

Testimony before the Center for Rural Pennsylvania

Rod E. Wilt, Executive Director

Penn-Northwest Development Corporation

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My name is Rod Wilt, and I am the Executive Director of Penn-Northwest Development Corporation, the Certified Economic Development Organization for Mercer County. I want to welcome Senator Yaw, Representative Pashinski, Committee Members and guests to Mercer County, and specifically to my alma mater, Thiel College. Whenever I speak about the opportunity Mercer County has to move forward, I always say that we have the right people, in the right places, at the right time, to go FAST! That includes our legislative delegation, our County Commissioners, our leaders in education from our public and private K-12 schools, our career and technical trainers and the leadership of our three 4-year colleges we have in Mercer County. We also have dozens of committed business owners and non-profit operators who are struggling with massive labor shortages, but still gutting it out and getting the job done! They, and many other deeply committed Mercer Countians, serve selflessly on our many volunteer boards who collectively make up our consortium of economic development partners. So today I can tell you that you have come to the best place on earth, in my very humble opinion!

Our challenges are many, but none as significant as the loss of an average of 1.0% of our population annually over the past 30 years. We have fewer young families in Mercer County than at any time in over 50 years. Every school district in the County has experienced a significant drop in enrollment. As we look to the southwestern,

northeastern, and southeastern sectors of Pennsylvania, we see a population and prosperity imbalance compared with the northwest and most of the northern tier counties. Without targeted economic development programs and assistance to aid smaller, rural counties in Pennsylvania, we will continue this downward spiral in population and economic opportunity in these very important agricultural and manufacturing-centric parts of Pennsylvania. A recently completed study by the Center for Rural Pennsylvania confirms that without a significant change in policy, nearly 2/3 of Pennsylvania will continue to lose population, and fall further behind the suburban areas of the Commonwealth. Your colleagues in the legislature should be very concerned about this, as a declining population in Pennsylvania is leading to fewer representatives in the U.S. Congress, and fewer Electoral College votes when choosing a President. In fact, in 1953 Pennsylvania had 30 seats in Congress. In 2023...17. And we are trending downward again, and losing our stature among the other 49 states.

However, it is not all bad news on the Mercer County economic development front. Over the last few years, PNDC has developed a population retention tool named the Homegrown Initiative. The Homegrown Initiative is a young adult led career awareness and job placement initiative in Mercer County dedicated to the retention of young men and women, regardless of their level of education. Within two years, our program has expanded to connect with students as young as 5th grade, through students currently attaining their master's degrees. With the \$600,000 we have been awarded by the Pennsylvania Department of Community and Economic Development (thanks to the endless support of Senator Michelle Brooks and Representative Parke Wentling) we have positively changed thousands

of students' perception of career opportunities in Mercer County, and assisted them in finding a sense of purpose and connection to our rural community. During my tenure at Penn-Northwest, various partner organizations have been critical in driving forth these workforce development and repopulation efforts. First, West Central Job Partnership and PA CareerLink have been imperative in supporting local businesses and those entering the workforce. Their Internship and On the Job Training Program provide reimbursement funds to companies interested in hiring interns and new hires, nullifying the anticipated expenses of bringing on new talent. Through the state's continued support, PA CareerLink and their programming has had a resounding positive impact on the talent pipeline and local businesses, while also addressing the needs of dissociated workers and minority demographics.

Additionally, our various educational institutions serve as one of our best attraction and retention tools within the County. Our 12 school districts, 4 colleges, and 2 technical schools provide students of varying demographics and interests with the tools and opportunities to pursue limitless career opportunities here. For example, the Mercer County Career Center has reached record high attendance in back-to-back years, despite the annual population decline of eligible students. They have not only been a tremendous community partner, but also provide each student with a highly skilled and relevant education at no cost to the student. Their continued expansion and development only further serve our students, our businesses, and our community.

But we are just treading water. The long-term viability of rural Pennsylvania depends upon making these areas more attractive for young people and families to

live, learn, work and play. We need your help in Harrisburg to rebuild our aging housing stock, create private investment in our small towns, and train our changing workforce. This will help us reverse the downward spiral of population loss.

Specifically, some ideas include:

1. Allocate funds within the Redevelopment Assistance Capital Program (RACP) for housing projects to help bridge the existing gap between high construction costs, and lower market values to incentivize private housing development in the “for sale” and the “at-market” rental market. Perhaps limit these RACP funds to 25% of the project cost, rather than the current 50% for commercial and industrial development projects.
2. Create Pennsylvania Rural Opportunity Zone (PROZ) – Kansas created Rural Opportunity Zones to incentivize the relocation of skilled workers into their state. Residents who relocate to one of their approved rural counties are eligible to receive income tax waivers for up to five years, student loan repayments up to 20 percent of their outstanding debts, and \$15,000 (\$3,000 per year). In the first 18 months, the program received over 500 applications for student loan repayments. It was estimated that the income tax waivers cost \$800,000 but had an economic impact of \$44 million. For Pennsylvania, I believe a similar program focusing on supporting the next step for students who already chose Pennsylvania as a place to receive their secondary education would have great value and impact.

3. Property Tax or Rent Rebate Program (PTRR) – Currently, the PTRR serves as a supplemental income for qualifying senior citizens. Creating or amending this program to allow young adults within their first three years of college graduation to supplement their entry-level wages could provide an affordable solution to relocation. As the salary for these young adults increases annually, the state support can be decreased over time.
4. We can look to new revenue sources for a partial solution for funding these items: State Rainy Day Funds - Now is the time to utilize some Rainy-Day Funds to increase Pennsylvania’s competitiveness. Many other programs will directly benefit from an economic recovery, and all resources available to aid in these efforts must be considered.
5. Tax Credits – Job creation tax credits are essential for counties like ours that border aggressive economic development states like Ohio, who are in the economic development game to win and win big!
6. Establish a Dedicated Funding Stream for Smaller CEDOs and EDCs. We, through our strong affiliation with the Pennsylvania Economic Development Association, support the establishment of a dedicated and/or formula funding stream for smaller EDCs to offset their administrative costs and to ensure these agencies, located in smaller communities across the state, have further resources to rebuild the Commonwealth’s economy.

I understand the “asks” are many, and the resources are limited. I sat in your seats for 10 years as a member of the State House from this area. I saw first-hand the loss of nearly 7,000 manufacturing jobs in Mercer County over those 10 years. I fully understand how difficult it is to craft a state budget that is equitable for all

areas of Pennsylvania. But in this post-pandemic reality, we firmly believe that Mercer County, and our rural counties across Pennsylvania, are well positioned to capture the population migration that is happening, as the work-from-home phenomenon continues to grow. But we desperately need your help in the areas I mentioned in my remarks. I sincerely appreciate the Center for Rural Pennsylvania coming to Mercer County to hear our story. I feel fortunate to have this “Second Act” in my career to serve this community. I will also tell you as the Chair of the Board of Trustees here at Thiel, the College is “all-in” in helping us recruit and retain the next generation of leaders who will help move our region forward!

Respectfully Submitted: January 31, 2024