thank you,
23 Mr. Chairman.

24 Thank you, Secretary Davin [sic], for being
25 here and your team.

1 I've always appreciated the relationship you
2 have with the legislature -- because I've been using you
3 quite a bit lately -- and partnering with us to help our
4 communities, help our local governments, our business, and
5 our industry. I have that bypass going through my district
6 right now, and we have a lot of growth going on, and we
7 have been texting your team to help us navigate that.

8 But today I do have concerns and questions
9 about the Consumer Price Index and its effect on small
10 businesses across the Commonwealth.

11 We have seen businesses struggle to retain
12 and attract employees. We have seen them shorten their
13 hours. I was surprised the other week, I was getting home
14 late, and I was trying to find something to eat -- it was
15 seven o'clock and I couldn't find anything open. I was
16 shocked at that. And the lack of supplies on the shelves
17 from our smaller businesses to our larger grocery stores.
18 So it is concerning.

19 So, Mr. Secretary, just last week the
20 Consumer Price Index was released by the Bureau of Labor
21 Statistics, and it registered at 7.5 percent annual gain in
22 January which was 20 basis points greater than the
23 consensus estimate and represented the fastest rise since
24 1982. I'm sure you saw it. You probably had the exact
25 same reaction that I had when I saw it. The surprising

1 low, though, even showed an acceleration from the
2 7-point percent year-over-year increase seen in December.

3 As I'm sure you understand, and we agree,
4 inflation occurs when too many dollars chase too few goods.
5 And now I understand the supply changes are tight across
6 the entire nation, but we have seen an abundance of very
7 generous spending from our partners in Washington, D.C. at
8 the same time.

9 So has DCED been in discussions with small
10 business and the impact these prices have on them? And if
11 you have, I guess, what are the financial pressures
12 impacting their operations and their ability to hire
13 workers from your perspective?

14 ACTING SECRETARY WEAVER: Sure.

15 So again, we meet -- Rick's office and our
16 staff crisscross the state, meeting with communities,
17 meeting with businesses of all sizes, not just the small
18 business. But we understand the effects that it's having
19 on small businesses. We continue to hear their issues
20 around the workforce, which is the number one issue we hear
21 over and over again, childcare, transportation, and as well
22 as training. And we have a number of programs in place to
23 help out in that area.

24 So those are the things that we're really
25 hearing out there from the businesses.

1 REPRESENTATIVE SCHLEGEL-CULVER: So -- this
2 is the first time I've never run out of time this early.

3 So in my area, we're trying to think out of
4 the box in addition to tapping DCED for some of these
5 programs, and we're going to be holding a job fair with
6 individuals in the special needs community who are
7 about 16 percent in the workforce, and I think they'd like
8 to be up at about 45 percent. We're working with some of
9 the local partners we have to do a job fair to try and fill
10 up some of those gaps.

11 But anything you can suggest to us as we go
12 forward to, you know, just alleviate some of the pressure
13 on these points would be greatly helpful, because, you
14 know, we have constituents complaining that they can't get
15 something or they can't get services or whatever it may be.
16 But I know this is probably just the beginning and we'll be
17 talking about this for quite a while, but I would
18 appreciate open dialogue as we go through the process.

19 ACTING SECRETARY WEAVER: Absolutely. We'd
20 love to sit down with you, our staff and myself would love
21 to sit down with you and talk about it.

22 REPRESENTATIVE SCHLEGEL-CULVER: Okay.
23 Thank you very much.

24 Thank you, Mr. Chairman.

25 MAJORITY CHAIRMAN SAYLOR: Our next

1 questioner is Representative Patty Kim.

2 REPRESENTATIVE KIM: Thank you, Mr.
3 Chairman.

4 Good morning. My first question is the
5 relief money for small businesses from your department was
6 dispersed pretty quickly. Maybe I need to give my former
7 mayor credit for doing that, but tell me how you're able to
8 efficiently distribute this money during a pandemic.

9 ACTING SECRETARY WEAVER: Yeah. We have an
10 amazing staff at DCED. We have nearly 300 staff that are
11 doing an amazing job.

12 In fact, during the pandemic, the amount of
13 money that we got out the door was actually double what we
14 would do in a normal year. Our customer service brought,
15 took at least 25,000 calls to walk people through the
16 application process.

17 We're incredibly proud of the \$225 million
18 for small businesses that we got out the door. We got it
19 out the door in record time. In fact, the CDFIs that we
20 work with did an amazing job of doing that. And it covered
21 such a huge amount in every region of the state. We were
22 very proud of that work.

23 MR. ROWLAND: If I could just add?

24 ACTING SECRETARY WEAVER: Sure.

25 MR. ROWLAND: In addition to our staff, I'll

1 highlight what Neil said and that is the reliance on our
2 partners. And what you'll see in the proposed budget is
3 increases for the IRCs, for the Ben Franklins, for our prep
4 partners, and the CDFIs because we've -- you know, not in
5 additional funding for the CDFIs, but reliance upon them
6 and pushing more money out to them. They have been
7 exceptional because they're the boots on the ground. So in
8 addition to our department, we heavily rely on those
9 partner organizations, and they have also done a great job.

10 REPRESENTATIVE KIM: Excellent. Kudos to
11 your department.

12 I keep hearing over and over again that
13 economic growth stems from innovation, innovation. And
14 we're at a pivotal time where we're hopefully leaving a
15 pandemic and we're looking into the future.

16 In this budget proposal, what can you point
17 to that will help us encourage innovation, economic growth
18 in Pennsylvania?

19 ACTING SECRETARY WEAVER: Sure. It's a
20 great question, Representative.

21 You'll see the increase to the Ben Franklin
22 Technology line of \$18 million; 2 million will go to the
23 Ben Franklin Technology partners apiece, with an additional
24 10 going to the Authority.

25 We have an amazing partnership with the Ben

1 Franklin Technology Partners. They get -- last year, I
2 believe, they created 12,000 jobs. Innovative start-ups
3 and entrepreneurial jobs, which is amazing, getting that
4 money into the hands of our entrepreneurs and innovation.

5 Working with them and our other partners,
6 we're very proud of the work that we're doing, and we're
7 excited about the 18 million that the Governor has
8 proposed.

9 REPRESENTATIVE KIM: Thank you for that.

10 And my last question is for Deputy Secretary
11 Rick Vilello. A couple years back we passed a bill that
12 would shorten the exit time out of Act 47. I believe it's
13 five years. Hindsight, did that work? Is that better?
14 And do you have any suggestions to improve the Act 47
15 program?

16 DEPUTY SECRETARY VILELLO: It was Act 199,
17 and when it was originally passed, it scared me because of
18 the history of Act 47 and where we were. But what we've
19 seen is the time limits have done what the legislature
20 encouraged, was forcing local elected officials to make the
21 hard decisions. And we saw places like Altoona that went
22 in and looked at their recovery plan and followed the
23 recovery plan to a T. They went in, they followed the
24 recovery plan, and they got out in the five-year period.

25 What it's done is laid a road map for other

1 municipalities. For Scranton, that had been in for 30
2 years, you know, a new mayor gets elected, she sits down
3 with counsel and they work cooperatively to follow the
4 recovery plan; and three years later, they're out and able
5 to stand on their own.

6 Could it be improved? Absolutely. It is
7 working, but would love to have discussions on, you know,
8 things like the commuter tax and other improvements that
9 could be made. But I think we're in a good place right
10 now.

11 REPRESENTATIVE KIM: Thank you for your
12 answers, and thank you for your time.

13 Thank you, Mr. Chairman.

14 ACTING SECRETARY WEAVER: Thank you.

15 MAJORITY CHAIRMAN SAYLOR: Our next
16 questioner is Representative Dave Zimmerman.

17 REPRESENTATIVE ZIMMERMAN: Thank you, Mr.
18 Chairman.

19 And thanks, Secretary, and team for being
20 here.

21 So I want to follow up really two budget
22 questions, and the one is kind of a follow-up to my
23 colleague from Harrisburg, just a little bit more on the
24 Ben Franklin funding.

25 So there is, I understand, \$10 million is

1 going directly to the Ben Franklin Technology Development
2 Authority to achieve new levels of innovation and
3 collaboration with institutions of higher education while
4 each of the four Ben Franklin Technology partners will
5 receive \$2 million funding increases to provide additional
6 resources for critical seed funding to innovation-type
7 companies.

8 Do you know, I really appreciate the Ben
9 Franklin institution, but I'd like to just hear a little
10 more of what specifically that money will be spent and used
11 for.

12 ACTING SECRETARY WEAVER: Sure.

13 So it's a number of different programs that
14 are used within to promote innovation. This is for small
15 businesses and entrepreneurs that are looking to get their
16 product and services out and commercialized. So they
17 provide the seed funding for those organizations.

18 REPRESENTATIVE ZIMMERMAN: Okay. But you
19 don't -- as far as any more specifics about what type of
20 innovations that might be, you don't have --

21 ACTING SECRETARY WEAVER: I can get you a
22 list of those, actually. Absolutely.

23 REPRESENTATIVE ZIMMERMAN: Pardon me.

24 ACTING SECRETARY WEAVER: I can get you a
25 list of those, of the programs they have.

1 REPRESENTATIVE ZIMMERMAN: I'd appreciate
2 that.

3 ACTING SECRETARY WEAVER: Sure.

4 REPRESENTATIVE ZIMMERMAN: So thank you.

5 So then the other question I had is, the
6 Governor proposed a new \$2.35 million appropriation called
7 Invent Penn State, which blends entrepreneurship-focused
8 academic programs with business start-up training and
9 incubation. This program has been around since 2015.

10 Since Penn State has been operating this
11 program for the last several years and the university
12 network covers the entire Commonwealth, without any
13 Commonwealth financial support, over those last couple of
14 years, why does the Governor feel that we need to add
15 another \$2.35 million of spending in this budget?

16 ACTING SECRETARY WEAVER: Sure.

17 We need to partner with Penn State to reach
18 every corner of the state. It's incredibly important that
19 we utilize the opportunities they have at their branch
20 campuses. So this is a partnership between us and Penn
21 State.

22 They have put a great deal of their own
23 funding into the program. And again, it's a partnership
24 with us that we work with, again, entrepreneurs and getting
25 products out to market.

1 REPRESENTATIVE ZIMMERMAN: So again, to be
2 more specific, because it's been kind of self-funded or
3 funded through Penn State, and for your involvement in this
4 year's budget and adding those extra dollars, is there
5 anything specifically that they'll be doing that they're
6 not now doing?

7 ACTING SECRETARY WEAVER: I'm sorry?

8 REPRESENTATIVE ZIMMERMAN: Is there anything
9 specifically that they will be doing that they're not now
10 doing with this extra, these extra dollars?

11 ACTING SECRETARY WEAVER: No, it's a
12 continuation of the program of what they've been doing for
13 entrepreneurs. They provide funding as well as legal
14 advice, IP advice, as well as shared space on the campuses.

15 REPRESENTATIVE ZIMMERMAN: Okay. But
16 there's nothing new in addition that you're aware of.

17 ACTING SECRETARY WEAVER: Not that I'm aware
18 of, no.

19 REPRESENTATIVE ZIMMERMAN: Okay. Thank you.
20 Thank you, Mr. Chairman.

21 MAJORITY CHAIRMAN SAYLOR: Our next
22 questioner is Representative Mullins.

23 REPRESENTATIVE MULLINS: Good morning,
24 Mr. Secretary, and to your deputies, thank you very much
25 for being here.

1 Thank you for mentioning Scranton and the
2 Herculean lift that was first reforming Act 47 to provide
3 for that time frame, that exit strategy, but as well as
4 giving distressed municipalities the tools to shift to
5 fairer tax policy, and, you know, so many other things that
6 were included in those reform efforts.

7 So just to piggyback on what was discussed
8 here, as we continue to help currently distressed
9 municipalities exit or to help others on the brink to avoid
10 distressed status to begin with.

11 I know you have partners on both sides of
12 the building and the aisle, I think, who would engage in
13 that because fiscal distress doesn't know one particular
14 geography or party. So it's an open offer for a guy who
15 represents the grateful City of Scranton.

16 DCED and the, you know, investments you
17 make, you help to make in innovation throughout the state.
18 And small businesses and large small businesses is near and
19 dear to my heart. Prior to getting elected, I was a Senate
20 staffer. At the time, we were negotiating Innovate in
21 Pennsylvania. And there I was at 20-something, you know,
22 working on legislative language that was in the 100s of
23 millions of dollars which could be terrifying to the
24 general public watching.

25 But on that theme, and, you know, applauding

1 the Governor for his proposed increase towards the Ben
2 Franklin Technology Partners, it's a historic, it would be
3 a historic increase. I mean, at its height, prior to the
4 2008-2009 crash, I believe the BFTDA was at 28 million and
5 then was decimated thereafter. This would, really, I
6 believe, make up for lost time, lost investments, lost
7 opportunities if we were to pass and preserve that proposal
8 within the ultimate budget compromise.

9 Now, I'm getting to a question, I promise.

10 What would -- is it quantifiable or could
11 you suggest or glean from the impressive track record of
12 the Bens and the prep partners and, you know, venture --
13 the venture capital fund and the Life Sciences Greenhouses,
14 all who tout a very impressive return on investment?

15 I mean, the BFTDA between 2012 and 2017
16 generated \$3.90 of additional tax revenue for every one
17 dollar of state money invested. That's a very impressive
18 and consistent track record since the Ben Franklin, since
19 their inception in 1983.

20 So my question is, what would the increase
21 mean for job creation? Because I think we all want to pass
22 policy and budgetary policy, in particular, that leverages
23 private investment and encourages the entrepreneurial
24 spirit here in Pennsylvania.

25 ACTING SECRETARY WEAVER: Absolutely. So

1 that's a great question.

2 And like I said earlier, last year the Ben
3 Franklin Technology partners created 12,000 jobs. It's
4 unheard of for a partner organization to do that. We also
5 provided -- and the Governor has proposed one and a half
6 million dollars for the IRCs, which are another great
7 organization we have, and the prep line, another one and a
8 half million for the SBDCs, the Engage! program, which is
9 incredibly successful.

10 So you look at that, they're creating, all
11 told, thousands of new jobs and investment in Pennsylvania.
12 And they're also working with our universities, and they're
13 helping with keeping Pennsylvanians here and keeping our
14 young people in Pennsylvania.

15 REPRESENTATIVE MULLINS: Okay, because I
16 think it's important to keep in mind -- and I would like to
17 almost assign or glean a number that as we head towards the
18 budget negotiation table, that for every dollar, for every
19 dollar we negotiate relative to that proposed increase
20 means the potential -- what that job potential is. You get
21 what I'm saying? So I want to make sure we keep that very
22 clear and present in mind.

23 And then, finally, I know I'm turning yellow
24 here, but as it relates to diversity initiatives, both for
25 minority- and women-owned businesses, as you know, as we

1 all know and can appreciate, good ideas and the
2 entrepreneurial spirit doesn't know one particular skin
3 color or gender or geography or socioeconomic background.

4 So just, would love if you could touch
5 briefly -- Mr. Chairman, forgive me -- on diversity efforts
6 in those entrepreneurial programs.

7 ACTING SECRETARY WEAVER: Oh, sure.

8 In fact -- Chairman, if it's okay?

9 Through our Ben Franklin Technology
10 Partners, specifically, they have, each one has its own
11 diversity program. IW in the southwest has on-ramps, which
12 is closing the gaps on disparity. The north and the
13 northeast have a separate program, the new tech-generation
14 program, that are amazing, that are building a gap --
15 closing the gap on those, especially specifically towards
16 entrepreneurs and technology.

17 MAJORITY CHAIRMAN SAYLOR: Our next
18 questioner is Representative Zach Mako.

19 REPRESENTATIVE MAKO: Thank you, Mr.
20 Chairman.

21 And, Acting Secretary, thank you for being
22 here, gentlemen.

23 As the Republican House member that sits on
24 the Ben Franklin Board, I just want to say that it is a
25 great program. We need to keep up with it, and we're

1 bringing lot of technology, knowledge, and networking and
2 capital back to Pennsylvania to help keep those jobs and
3 keep that brain dream from leaving Pennsylvania. So I
4 appreciate that in the budget with the four funds.

5 And I just wanted to highlight the 3.6
6 multiplier for every dollar that we give them, the
7 turnaround, which is -- well, we're talking about private
8 industry, that's why it's so high compared to government.

9 I do have a question for you, sir, about
10 the 2020 census block level data for the municipalities and
11 their liquid fuels allocations. I had a constituent write
12 this to me, so I'm not totally familiar on this. But they
13 reached out and said that the Penn State Data Center has
14 compiled the information for the liquid fuels allocation
15 for 2020, and I guess it's going to be released on
16 March 1st; is that right?

17 DEPUTY SECRETARY VILELLO: Yeah. We're
18 working with the Penn State Data Center to compile that
19 distribution.

20 REPRESENTATIVE MAKO: Okay.

21 DEPUTY SECRETARY VILELLO: It's something
22 they have traditionally done.

23 REPRESENTATIVE MAKO: Okay.

24 And you're working on it, so it's not done
25 as of yet?

1 (No response.)

2 REPRESENTATIVE MAKO: The only reason why
3 I'm asking is I know that, I believe it's June 2023 is the
4 deadline for appealing.

5 DEPUTY SECRETARY VILELLO: Yes.

6 REPRESENTATIVE MAKO: Appealing that.

7 DEPUTY SECRETARY VILELLO: We're working
8 with the data center to do kind of a road map, step one,
9 step two, step three, for appealing because many places
10 have seen their numbers change especially in a negative
11 way.

12 REPRESENTATIVE MAKO: Correct.

13 DEPUTY SECRETARY VILELLO: So there will be,
14 through our website and through the data center, a road map
15 to appeal your number.

16 REPRESENTATIVE MAKO: So you're actually
17 streamlining the process for the appeals --

18 DEPUTY SECRETARY VILELLO: Yes.

19 REPRESENTATIVE MAKO: -- for these
20 municipalities? Okay.

21 No, that's good to hear because -- yeah, I
22 didn't know this and I'm learning from the constituent that
23 I guess they're locked into these numbers for 10 years.

24 DEPUTY SECRETARY VILELLO: Yeah.

25 REPRESENTATIVE MAKO: So to have an easy and

1 streamlined appeal process for these municipalities and
2 their liquid fuel allocations is very important.

3 DEPUTY SECRETARY VILELLO: Yeah.

4 REPRESENTATIVE MAKO: Yeah, that was my only
5 question, gentlemen. Thank you.

6 ACTING SECRETARY WEAVER: Thank you.

7 REPRESENTATIVE MAKO: And thank you, Mr.
8 Chairman.

9 MAJORITY CHAIRMAN SAYLOR: Our next
10 questioner is Representative Peter Schweyer.

11 REPRESENTATIVE SCHWEYER: Thank you, Mr.
12 Chairman.

13 Good morning-ish, afternoon-ish, gentlemen.

14 ACTING SECRETARY WEAVER: Good morning.

15 REPRESENTATIVE SCHWEYER: Thank you for
16 being here.

17 And as my colleague from the great City of
18 Scranton said, as a grateful Allentown representative who's
19 had excellent relations with DCED through the years, we
20 very much appreciate all that your entire department, your
21 wonderful team does for us.

22 Kind of changing subjects just a little bit.
23 It may have been touched upon briefly beforehand, but
24 there's -- we have, through the Keystone Communities
25 Programs and through some of the tax credit programs that

1 we've had, I have found that in spite of the fact that
2 Allentown has done very well with a number of those tax
3 credit programs, one of the challenges that I've found
4 through the years is a little bit of confusion on one
5 particular topic with the neighborhood tax credit programs.
6 There has been confusion through the years about whether or
7 not those funds can be used for community health resources.

8 So we know that there's brick and mortar
9 concerns, you can use it for facade grants, you can use
10 those dollars for business development, for educational
11 purposes, all kinds of stuff. Community health was always
12 the one piece that I was unsure of whether or not it could
13 be used.

14 We've had hospitals that have tried to open
15 up dental clinics and things along those lines. Depending
16 on who I'd talk to, I would be told, yes, you can use these
17 dollars for roughly community development purposes health,
18 other places told I can't.

19 So just kind of looking for some
20 clarification as -- you know, if we were to apply again for
21 those such dollars, given that we're in a pandemic. We've
22 filed opioid crisis in recent years, et cetera, et cetera,
23 et cetera. It seems like this is a community development
24 use, and I would like your thoughts on that, if I could.

25 ACTING SECRETARY WEAVER: Sure.

1 And just as you're confused, I want to make
2 sure that we get you the right answer.

3 REPRESENTATIVE SCHWEYER: Sure.

4 ACTING SECRETARY WEAVER: So we will do
5 that. I apologize for the confusion. We'll get back to
6 you on that.

7 REPRESENTATIVE SCHWEYER: This has been a
8 long-term issue. This isn't anything on any of you, any
9 particular person here. It just seems like it's one of
10 those things that some level of clarity would be helpful.

11 ACTING SECRETARY WEAVER: Absolutely.

12 REPRESENTATIVE SCHWEYER: And I actually
13 have legislation to eliminate that ambiguity and just say,
14 "Yes, it can be," for the -- and I'm specifically referring
15 to the NAP, NPP, SPP programs. So if there's any feedback
16 that you can provide us, that would be incredibly helpful.

17 Beyond that, most of the stuff that I was
18 looking at has already been discussed. The Invest Penn
19 State Program, incredibly important for us. Again, back
20 home in Allentown, we have a launch box in my district in
21 the City of Allentown that's doing great work.

22 So your advocacy -- and I hope that my
23 colleagues would agree with this and keep it in the final
24 budget -- is extraordinarily helpful, trying to move, you
25 know, smart kids from the college classroom into community

1 and actually turning their ideas and entrepreneurship into
2 real action in our communities.

3 Most of what I was interested in has been
4 touched upon, but I wanted to bring that specific question
5 about community health up there. If there's any
6 clarification from the department on NAP and SPP programs,
7 that would be incredibly helpful.

8 ACTING SECRETARY WEAVER: We'll absolutely
9 get you the answer to that.

10 REPRESENTATIVE SCHWEYER: Excellent. Thank
11 you so much.

12 Mr. Chairman, that's all I have.

13 MAJORITY CHAIRMAN SAYLOR: I just asked
14 everybody to keep their conversations quiet, with PCN
15 broadcasting and everything else. The level of speaking
16 among each other, I'm fine with it, but just make sure your
17 level of speaking does not interfere with the testifiers or
18 the people asking questions can hear.

19 With that, we'll move to Representative John
20 Lawrence.

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

23 And good morning, Mr. Secretary. And I
24 appreciate your willingness to come and testify under oath
25 before the committee here today.

1 At last year's budget hearing, I asked your
2 department some direct questions about the bankrupt City of
3 Chester and the proposed sale of Chester Water Authority.
4 In particular, I specifically asked if DCED had
5 communications with Governor Wolf around the proposed sale
6 of Chester Water Authority.

7 Secretary Davin told me, "I don't believe I
8 did, not with the Governor," and I took him at his word.

9 Mr. Secretary, I'm looking at an e-mail that
10 you sent on April 1st, 2020. This e-mail is entitled,
11 "Chester State of Fiscal Emergency." And it was obtained
12 through a Right-to-Know request.

13 The text of your e-mail says, "Presented to
14 the Governor. I'll keep you posted on reaction and next
15 steps."

16 So what was presented to the Governor?
17 Well, turns out it's a letter from Secretary Davin to
18 Governor Wolf building the case for the Governor to issue a
19 state of fiscal emergency for the City of Chester, which he
20 did several weeks later.

21 In the letter, DCED lays out the fiscal
22 situation facing the City of Chester, and there's a
23 sentence redacted. The next sentence, clearly referring to
24 the redacted sentence, says, "Currently, the Delaware
25 County Common Pleas Court stipulated that the City may

1 issue an RFP of which they received four responses."

2 And, Mr. Secretary, there is only one RFP
3 that fits that description: A court authorized RFP that
4 the City of Chester issued and for which they received four
5 responses. And that would be the sale of Chester Water
6 Authority.

7 So after telling me that he never talked
8 about it with the Governor, it turns out that a proposed
9 Chester Water Authority sale was, in fact, foundational in
10 Secretary Davin's appeal to Governor Wolf to declare a
11 fiscal emergency in the City of Chester.

12 Now, I want to give you the opportunity to
13 clear the air on this. What conversations have you or
14 senior DCED staff had with Governor Wolf regarding Chester
15 Water Authority?

16 ACTING SECRETARY WEAVER: Sure.

17 So the e-mail you're referring to was taken
18 out of context.

19 We have a group of folks that have met to
20 discuss municipality water and wastewater authorities.
21 They are in distress across the state. We sat and talked
22 specifically about what are the opportunities and new
23 programs that we could have to help these municipalities,
24 specifically Act 47, Chester, and other municipalities. It
25 was not specific to Chester Water Authority.

1 REPRESENTATIVE LAWRENCE: I'm not taking
2 anything out of context, and I never brought up the topic
3 of Act 47 municipalities across the Commonwealth. I don't
4 know where you're getting that. The e-mail says, "Provided
5 to the Governor. Thanks. I'll keep you posted on the
6 reaction and next steps." The e-mail is about the Chester
7 state of fiscal emergency back in April 2020.

8 And what was presented to the Governor is
9 this letter (indicating), which is from Secretary Davin to
10 Governor Wolf laying out the situation in the City of
11 Chester. And again, there is -- as I'm sure you can see
12 from here -- which frankly is ridiculous that we're getting
13 redacted information like this.

14 But regardless -- I'll show you the next
15 page, right? I don't know what's being hidden here.

16 (Indicating.) I would like to know. The Office of Open
17 Records has ruled against the Administration repeatedly on
18 these issues. But nevertheless, I don't want to -- I only
19 have five minutes to ask you questions.

20 And what I want to know is, like I said, the
21 sentence after redaction says, "Currently, the Delaware
22 County Common Pleas Court stipulated that the City may
23 issue an RFP, of which they received four responses," and
24 there's only one thing that fits that.

25 Now, I was told that this is not something

1 being discussed with the Governor. That's what I was told.
2 And then, in fact, it turns out it's foundational to the
3 Governor's fiscal emergency declaration for the City of
4 Chester.

5 I want to know what conversations have been
6 had between your agency and Governor Wolf regarding the
7 sale of Chester Water Authority.

8 ACTING SECRETARY WEAVER: Again, referring
9 to the e-mail that you referred to earlier, which is the
10 conversation that we had with the Governor, was about
11 policy for municipalities across the state, not
12 specifically just for Chester.

13 REPRESENTATIVE LAWRENCE: What about this
14 letter? (Indicating.)

15 DEPUTY SECRETARY VILELLO: I don't know
16 specifically that letter, but the sale of assets is in
17 almost every recovery plan for every Act 47 community from
18 the establishment of the Act 47 law. And all along, the
19 discussion with the recovery coordinator and the City of
20 Chester is, you have to have an appraisal of all of your
21 assets.

22 The Chester Water Authority is considered an
23 asset for the City of Chester.

24 REPRESENTATIVE LAWRENCE: That's a matter
25 under litigation right now. And I would disagree with you

1 on that --

2 DEPUTY SECRETARY VILELLO: That's correct.

3 REPRESENTATIVE LAWRENCE: -- but I respect
4 that it is a matter under litigation.

5 DEPUTY SECRETARY VILELLO: Yes.

6 REPRESENTATIVE LAWRENCE: But I have not
7 gotten an answer to my question. I want to know what
8 conversations DCED has had with the Governor on the sale of
9 Chester Water Authority. I want to know the answer to that
10 question.

11 REPRESENTATIVE TOPPER: I think while -- the
12 gentleman's time has expired, but if there is a different
13 answer than has already been given, now would be the time
14 to give it. If not, we will move on.

15 ACTING SECRETARY WEAVER: There's not.

16 REPRESENTATIVE TOPPER: Okay. All right.
17 The gentleman's questioning is concluded.

18 Next, we'll recognize the lady from
19 Philadelphia, Ms. Fiedler.

20 REPRESENTATIVE FIEDLER: Thank you.

21 Thank you for joining us today.

22 You've talked some about support for small
23 businesses to assist owners and their workers, assisting
24 with operating expenses, training, and in some cases to
25 help revamp and relaunch their businesses.

1 I know that for many small business owners
2 it's still a very challenging time and feels like one of
3 great transition. And obviously, as you've already talked
4 about, the Governor has proposed a \$225 million infusion to
5 help more than 10,000 businesses.

6 I wanted to look a little bit to the future
7 and ask, in addition to this proposal, as you look ahead to
8 the next few years, next five years of economic recovery
9 and development in Pennsylvania, where should we be
10 investing right now? What investments should we be making
11 in, especially small businesses in our communities and
12 workers, to make sure that we're building as positive an
13 economic picture for the state as possible?

14 ACTING SECRETARY WEAVER: Sure.

15 We're looking at a holistic view. We're
16 looking at investing in our communities, investing in
17 businesses, and education all at one time. The Governor's
18 budget calls for investment in our communities and in our
19 businesses and in education.

20 We have a number of programs. The
21 Neighborhood Assistance Program, that is an incredible
22 program that invests, helps with investing private
23 businesses into the downtown. We have other programs
24 through our partner organizations.

25 Rick, do you want to add on the community

1 side?

2 DEPUTY SECRETARY VILELLO: Yeah.

3 All of that, when we look at making our
4 investment -- I got wrapped up in your answer. I was
5 listening.

6 When we're looking at holistic responses to
7 communities, and especially since the pandemic and the
8 impacts of the pandemic, we're seeing people choosing to
9 live in places where they didn't choose before.

10 So how is broadband and better broadband
11 going to impact that community development? How is
12 investing in education and places where people decide to
13 live going to impact that decision? And you know, how is
14 it going to impact our core communities, you know, when we
15 kind of fix it all?

16 REPRESENTATIVE FIEDLER: Thank you for that
17 answer.

18 I want to hone in real specifically for just
19 a little more information about something you've already
20 talked about. As we support people who are still trying to
21 get to work or get back to work or maybe move into a new
22 career, one that pays fair wages, has safe working
23 conditions and stability -- we know that increases training
24 programs incredibly. You'd mentioned the pre -- I believe,
25 pre-apprenticeship training program.

1 Could you talk a little bit more about the,
2 about the price tag, about the trainees, and which lines of
3 work they're involved in?

4 ACTING SECRETARY WEAVER: Sure.

5 It's specifically -- it's a pretty quick
6 answer. It's specifically for manufacturing. And it's
7 pairing up our workforce with manufacturers and getting
8 them into an apprenticeship program. So they -- it's a
9 feeder program into the apprenticeship program.

10 REPRESENTATIVE FIEDLER: And is that
11 something you'd like to see grow? Do you feel good about
12 the place that it's at now?

13 ACTING SECRETARY WEAVER: Oh, absolutely.
14 Anything that we can do -- you know, it's mainly focused on
15 manufacturing, so anything we can do to increase that would
16 be welcome.

17 REPRESENTATIVE FIEDLER: And what can this
18 legislative body do to support you in growing that?

19 ACTING SECRETARY WEAVER: I think approving
20 the budget and the numbers that we've provided. It's going
21 to be incredibly important that we, again, look at this
22 holistically for our investments in our businesses as well
23 as our communities and education.

24 REPRESENTATIVE FIEDLER: Thank you so much
25 for your time.

1 REPRESENTATIVE TOPPER: The Chair thanks the
2 lady and recognizes the gentleman from Tioga, Mr. Owlett.

3 REPRESENTATIVE OWLETT: Thank you, Mr.
4 Chairman.

5 And thank you, Secretary, for being here.

6 I want to talk a little bit about the
7 budget. Obviously, that's what we're here to do today.
8 The proposal is about 16 percent higher, \$43.7 billion this
9 fiscal year. I understand the Governor's intention in the
10 education line items and the increase there is.

11 I also find it interesting that he's not
12 putting a huge emphasize in a couple of other line items
13 that I want to talk about, specifically, the marketing to
14 attract businesses in the Pennsylvania Firstline items in
15 the budget.

16 I also noticed on the budget that we have
17 presented the documents here, on E11-9, the Governor's
18 booklet, in 2019, he had projected that they were really
19 hoping to pledge 15,000 new jobs. And now this year, we're
20 around 4,800, 4,900 pledging jobs here in the Commonwealth.

21 While I do appreciate the Governor's
22 interest in the reforming of the corporate net income tax,
23 I think the Governor needs to do more to attract businesses
24 from outside the state to create additional jobs here.

25 Why do you think the Governor has not put

1 more of an emphasis on business attraction since he took
2 office in 2015?

3 ACTING SECRETARY WEAVER: I think our
4 programs altogether are focused on business attraction.
5 We've got the Governor's Action Team who is incredibly
6 aggressive when they're looking for new opportunities in
7 Pennsylvania. So they use and utilize the Pennsylvania
8 Firstline, the WEDnet programs, and other programs that we
9 have. So from that end, we are.

10 The marketing to attract business line is
11 used for marketing specifically to these businesses, which
12 we go out and they set up meetings with site selectors all
13 across the country, which we are doing and meeting with on
14 a regular basis.

15 REPRESENTATIVE OWLETT: Well, that -- I
16 appreciate that. I was actually listening to a podcast --
17 I don't know -- maybe a month ago from, actually with
18 another Governor from another state who had actually went
19 with his team to one of these types of conferences and was
20 making deals and was trying to attract businesses to his
21 state. And that might actually be one of the states that
22 took one of our Congressional seats, I'm not sure. But I
23 would like to know has our Governor ever done that with his
24 team, personally gone out to attract businesses with that
25 team that you're speaking of?

1 ACTING SECRETARY WEAVER: The Governor is
2 incredibly involved with those. And meets with --

3 REPRESENTATIVE OWLETT: Has he personally
4 gone out, though?

5 ACTING SECRETARY WEAVER: He's met with
6 business here, yes. We've brought them in here. When we
7 have a deal -- the Governor will be personally involved
8 when we are looking at closing deals, yes.

9 REPRESENTATIVE OWLETT: So my last
10 question -- maybe, I'm not sure -- when we think about
11 opportunities that we've actually achieved, like wins, can
12 you give me an example of a real -- I mean, we're
13 talking -- I mean, obviously, we want to see our small
14 businesses grow too and we do see that happening. But we
15 also want to attract larger entities to our Commonwealth.

16 Give me an example of a win that you're
17 super proud of and give me an example of something that you
18 wish you had a do-over on and you wish you would go back
19 and revisit.

20 ACTING SECRETARY WEAVER: As far as some
21 wins, we just had two companies in the, locate into the
22 northeast. We had Canpack and Ball Corporation, both
23 packaging manufacturers. Those are creation and brand new
24 businesses, at least 350 new jobs a piece between those two
25 businesses. And we also had an expansion project, Sharp

1 Corporation, which is a medical packaging company. So
2 those are -- and they had a thousand employees and expanded
3 to about 350. So those are ones that we're definitely
4 proud of and have happened recently.

5 REPRESENTATIVE OWLETT: Let's talk about
6 some do-overs.

7 ACTING SECRETARY WEAVER: I'd have to get
8 back to you on that. I'm not sure I have one off the top
9 of my head. But anytime that we would not be -- win a
10 project would be disappointing, and obviously, it's new
11 jobs for Pennsylvania.

12 REPRESENTATIVE OWLETT: Do you wish you had
13 a do-over on the steel plant and the semiconductor plant
14 that went to Ohio?

15 ACTING SECRETARY WEAVER: Well, those are
16 very specific reasons why those went to where they were,
17 and specifically, the US Steel ended up going to its own
18 property in Arkansas, and they also looked at their site in
19 Alabama.

20 And on the Ohio side, they were very
21 specific about what they were looking for, 1,700 acres near
22 a metropolitan area near -- with access to rail.

23 So anytime that we don't win a project, it's
24 disappointing to us, yes.

25 REPRESENTATIVE OWLETT: It's disappointing

1 to us too. And we hear about those a lot. So hopefully we
2 can continue to look for opportunities to attract them and
3 actually make the calls and go get them and bring them
4 here --

5 ACTING SECRETARY WEAVER: Would appreciate
6 that.

7 REPRESENTATIVE OWLETT: -- would be very,
8 very active in that.

9 And like I said, in those line items, I
10 mean, they're flatlined or, you know, 32,000 increase. I
11 think we -- you know, that needs to be a priority moving
12 forward.

13 And thank you for being here.

14 ACTING SECRETARY WEAVER: Thank you.

15 REPRESENTATIVE TOPPER: The Chair thanks the
16 gentleman and recognizes the lady from Delaware, Ms.
17 Krueger.

18 REPRESENTATIVE KRUEGER: Thank you, Mr.
19 Chairman.

20 Thank you, Acting Secretary, for joining us
21 here today.

22 I want to start by commending your
23 department for really prioritizing for
24 Pennsylvania-headquartered businesses during the pandemic.

25 My professional background is in economic

1 development. I worked in the field for 15 years. And I
2 remember a few years ago asking your predecessor how many
3 of our programs at DCED were prioritized only for
4 Pennsylvania-headquartered businesses, and his answer at
5 the time was zero. And I fundamentally believe that if we
6 want economic growth in Pennsylvania, we need to focus on
7 the businesses that are headquartered here, locally owned,
8 creating local jobs, and have the economic multiplier
9 effect that in-state businesses do in contrast with trying
10 to throw resources to attract businesses from out of state.

11 So my question for you is this: The COVID
12 Relief Statewide Small Business program pushed
13 out \$225 million for Pennsylvania-headquartered businesses,
14 small businesses that have been economically impacted by
15 the pandemic. In this budget, the Governor is proposing to
16 recapitalize that program with another \$225 million which
17 would benefit up to 11,000 Pennsylvania small businesses.

18 So can you tell me first, what did we learn
19 from last year's round of grants?

20 ACTING SECRETARY WEAVER: That our small
21 businesses needed funding, that's what we learned about it.
22 The \$1 billion worth of requests was staggering, so
23 that's -- you know, that's showed us that we needed another
24 program just like that which is why the Governor is
25 proposing that. It was an incredible program, and the

1 businesses got the money fast, when they needed it.

2 So CDFIs that we partner with did an
3 incredible job of getting those dollars out of the door
4 quickly.

5 REPRESENTATIVE KRUEGER: And I was very
6 pleased CDFIs were involved in the process -- and for the
7 money to be given out as grants as opposed to loans in a
8 time when no one could afford to take on more debt to keep
9 their business open.

10 So the recapitalization of this program, are
11 there any changes that you're planning to make to the
12 program, or will it again be pushed out through our
13 Community Development Financial Institutions?

14 ACTING SECRETARY WEAVER: We're going to
15 keep it the exact same way. It was so successful, we're
16 going to keep it the same way.

17 REPRESENTATIVE KRUEGER: Okay.

18 And do you have any sense of which
19 industries most need money at this point in the pandemic?

20 ACTING SECRETARY WEAVER: I don't have that
21 information. I can get back to you on that. We hear
22 anecdotal information all the time about which industries
23 are being hit hardest, but I can get you that information.

24 REPRESENTATIVE KRUEGER: And is there any
25 data that the department has collected on the outcomes and

1 impact of last year's funding?

2 ACTING SECRETARY WEAVER: Yes. We have that
3 information we can provide to you.

4 REPRESENTATIVE KRUEGER: I'd love to receive
5 that. Thank you.

6 ACTING SECRETARY WEAVER: Absolutely.

7 REPRESENTATIVE KRUEGER: And then I was also
8 glad to see a proposed increase in funding for
9 Manufacturing PA. I'm a big fan of our Industrial Resource
10 Centers. In my region, it's the Delaware Valley Industrial
11 Resource Center. And I went with them to visit a local
12 manufacturer in Delaware County just a few months ago and
13 heard firsthand how support through that program had helped
14 this small business retain employees and stay in business
15 during the pandemic.

16 I also know that the federal infrastructure
17 funding is really prioritizing reshoring manufacturing, and
18 so domestic manufacturing should be receiving a boost
19 through this federal policy.

20 What do Pennsylvania manufacturers need to
21 be well positioned right now?

22 ACTING SECRETARY WEAVER: They need workers.
23 That's what they need. When we're talking to our
24 manufacturers, talking to our businesses, that's what they
25 need, and they need funding to stay afloat, access to

1 working capital.

2 REPRESENTATIVE KRUEGER: And so, I know that
3 there's money that's being deployed to Ben Franklin
4 Technology Partners, which is a capital access entity, what
5 else are we doing to get them working capital?

6 ACTING SECRETARY WEAVER: We're working
7 through other organizations, just like the Prep Partners,
8 through the SBDCs, the local development districts, and our
9 other partners through the Manufacturing Innovation
10 Program.

11 REPRESENTATIVE KRUEGER: And how is your
12 department collaborating with the Department of Labor on
13 these workforce issues?

14 ACTING SECRETARY WEAVER: We collaborate
15 very closely with our partners at Labor and Industry. We
16 talk to them, we have meetings with them every quarter,
17 when we have issues we need to talk to them, and we do
18 that.

19 REPRESENTATIVE KRUEGER: Okay. Thank you.
20 I look forward to seeing more information
21 about the outcomes of our existing investments.

22 Thanks for your time today.

23 ACTING SECRETARY WEAVER: Absolutely.

24 REPRESENTATIVE TOPPER: The Chair thanks the
25 lady and recognizes the gentleman from Lycoming,

1 Mr. Wheeland.

2 REPRESENTATIVE WHEELAND: Thank you, Mr.
3 Chairman.

4 And thank you, gentlemen, for joining us
5 today.

6 We're almost two years into this COVID
7 pandemic, government lockdowns, government restrictions,
8 working-from-home policies. As of today, what percentage
9 of DCED employees are working from home and what percentage
10 are working in the office?

11 ACTING SECRETARY WEAVER: Do you have those
12 numbers?

13 MR. ROWLAND: Yes.

14 So 77 percent are teleworking, that
15 includes 50 percent full-time teleworking and the other
16 27 percent are part-time telework.

17 REPRESENTATIVE WHEELAND: Thank you.

18 And have you or senior staff -- have you
19 surveyed your -- I guess lack of a better word -- your
20 customers or the folks that interact with DCED to get their
21 opinion on how this is working with so many working from
22 home?

23 ACTING SECRETARY WEAVER: We had a survey
24 up. I don't believe we've had it up since the COVID
25 started. But it is something that we have up that we've

1 asked our organizations and our customers to use in the
2 past.

3 MR. ROWLAND: If I could just add?

4 One thing that was really important during
5 the pandemic was getting money out to the businesses and
6 communities quickly. And for some of the programs, what we
7 noticed is we were able to disburse those monies extremely
8 quickly because we had an efficient process in place and
9 had other states reach out to us and ask how we were able
10 to accomplish that.

11 REPRESENTATIVE WHEELAND: Okay.

12 But again, to clarify, you say you have
13 surveyed the people that interact with --

14 ACTING SECRETARY WEAVER: We have in the
15 past. We haven't, I don't think, within the last two
16 years, I don't believe we have. I'd have to double-check
17 on that.

18 REPRESENTATIVE WHEELAND: I would encourage
19 you to consider doing that. I know, and I think I speak
20 for all representative when I say -- and it's not just
21 DCED. It's a lot of these departments in state government
22 that their folks are working from home, there's a
23 tremendous lag time.

24 And I think it's now time that state
25 government start surveying the people that actually

1 interact with these departments to see what their opinion
2 is on the speed and timeliness of, you know, working for
3 the people.

4 ACTING SECRETARY WEAVER: Can I add --

5 REPRESENTATIVE WHEELAND: So I would
6 encourage that. And if you do do that --

7 ACTING SECRETARY WEAVER: Yes.

8 REPRESENTATIVE WHEELAND: -- or whatever
9 form it takes, if you could share that with the respective
10 chairman of this committee. I think it would be very
11 timely and very interesting to get those results.

12 ACTING SECRETARY WEAVER: Absolutely.

13 REPRESENTATIVE WHEELAND: I would appreciate
14 it.

15 ACTING SECRETARY WEAVER: Sure.

16 REPRESENTATIVE WHEELAND: Has your
17 department achieved any cost savings as a result of having
18 employees working from home?

19 MR. ROWLAND: Yes, we have.

20 Approximately 100,000 in savings in our operations, and
21 that's mostly due to having less printers, maintenance on
22 printers, papers, supplies, pencils, all those things. So
23 we have achieved that.

24 REPRESENTATIVE WHEELAND: So I guess that
25 leads into the question, has your department incurred any

1 costs to facilitate employees working from home? Do you
2 provide them with those papers and pens and stationary
3 supplies at home?

4 MR. ROWLAND: No.

5 And one thing that was very timely for our
6 agency is our mainframe computers, our computer systems,
7 were due, we were due for new ones and we took that
8 opportunity to buy laptops for our employees so that
9 allowed them to very efficiently work both from home and
10 also be able to come into the office.

11 REPRESENTATIVE WHEELAND: Okay.

12 Well, again, thank you very much for the
13 information today. And I would really look forward to you
14 reaching out to your, you know, the folks that you interact
15 with and get their opinion on how this is working.

16 ACTING SECRETARY WEAVER: Appreciate it,
17 absolutely.

18 REPRESENTATIVE WHEELAND: And I would hope
19 that you would share that information. Thank you.

20 ACTING SECRETARY WEAVER: Absolutely.

21 REPRESENTATIVE WHEELAND: Thank you, Mr.
22 Chairman.

23 REPRESENTATIVE TOPPER: I don't see
24 Representative Brown at the moment, so we will come back
25 when he returns. And we will go to the gentleman from

1 Cumberland, Mr. Rothman.

2 REPRESENTATIVE ROTHMAN: Thank you.

3 Thank you, gentlemen. Thank you for being
4 here.

5 Last year I asked your predecessor,
6 Secretary Davin, about an ongoing performance audit report
7 over the COVID-19 Business Waiver Request Program. At the
8 time, the report was ongoing, of course, and we haven't
9 seen it.

10 I'm concerned that in your testimony, you
11 don't mention anything about what the Auditor General -- it
12 was actually two Auditor Generals that started under -- one
13 Auditor General was completed under current General
14 DeFoor -- that was released September of 2021 shortly after
15 our budget process.

16 The audit report, you're familiar with it?

17 ACTING SECRETARY WEAVER: Yes.

18 REPRESENTATIVE ROTHMAN: It addresses pretty
19 embarrassing, pretty egregious -- the waiver process, which
20 at the time, Auditor General DePasquale said was puzzling.
21 Finding number one was Pennsylvania's business closure
22 order was more restrictive than federal guidelines. And I
23 read recently, second only to the state of Michigan to its
24 measures of shutting down businesses. The guidance
25 available to businesses and used by DCED to determine

1 whether or not a business was self-sustaining continued to
2 evolve throughout the waiver program. Deficiencies related
3 to the development of the waiver program resulted in a lack
4 of accountability and transparency, and questionable
5 decisions by DCED for certain waiver requests potentially
6 resulted in detrimental effects for businesses -- I think
7 it's pretty sure resulted in detrimental effects for
8 businesses -- and unnecessary increased risk to public
9 health. Responses to business waivers were inconsistent
10 among businesses within the same industries.

11 Each of the findings has recommendations.
12 And I'm wondering if you could tell us if you've adopted
13 any of those recommendations, and how do we ensure that our
14 businesses never have to go through -- by the way, it's not
15 just businesses but the workers of those businesses, the
16 clients of those businesses, the customers -- never have to
17 go through a waiver process where the state government is
18 determining whether or not a business can stay open again?

19 ACTING SECRETARY WEAVER: We've accepted the
20 report from the Auditor General.

21 REPRESENTATIVE ROTHMAN: So, Mr. Secretary,
22 one of them was that there would be a joint committee task
23 force made up of members of the general assembly and the
24 Administration to work on these issues in the future, so we
25 don't have this -- do you know anything about that?

1 ACTING SECRETARY WEAVER: I haven't yet, but
2 I will. I will make sure that we do that.

3 REPRESENTATIVE ROTHMAN: So you've adopted
4 them? Have you acted on the other ones?

5 ACTING SECRETARY WEAVER: Again, we
6 adopted -- or we approved and agreed to the recommendations
7 of the Auditor General, and we are following those. We're
8 hoping that this never happens again. It was a pandemic,
9 no one knew what was going on, the medical community didn't
10 know what was going on, and it wasn't a perfect process.

11 But again, we accepted what the Auditor
12 General's report is and we'll make sure we're following
13 those recommendations.

14 REPRESENTATIVE ROTHMAN: Would you like to
15 take this time to apologize for the businesses and the
16 people of the Commonwealth who were affected by what turned
17 out to be capricious, arbitrary, and puzzling?

18 ACTING SECRETARY WEAVER: What I'd like to
19 say is that we did everything that we could to keep
20 Pennsylvanians safe and our businesses safe. And we did
21 everything that we needed to do necessary with our partners
22 at the Department of Health.

23 REPRESENTATIVE ROTHMAN: But your job isn't
24 to keep businesses safe. Your job is economic development.
25 We have plenty of people to keep us safe. Your job is to

1 help businesses operate. And yet, you went further than
2 federal guidelines, you went further than any other state
3 with the exception of Michigan, and you didn't -- and last
4 year at the hearings, your predecessor took
5 responsibility -- you didn't reach out to industry groups
6 or the legislature to talk to us about real concerns with
7 the waiver process.

8 ACTING SECRETARY WEAVER: Again, we accepted
9 the Auditor General. And what I'm saying is that we did
10 our part to make sure that we kept Pennsylvania safe.

11 REPRESENTATIVE ROTHMAN: So you have no
12 interest in apologizing to the people of Pennsylvania who
13 you hurt with this process.

14 ACTING SECRETARY WEAVER: Again, we did what
15 we needed to do to keep people safe during the pandemic.

16 REPRESENTATIVE ROTHMAN: In one of the
17 sections, Mr. Secretary, it says that 50 percent of a
18 certain industry got a different response. Now they only
19 surveyed 10, but 5 of them turned out to get a different
20 response. Are we correcting those?

21 ACTING SECRETARY WEAVER: Again, it was not
22 a perfect process. We did what we needed to do to keep
23 Pennsylvanians safe.

24 REPRESENTATIVE ROTHMAN: Thank you.

25 REPRESENTATIVE TOPPER: The Chair thanks the

1 gentleman, and recognizes the gentleman from Philadelphia,
2 Mr. Brown.

3 REPRESENTATIVE BROWN: Hello. Good morning.
4 Thank you for being here, Mr. Secretary.

5 So I would like to share some concerns that
6 some of my community organizations are having in reference
7 to the cost-reimbursement contracts. You know, they're
8 having an issue with, I guess, the requirement of having
9 the money up front, spending it, and then getting
10 reimbursed. So in my community, we're trying to figure out
11 ways to get them funds, and then they would be able to
12 qualify for the cost-reimbursement contracts.

13 So is there a way that we can try to make
14 some changes to make these funds more accessible to the
15 small community groups and districts like mine?

16 MR. ROWLAND: Yeah. We are certainly happy
17 to sit down with you and talk to you about the programs.

18 So at our agency, we have both reimbursement
19 funding programs and upfront funding programs. The -- in
20 terms of pushing money out, we both look at how best we can
21 serve businesses, but also how best we can protect the
22 taxpayer's money. So a reimbursement program allows us
23 more controls in place to be able to make sure that those
24 monies are being spent in the proper way.

25 So it's always a balance there for us to try

1 and achieve both. But we're certainly happy to talk about
2 individual programs and maybe if there's a shift necessary
3 in that program that would help your businesses, we can
4 certainly look at that.

5 REPRESENTATIVE BROWN: Okay. Thank you.

6 Yeah, because when I talk to them, they're
7 more interested in or they would, I guess, qualify for like
8 a drawdown program or something like that.

9 ACTING SECRETARY WEAVER: And,
10 Representative, we'd be happy to sit down with that
11 business also and talk with them about what changes they
12 see, what could be needed for them.

13 REPRESENTATIVE BROWN: Okay.

14 MR. ROWLAND: Yeah. And just to add, that
15 situation you're talking about is actually an attempt of
16 our agency to try and compromise and find a position where,
17 you know, we are protecting the taxpayer investment, but
18 we're also allowing the businesses the capital that they
19 need up front to be able to move forward with the project.

20 REPRESENTATIVE BROWN: Got you, okay.

21 And then, under this same contract, the
22 cost-reimbursement contract, they don't allow the
23 organizations to pay staff so they can produce for the
24 communities that they serve. So is there a way that we can
25 also add that to the conversation?

1 MR. ROWLAND: Certainly. And some of that
2 is -- so the different programs, many of the different
3 programs have different language in the enabling
4 legislation. There's also guidelines, so where we can
5 control things at a guideline level, we do, but there are
6 some programs that are restricted legislatively.

7 REPRESENTATIVE BROWN: Okay.

8 All right. So I'm going to switch over to
9 the Ben Franklin program.

10 So I've been following how Massachusetts,
11 how they've been investing in life sciences and also how
12 New York has been investing in technology. So with that
13 said, I believe that this is an inflection point moment in
14 Pennsylvania to get involved in life sciences and
15 technology, mainly because in Philadelphia, we -- you know,
16 there's hundreds of millions of dollars being invested in
17 life sciences from third-party, you know, funds. You know,
18 so with Ben Franklin being the most active early-stage
19 investor, what industry do you see as most promising now,
20 and also five years from now?

21 ACTING SECRETARY WEAVER: Sure. We see it
22 as the life science industry in general. We had -- an
23 innovation report was done in 2020 or 2019 that talked
24 about where we stack up against other states and what we
25 need to do on the life sciences' piece of it. And with the

1 pharmaceutical and research and development areas, we
2 believe that that's one of the areas that we should be
3 specifically targeting.

4 REPRESENTATIVE BROWN: Great, thanks.

5 So is there any real conversations being
6 held around Pennsylvania becoming a potential leader in
7 life sciences and technology in the country?

8 ACTING SECRETARY WEAVER: Absolutely.

9 Again, it's being spearheaded through the Ben Franklin
10 Technology Partners. They walk through with our Life
11 Sciences Greenhouses organizations in all parts of states,
12 you know, taking them from infancy all the way through
13 their growth. And that's what we look forward to in
14 getting those businesses, the startups here, as well as
15 investing in our manufacturers and large pharmaceuticals to
16 move forward with research and development.

17 REPRESENTATIVE BROWN: Okay. Great. Thank
18 you. I appreciate your time. Thanks.

19 REPRESENTATIVE TOPPER: The Chair thanks the
20 gentleman, and now recognizes the gentleman from Fayette,
21 Mr. Warner.

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

24 Gentlemen, thank you very much for joining
25 us here today.

1 Let's start off with a very quick -- it's
2 kind of a detailed question that you may know the answer to
3 or not, but the global manufacturing industrial summit is
4 scheduled to take place in Pittsburgh this fall. Do you
5 happen to know if there's any funding in the Governor's
6 budget for that summit?

7 ACTING SECRETARY WEAVER: There's not
8 specifically in the budget. We are aware of that
9 conference and would be open to having conversations about
10 supporting that.

11 REPRESENTATIVE WARNER: Okay. Thank you
12 very much.

13 So I do want to pivot here and I want to go
14 back to what the discussions that Representative Rothman
15 was having with you gentlemen about safety in regards to
16 the business shutdowns.

17 And recently, there was a study conducted by
18 professors at Johns Hopkins University. That study
19 suggested that the lockdowns during the spring of 2020,
20 when the coronavirus pandemic began, basically had no
21 impact on deaths in the United States and in Europe.

22 The study was conducted by Johns Hopkins
23 University economics professor, Steve Hanke; along with
24 university economics professor, Lars Jonung; and special
25 adviser of Copenhagen Center for Political Studies, Jonas

1 Herby. It said that meta-analysis showed that lockdowns
2 and major economic consequence -- had major economic
3 consequences but little public health effects. A quote
4 from that study states, "While this meta-analysis concludes
5 that lockdowns have had little public health effects, they
6 have imposed enormous economic and social costs where they
7 have been adopted."

8 During last year's budget hearing,
9 then-Secretary Davin said that lockdowns were all about
10 saving lives, as was mentioned again. But based on that
11 and also based on current data from the CDC that would show
12 that even though Pennsylvania had stricter lockdown
13 measures than most states, that it basically still fell in
14 line based on our population. That would basically go to
15 show that our stronger lockdown procedures did not have any
16 effect on saving lives or preventing people from getting
17 the virus.

18 So based on those statistics, based on that
19 study, what would you suggest to a new Governor or what
20 would you say you have learned or would change based on
21 those lockdowns?

22 ACTING SECRETARY WEAVER: I think we need to
23 look, go back and look at what was going on at the time.
24 The medical community at that time didn't know what was
25 going on and was having a hard time with getting their arms

1 around what was going on.

2 We did, again, what we needed to do to --

3 REPRESENTATIVE WARNER: I do want to
4 interrupt you right there.

5 ACTING SECRETARY WEAVER: Sure.

6 REPRESENTATIVE WARNER: We did have
7 guidelines from the federal government.

8 So what was the difference why we took a
9 stronger stance in Pennsylvania if we didn't know?

10 ACTING SECRETARY WEAVER: Our --

11 REPRESENTATIVE WARNER: Because there
12 were -- on top of that, I just want to mention, that there
13 were adverse effects, not just on businesses, but increased
14 drug use, increased crime, increased suicide, increased
15 mental health issues. These were also side effects that,
16 you know, should have been thought about.

17 So I'm just saying, so scientifically, there
18 was other data. So what would you do that would be
19 different? Would you do the same thing?

20 ACTING SECRETARY WEAVER: I think we would
21 take the steps that we needed to do to keep Pennsylvania
22 safe and what that would look like.

23 Again, we accepted the Auditor General's
24 report, and we would take those and make sure that we're
25 implementing any of those issues.

1 REPRESENTATIVE WARNER: Based on the Auditor
2 General's report, based on the data that I provided you
3 about other states and based on this study, would you do
4 the same thing?

5 ACTING SECRETARY WEAVER: If we needed to
6 do -- we would do it differently. I think we would look at
7 it differently. I think that, again, it was a learning
8 process, and it wasn't a perfect process.

9 REPRESENTATIVE WARNER: Okay. So you would
10 admit that there were some errors made?

11 ACTING SECRETARY WEAVER: I'm sorry?

12 REPRESENTATIVE WARNER: You would admit that
13 there were errors or miscalculations made?

14 ACTING SECRETARY WEAVER: It wasn't a
15 perfect process.

16 REPRESENTATIVE WARNER: Okay.

17 So we're two years into the pandemic and
18 based on that study, has your agency measured any of the
19 negative economic impacts that lockdowns have had on the
20 economy, on Pennsylvania's economy in regard to lost income
21 or lost state and local revenue?

22 ACTING SECRETARY WEAVER: We have not.

23 REPRESENTATIVE WARNER: Okay.

24 Mr. Chairman, thank you very much.

25 REPRESENTATIVE TOPPER: The Chair thanks the

1 gentlemen and recognizes the gentleman from Washington,
2 Mr. O'Neal.

3 REPRESENTATIVE O'NEAL: Thank you, Mr.
4 Chairman.

5 Thank you, Mr. Secretary, for being here.

6 Mr. Secretary, in review of your budget
7 materials, I notice that DCED actually shows \$8 million of
8 available federal funding for 2021 in COVID-19 vaccine
9 promotion. Within those materials, it says that funding
10 will be used -- well, first off, before I go on.

11 I don't know if you realize this or not, but
12 I personally am the House Republican's appointee to the
13 Governor's COVID-19 vaccine task force. And I will
14 actually say that we talk about vaccine promotion within
15 the task force quite a bit, and your budget material is the
16 first time I've heard that your organization is actually
17 involved in this process. So I was actually surprised to
18 hear that DCED is involved with vaccine information in any
19 manner.

20 You know, so within the materials itself, it
21 says that funding will be used for combating mis- and
22 disinformation about COVID vaccines and increasing vaccine
23 rates in Pennsylvania. The materials go on to mention that
24 the money for a statewide media buy is providing
25 information to parents and guardians about the new

1 pediatric vaccine for children five and older.

2 So what I'd like to know is who in DCED
3 decides what constitutes combating mis- and disinformation
4 about vaccines? And why is DCED involved in the process of
5 deciding this at all?

6 ACTING SECRETARY WEAVER: So we worked
7 with -- that funding came through the CDC, and we work
8 through our partners at the Department of Health. We were
9 the marketing arm of that piece. So it was our
10 responsibility to carry the message from the Department of
11 Health out to -- and because we have a robust marketing
12 office, that's why I believe that we would have been the
13 ones chosen to do that.

14 REPRESENTATIVE O'NEAL: So who specifically
15 is deciding mis- and disinformation?

16 ACTING SECRETARY WEAVER: That would come
17 from the Department of Health.

18 REPRESENTATIVE O'NEAL: Okay.

19 One thing I was curious about was whether or
20 not the Johns Hopkins study that was just referred to would
21 be considered mis- or disinformation.

22 ACTING SECRETARY WEAVER: I'm not sure, sir.

23 REPRESENTATIVE O'NEAL: Okay.

24 So, like I said, I was a little bit taken
25 aback or surprised that DCED was involved in this effort

1 just know that we took it upon ourselves to do the
2 marketing part with the Department of Health.

3 REPRESENTATIVE O'NEAL: Okay. Thank you.

4 REPRESENTATIVE TOPPER: The Chair thanks the
5 gentleman and recognizes the lady from Allegheny,
6 Ms. Mihalek.

7 REPRESENTATIVE MIHALEK: Thank you, Mr.
8 Chairman.

9 And thank you, gentlemen, for being here
10 today.

11 I wanted to talk about the current status of
12 our job market. According to Bureau of Labor and
13 Statistics Job Openings and Labor Turnover Survey, US job
14 openings neared their all-time high this past December,
15 where employers advertised 10.9 million job openings, up
16 from 10.8 in the previous month, and just below July's
17 all-time high of 11.1 million.

18 In Pennsylvania, the Department of Labor and
19 Industry's Employment Report for December shows
20 Pennsylvania continues to trail the national economy, that
21 the Pennsylvania unemployment rate stood at 5.4 percent,
22 150 basis points higher than the national average of
23 3.9 percent. And in 2021, national employment numbers rose
24 by -- employment numbers rose by 4.1 percent, while in
25 Pennsylvania, we only saw a .7 percent increase.

1 Can you help explain some of the reasons
2 behind these trends and why so many jobs are not being
3 filled right now?

4 ACTING SECRETARY WEAVER: Sure.

5 So there's a number of different areas you
6 can look to including our aging population. You can look
7 to long-term unemployment, childcare, entrepreneurs. Like
8 I said earlier today, we had 25,000 new startups that are
9 working, that are in place. We are lower unemployment than
10 New Jersey and our neighbors to the north in New York.

11 We are -- we have to keep in mind that
12 Pennsylvania has the most diverse economy in the country.
13 And that we don't rely on any one industry like Texas would
14 rely on energy and have high and low spikes going up and
15 down. We were slower to get into the pandemic and -- or,
16 I'm sorry -- into the recession and we're going to be
17 slower to go out. And that number is coming down and we're
18 hoping with the programs and what we're doing on the state
19 level, we're going to continue to see that trend.

20 REPRESENTATIVE MIHALEK: Thank you for that.

21 Even with a diverse economy, looking at some
22 of the domestic migration trends, Pennsylvania is
23 performing very poorly at attracting new businesses, new
24 residents, and keeping the ones that we already do have.

25 So looking at these population trends, the

1 10 states with the most growth had an average state and
2 local tax burden of 7.7 percent, whereas the states with
3 the worst figures had an average tax burden of 9.9 percent.

4 In your opinion, is our tax structure a
5 barrier to population growth and business attraction? And
6 can you comment if you, in your opinion, think that there
7 are other government-caused barriers to population growth
8 and business recruitment?

9 ACTING SECRETARY WEAVER: So what I'd first
10 say is that we are -- Pennsylvania is competitive, and we
11 need to get away from saying that Pennsylvania isn't.

12 We have -- we just did 49, in the past year,
13 49 new projects in Pennsylvania. We had 25,000 new
14 startups, we had 23 international companies investing in
15 Pennsylvania, we had \$450 million in exports. So when
16 you're looking at the numbers, we are competitive in
17 bringing businesses into Pennsylvania.

18 We have to look at the, again, the CNI. We
19 need to talk about the perception of the high CNI at 9.99,
20 the third largest in the state. Businesses look at that.
21 When they're coming to Pennsylvania, they have a checklist
22 of things they look at from energy to topographic, and they
23 look at the taxes, and it is sticker shock.

24 REPRESENTATIVE MIHALEK: So do you believe
25 there are other government barriers besides our tax

1 structure in recruiting businesses here?

2 ACTING SECRETARY WEAVER: I would have to
3 get back to you on that.

4 REPRESENTATIVE MIHALEK: Okay.

5 And just in terms of these new startup
6 companies, that's great. Are you able to comment on what
7 happened with the US Steel proposal to bring in an over
8 billion dollar investment into Allegheny County? And of
9 course, we know that fell through and that money and those
10 jobs went out of state.

11 Was DCED involved at all in those talks?
12 Did you try to do anything to convince US Steel to stay in
13 Pennsylvania?

14 ACTING SECRETARY WEAVER: We're obviously
15 always having conversations with our employees of all
16 sizes. That one, in particular, what I do know is that
17 they had two of their own sites that they were looking at,
18 one in Arkansas and one in Alabama. And they chose the
19 Arkansas site. It was their own site, their own property.

20 REPRESENTATIVE MIHALEK: So with that said,
21 do you have a plan to overcome some of the barriers that we
22 discussed in a situation like what happened with US Steel,
23 from being -- you know, in the future, losing a huge
24 investment like that in order to carry out DCED's mission
25 of encouraging prosperity by supporting good stewardship?

1 ACTING SECRETARY WEAVER: Sure. And again,
2 we have the programs in place, and we are meeting with your
3 site selectors making sure people know what's in
4 Pennsylvania, what Pennsylvania has.

5 We obviously had a \$6 billion project with
6 the Shell project that came to Pennsylvania that's
7 employing thousands of people. So we are doing what we can
8 through the programs that we have to attract businesses to
9 Pennsylvania.

10 REPRESENTATIVE MIHALEK: Thank you. I see
11 my time has expired.

12 REPRESENTATIVE TOPPER: The Chair thanks the
13 lady. We will now move on to the standing chairmen of the
14 various committees that are affected in terms of DCED. And
15 we'll begin with Chairman Millard, the majority chairman of
16 the Tourism and Recreational Development Committee.

17 REPRESENTATIVE MILLARD: Thank you, Mr.
18 Chairman.

19 Mr. Secretary, welcome.

20 ACTING SECRETARY WEAVER: Thank you.

21 REPRESENTATIVE MILLARD: On page 11 of the
22 Governor's budget book, the number of hotel rooms sold is
23 estimated at 32.9 million in '22-'23. Now, this would be
24 the highest level in four years; however, it's still down
25 from the all-time high of 33.6 million rooms sold in

1 2018-'19.

2 Can you talk to us about how the tourism
3 industry is recovering from the pandemic and the Governor's
4 business lockdowns?

5 ACTING SECRETARY WEAVER: Sure. So when
6 you're looking at our tourism and what we're doing, as you
7 know, Deputy Secretary Lepore and her team have continued
8 to work hard on this issue. The hospitality industry was
9 hit very hard. We know that. We understand it. It is
10 coming back. We see -- in fact, we see it in the rural
11 areas that it's coming back even quicker than it is in the
12 urban areas. So we have been focusing on our efforts to
13 make sure that they are coming back.

14 We've got, in addition to our line, the
15 \$4 million in tourism, we've received 17 million from EDA
16 from tourism specifically in all areas of the state that
17 we're going to be using. And there's also our, the Tourism
18 Promotion Fund that we're using to make sure that we're
19 supporting the hospitality industry.

20 REPRESENTATIVE MILLARD: And with all these
21 efforts that are forthgoing by your department, do you have
22 an estimate as to when we'll get back to that 2018-'19
23 level?

24 ACTING SECRETARY WEAVER: I don't. I'm
25 sorry. I can talk with our folks and get back to you on

1 that.

2 REPRESENTATIVE MILLARD: Okay.

3 Act 109 of 2018 amending the Tax Reform Code
4 of 1971 to create the Tourism Promotion Fund, which
5 basically captures the tax revenue from booking agents. At
6 the time that this was being proposed, the Department of
7 Revenue had projected roughly 32 million coming out of
8 that; however, last year we got 3 million. That's a
9 projection that the Governor has put forth again,
10 3 million.

11 Can you explain the disparity in that? Was
12 that initial projection too high? What was it based on?

13 ACTING SECRETARY WEAVER: Sure. So those
14 numbers came from the Department of Revenue, and they had
15 used industry standards to estimate, to make those
16 estimates.

17 REPRESENTATIVE MILLARD: Do you -- in line
18 with your department, do you think that some of the effect
19 on that number would have been the pandemic and the
20 closures?

21 ACTING SECRETARY WEAVER: Yes, absolutely.

22 REPRESENTATIVE MILLARD: Well, thank you
23 very much for your testimony. I appreciate it.

24 ACTING SECRETARY WEAVER: Thank you.

25 REPRESENTATIVE MILLARD: Thank you, Mr.

1 Chairman.

2 MAJORITY CHAIRMAN SAYLOR: Our next
3 questioner is Representative Mary Jo Daley.

4 REPRESENTATIVE DALEY: Thank you, Mr.
5 Chairman.

6 And thank you, all, for being here today.
7 It's been a very interesting hearing.

8 So the Governor in his budget address talked
9 about big investment in tourism. Could you just go into
10 detail and let us know where all of that big investment
11 went?

12 ACTING SECRETARY WEAVER: Sure.

13 The investment -- as I mentioned -- is
14 spearheaded by Deputy Secretary Carrie Lepore and her
15 staff. They do a tremendous job. And they're using not
16 only traditional means but also digital, in the new age,
17 and making sure they're covering every area, Facebook,
18 Twitter, all -- everything that we have access to.

19 The funding that we have has been going into
20 the, you know, the Happy Traveler magazine. We also, this
21 year, because of the pandemic, created a virtual visit to
22 Pennsylvania to attract people to Pennsylvania by
23 virtually -- visiting virtually.

24 We also, through the \$17 million from the
25 federal grant through the EDA, we are taking 10 million of

1 that and using it for a co-op advertising program with our
2 Destination Marketing organizations. We are also using 6.8
3 of that for marketing with minority- and women-owned
4 businesses to bring into Pennsylvania through the tourism
5 line.

6 So there is a number of things that are
7 going on. And Carrie and her shop look at every season as
8 a new opportunity to promote Pennsylvania.

9 REPRESENTATIVE DALEY: I think that the
10 tourism group really does a tremendous job especially
11 considering the funding they get from the Commonwealth.
12 And if you compare it to what some of our neighboring
13 states are doing -- New York is \$450 million that they're
14 spending on tourism and bringing it into the state. And
15 Virginia, I think, just upped their ante to \$50 million,
16 which is pretty remarkable considering Carrie does this,
17 and her group does it, with \$4 million. So it's great that
18 we also have the additional funding coming in through the
19 sales tax and for the online operators. So I really do
20 appreciate that. But you just -- makes you wonder what you
21 could do with the additional money.

22 But I have to say that I have become an
23 advocate for the weekly Visit Pennsylvania because they're
24 really interesting. And I would urge all my colleagues,
25 even if you're not in the room today, to subscribe to that

1 because your own area might be mentioned at some point and
2 I think it's worth letting, you know, our constituents know
3 about that also.

4 So the film tax credit also falls under you,
5 and it also falls under the Tourism and Recreational
6 Development Committee. So would you support an increase in
7 that tax credit?

8 ACTING SECRETARY WEAVER: I think that's a
9 conversation we should sit down and have. I think that the
10 program is oversubscribed every year. The interest is
11 there in it, and I think it would be a good conversation
12 for us to sit down and have.

13 REPRESENTATIVE DALEY: I would agree,
14 especially when you listen to shows that are done or about
15 Pennsylvania, but they're filmed in some other place. So I
16 do think those are attractions.

17 And when I look at tourism, tourism is
18 immediate money coming into the state. It supports our
19 small businesses, it supports our restaurants, our hotels,
20 our bed and breakfast. You know, they'll pay the tolls on
21 the turnpike. They'll buy gas at the gas stations, unless
22 they have an EV and then, at some of our tolling places you
23 can still actually charge your car there.

24 But I just feel like, you know, tourism
25 brings in a huge amount of money into the General Fund for

1 Pennsylvania. Do you know that number?

2 ACTING SECRETARY WEAVER: I don't know that
3 number.

4 Do you have --

5 MR. ROWLAND: (Shakes head.)

6 ACTING SECRETARY WEAVER: No. But we can
7 get that to you.

8 REPRESENTATIVE DALEY: That would be great.

9 ACTING SECRETARY WEAVER: Yeah.

10 REPRESENTATIVE DALEY: That would be great.

11 And, actually, the Tourism and Recreational
12 Development Committee has a hearing this afternoon --

13 ACTING SECRETARY WEAVER: Yes.

14 REPRESENTATIVE DALEY: -- with the tourism
15 folks. So I think we're all looking forward to that.

16 And pursue your happiness.

17 ACTING SECRETARY WEAVER: Absolutely.

18 REPRESENTATIVE DALEY: Thank you.

19 ACTING SECRETARY WEAVER: Thank you.

20 MAJORITY CHAIRMAN SAYLOR: The next
21 questioner is Representative Jerry Knowles, who is chairman
22 of the Local Government Committee.

23 REPRESENTATIVE KNOWLES: Thank you, Chairman
24 Saylor. I like to think that you saved the best for last.

25 Thank you, gentlemen, for agreeing to

1 testify today.

2 I was in a sidebar conversation regarding
3 this committee when I heard -- maybe I didn't hear right --
4 that 77 percent of your people -- I don't call it remotely,
5 I call it -- are working from home.

6 ACTING SECRETARY WEAVER: That's correct.

7 REPRESENTATIVE KNOWLES: When are they
8 coming back to work?

9 ACTING SECRETARY WEAVER: That's a good
10 question. We haven't had conversations about when that's
11 going to happen or take place yet.

12 REPRESENTATIVE KNOWLES: It's kind of
13 strange because my district office in Tamaqua has been open
14 every day with few exceptions, each and every day. And
15 we've been taking questions that you folks should be
16 answering. We've been taking questions that Labor and
17 Industry should be answering, in terms of unemployment.

18 Now, it's got a little better. But I for
19 one don't think that the people of Pennsylvania are paying
20 any of us to be working from home. They expect us to be at
21 our desk in Harrisburg, in our district offices, doing our
22 jobs.

23 The question that I have of you is, we know
24 that these dollars, these stimulus dollars, these federal
25 stimulus dollars have been, many of them have been driven

1 out directly from the federal government. And my
2 understanding is that they get instructions about 300 pages
3 thick about how they can spend the money.

4 So guess what? We're getting those
5 questions from local municipalities. I think we need to
6 understand that many of these municipalities are very small
7 and have very little resources. So people are calling us.

8 So, you know, my question, are you seeing
9 any increase in requests for assistance from local
10 communities on how these federal stimulus dollars can be
11 spent? And secondly, are they getting the instructions on
12 how they're going to adjust when the stimulus dollars stop?

13 DEPUTY SECRETARY VILELLO: We are seeing an
14 increase in requests for technical assistance and services.
15 We can't direct how those funds are used. It's through the
16 US Treasury guidance. But what we've been trying to do is
17 put out best practices, and if we get a specific question
18 in a municipality that they can't do what they want to do,
19 we're directing them, "That's not advisable. Refer to
20 Section 12(A), why you can't do that."

21 But we've been working with municipalities
22 on infrastructure investment, broadband investment, things
23 that will last generationally, because we don't see -- you
24 know, things that we have not invested in because of
25 restrictive budgets, now is the opportunity to serve,

1 especially rural areas where broadband is needed. So, yes,
2 our regional directors, our policy experts are on a daily
3 basis working with them.

4 And most of our customers don't realize that
5 the people they're interacting with are teleworking. Just
6 because they are working from home, doesn't mean they're
7 not getting the same level of service or more service
8 because our employees are closer to the local governments.
9 So we've been doing more outreach, we've been meeting with
10 people where they are instead of them having to come to
11 Harrisburg.

12 REPRESENTATIVE KNOWLES: Well, I'm not so
13 sure I'm buying that, but I respect your answer.

14 When people call you, how long do they wait
15 for a callback?

16 I mean, we have people who are calling us
17 that are telling us that it's literally weeks before they
18 get a callback from these state agencies --

19 DEPUTY SECRETARY VILELLO: Not from DCED.

20 REPRESENTATIVE KNOWLES: -- that are working
21 from home.

22 ACTING SECRETARY WEAVER: Yeah, I can tell
23 you that -- I can give you my commitment and promise that
24 that's not happening from DCED.

25 We have a customer service line that has

1 taken, over the past year, about 20,000 calls. And we make
2 sure -- customer service is incredibly important to me. So
3 if you are running into those issues, I would appreciate
4 you just reaching out to me and bringing them up, and we'll
5 make sure we take care of that because that's -- customer
6 service is, again, incredibly important to us.

7 REPRESENTATIVE O'NEAL: Thank you,
8 gentlemen.

9 Thank you, Mr. -- I almost called you
10 Speaker -- thank you, Mr. Chairman.

11 MAJORITY CHAIRMAN SAYLOR: Promotion.

12 We have one request for a second round. I
13 will recognize Representative John Lawrence and then we
14 will conclude the hearings.

15 REPRESENTATIVE LAWRENCE: Thank you, Mr.
16 Chairman.

17 Mr. Secretary, we've spoken today about the
18 situation in the City of Chester. There's been a great
19 deal of conversation about monetizing assets. And of
20 course, "monetizing assets" is just a fancy way to say
21 "selling off public assets." And there's been a great deal
22 of conversation about the sale of Chester Water Authority
23 to bankroll the city's depleted general fund and pension
24 accounts. And I've also seen some news reports looking at
25 the city's parking meters.

1 But I'd like to ask you about something
2 different, the proposed sale of the DELCORA wastewater
3 treatment system in Delaware County.

4 So just by way of background, Chester City
5 sold its sewer assets to DELCORA for a nominal amount under
6 a February 12th, 1973 agreement. I have a copy of that at
7 my desk. It's available on the internet. It's in
8 circulation. In fact, an October 8th, 2020 e-mail from Ken
9 Schuster, the solicitor for the City of Chester, to the
10 DCED appointed receiver; one with Chester mayor, Thaddeus
11 Kirkland and others on the Act 47 team, included a copy of
12 this agreement.

13 Section 15.7 of the 1973 agreement states in
14 essence, if at any time in the future, DELCORA ceases to
15 operate the system that we're purchasing from Chester, then
16 fixed assets and real property shall revert to the City of
17 Chester's ownership.

18 Now, as I'm sure you're aware, there's a
19 move afoot to sell DELCORA and it's currently tied up in
20 litigation and we'll see what happens with that. But it
21 seems abundantly clear that if DELCORA is in fact sold,
22 then significant assets must be returned to the City of
23 Chester.

24 It's been speculated that these wastewater
25 assets could be worth tens of millions of dollars,

1 maybe \$100 million, and the city could turn around and
2 monetize them.

3 This is what I want to know: Has DCED or
4 your appointed receiver looked into this potential source
5 of significant revenue for the bankrupt City of Chester?

6 ACTING SECRETARY WEAVER: I don't have that
7 information, no.

8 REPRESENTATIVE LAWRENCE: Is that a no?

9 ACTING SECRETARY WEAVER: That's a no.

10 REPRESENTATIVE LAWRENCE: With all due
11 respect, I think that borders on malpractice.

12 DCED has been heavily involved for years.
13 Your name has been on many e-mails I reviewed on this
14 situation. DCED has been heavily involved in the City of
15 Chester's financial woes, and you mean to tell me that you,
16 as secretary of DCED, and right alongside the previous
17 secretary of DCED, are unaware of potential tens of
18 millions of dollars that could be on the table?

19 ACTING SECRETARY WEAVER: I'm telling you
20 that, yes.

21 REPRESENTATIVE LAWRENCE: So there's been a
22 near singular focus on the sale of Chester Water Authority
23 to prop up Chester City's coffers. Personally, I think
24 it's outrageous to suggest that the city has the right to
25 sell the water authority, but that's a matter in front of

1 courts. It's not in front of you and me today.

2 But I find it incredible that here we have
3 another potential source of significant revenue, and DCED
4 is unaware of it? Is that what you're telling me?

5 ACTING SECRETARY WEAVER: I'm telling you
6 that I'm unaware of it. I'm not telling you that DCED is
7 not aware of it. I am not aware of it.

8 REPRESENTATIVE LAWRENCE: I would like to
9 ask, with due respect, if you will look into this. I'd
10 like to know what DCED knows about this.

11 That, as I mentioned, that agreement is in
12 e-mails back and forth between all of the players in this
13 situation. I can't believe that nobody at DCED is aware of
14 this situation. And the fact that it's not, that you
15 apparently don't know about it is very troubling to me.

16 I would like you to look into it and get
17 back to this committee with the status of that situation,
18 what's known about it and what could be proposed with it.
19 And I'd like you to send those comments to the chairman of
20 this committee.

21 Thank you, Mr. Chairman.

22 MAJORITY CHAIRMAN SAYLOR: Thank you,
23 Representative Lawrence.

24 Representative Bradford, any final comments?

25 (No response.)

1 MAJORITY CHAIRMAN SAYLOR: Very good. I
2 have none as well.

3 And, Mr. Secretary, I want to thank you and
4 the deputy secretaries and the chief financial officer for
5 being here today and taking the questions from members. I
6 know sometimes whoever sits in those seats are in hot
7 seats. That's part of your job and what you get paid for,
8 just as we as legislators do.

9 So just as a reminder to the members of the
10 committee and the public, is that the committee will
11 reconvene Monday, February 28th, at 10 a.m. to hear the
12 Department of Environmental Protection. We will be off for
13 members to be in their district offices next week and other
14 business that they may conduct.

15 So with that, this hearing is adjourned.

16 (The hearing concluded at 12:31 p.m.)

17

18

19

20

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T I O N

I hereby certify that the proceedings are contained fully and accurately in the notes taken by me on the within proceedings, and that this copy is a correct transcript of the same.

Summer A. Miller

Summer A. Miller, Court Reporter
Notary Public