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JOBS of the FUTURE in PA-

Pennsylvania is in a competition for jobs with other state and the rest of the world, and has been for a very long time. What changed is that PA is no longer competing effectively, as evidenced by our sub-standard job and population growth, and the nature of industries creating the jobs of the Future is dramatically different than it once was. Technology has impacted every industry and changed the nature of work and the nature of investment. The Commonwealth must change its way of doing business in order to adapt to the changing environment, and compete effectively to give its citizens the kind of economic opportunity that we all want for ourselves, our families and our neighbors. Technology is impacting everything from retail and service delivery to manufacturing and logistics. Now, more than ever, education and training for our workforce is the key competitiveness, combined with a business environment that creates fertile conditions for private companies to invest and grow here. This is more than just cutting taxes or achieving a competitive corporate tax rate (while those can be very helpful). Investment in public goods like education, training, physical and technological infrastructure, and the institutions that help guide regional development is essential.

1. Rebuild our Economic Development Toolkit/Business Climate
 - a. Revitalizing Incentive Programs
 - i. PA has unilaterally disarmed its economic development toolkit to attract, grow and retain jobs in the region. While attraction is not the most important aspect of economic development, it can provide huge benefits to attract an anchor for the clusters that are developing around the Commonwealth. Should focus on larger, high leverage opportunities.
 - b. Create organizations with the mission, budget and freedom to operate that is needed in today's economic development game.
 - i. Jobs Ohio is stealing our lunch with their investments of scale in innovation districts and job creating investments. They are spending big to improve their economic competitiveness, while keeping taxes low. JObs Ohio has dedicated funding outside of the state bureaucracy that allows them to plan longer term, move quickly and focus on winning the job competition.
 - c. Organize economic development at sustainable scale around industry groups and clusters.
 - i. Ohio is reorganizing resources to engage industry in specific cluster growth areas (DriveOhio)
 - ii. MassTech is investing heavily in promoting Robotics and other emerging technology job growth.
2. Skilled labor force
 - a. Talent drives the economy, and our education system is not keeping pace. We need to enable experimentation and innovation in education, not protect the old ways.
 - b. Job training and re-training need to be driven by private sector opportunity, not by the training providers. Train people for jobs that are open and for companies ready to hire. Apprenticeships, internships and Customized Job Training need to be our lead resources.

3. Where the jobs are
 - a. Autonomy/AI/Robotics -- these jobs will be created and displace others no matter what PA does. The question is: will that benefit happen here or elsewhere?
 - b. Life Sciences – Health care, home health care, medical devices, and new drug and therapy development are all strengths in research in PA. We need to help prepare workers for these careers and provide the right tools and environment for companies to locate and grow here in PA.
 - c. The convergence of these industries (BioRobotics, AI and Bioinformatics)
 - d. Logistics – Covid accelerated the trend to local fulfillment centers, driving huge demand for industrial warehouse space. These centers create a large number of family sustaining jobs – much different than the warehouses of old.
 - e. The importance of universities and community colleges continues to rise, as they provide the skilled labor that companies need, and with universities the technologies that drive new products, new companies and new industries. We must provide better support to these institutions for their core missions, while demanding accountability for the results.
4. Why Manufacturing still matters, especially to non-urban areas and inclusive growth
 - a. Manufacturing provides a diversity of family-sustaining jobs, both degree-requiring and not
 - b. Manufacturing jobs present an opportunity to rebuild the economy of the region's distressed satellite cities that have not participated in the growth of the urban core
 - c. Western PA thrived when the region participated in the regional growth clusters. (Electric Steel in Butler, Tin in New Castle, Tubes in McKeesport, Aluminum in New Kensington). Reconnecting the region to the growth clusters is important if we are to regain widespread job growth and retention.

Support Regional PA Autonomy Cluster Initiatives-

- 1. Support regulatory changes to capture testing, deployment and supply chain opportunities**
 - a. Regulatory landscape in PA is challenging
 - b. The ability to do deployment is driving company location, and we are losing to other states. Companies are basing their R&D offices in the Pittsburgh region, but we are losing testing facilities and testing jobs to states such as TX, FL, MI, OH, and AZ
 - c. We are not implementing demonstration projects; other states are competing hard to steal our advantage
 - i. MassRobotics, Silicon Valley Robotics Network, MDrive, DriveOhio, SunTrax
 - ii. State and local demonstration projects, test tracks
 - iii. Incentives and marketing to companies
 - d. The autonomy industry will continue to grow jobs as it expands, many of which will not require degrees. PA can capture that growth and those jobs, if it acts now
- 2. The time to support a big cluster initiative is now**
 - a. Pittsburgh is a major center today
 - b. CMU #1 academic center for research and talent impact
 - c. Currently 6300+ direct jobs (conservative estimate)
 - d. 71 Companies
 - e. ARP Funds provide unique opportunity to support growth in PA, that will generate future fiscal stimulus. Don't spend, Invest!
 - f. Autonomy Opportunity is Large

- \$1+ trillion projected global market for the autonomous sector
- \$10 billion and an est. 5,000 jobs over 5+years projected for the region that captures 1% of the global market
- The region must invest now in attraction, deployment, infrastructure, marketing, training, demonstration, physical space, university-industry collaboration,(\$100M)

3. Capturing the big job growth to come beyond R&D

- a. Once the industry scales, testing, deployment and manufacturing supply chain growth will lead to new jobs with diverse certification requirements that could be shared throughout the region

4. Leverage City/Allegheny County strengths to build to rest of region

- b. The region's economic recovery has occurred in the region's urban core

5. Seedling Communities -- How we spread growth to all areas of our Commonwealth

- c. Help spread growth by investing in a combination of main street and industrial facilities to accelerate redevelopment across the region
 - i. New Ken, Butler, New Castle, Carrie Furnace, Fairywood, Hazelwood
- d. IN addition to sites, infrastructure, transportation connectivity and broadband connectivity are essential investments.

6. Regional Growth Network Sites

- e. Build capacity are key regional sites in every county. Examples might include Northpointe in Armstrong, The AK2 Steel site in Butler, Lawrence (New Castle and Racino Sites), PennNW sites in Mercer, and RIDC Westmoreland and the Westmoreland network of industrial parks in Westmoreland
- f. Programs like Building in Our Site, Industrial Facilities, PIDA and RACP are key tools to prepare these regional sites to accommodate development and growth

7. Regional Revitalization Funds – seed and support regional performance based revolving loan funds to support the growth and seedling communities' sites, and leverage growth industry opportunities like the autonomy initiative

- g. Leverage is key, with local, federal foundation and private matching funds to leverage state funding.

Improve regulations and programs to support Economic Development

1. Streamline permitting and licensing in PA so it faster, more transparent and consistent – Goal is to make it easy for job creators and investors to deploy capital in PA. Friction Free business environment

- a. One stop shop with a dedicated "case manager"

- b. Expedited major projects process
 - i. Expedited reviews that coordinate between state and local agencies can allow for developers to meet with representatives of all the departments relevant to permitting at once. Examples from other states shows that expedited reviews may cut down a permitting cycle from over a month to several hours
 - c. Focus on outcomes not activity
 - i. Permits get responded right before the self-imposed deadline by agencies then the timeline is reset. There should be a focus on total timeline and attracting investment.
 - d. Reduce overlap/conflict between agencies and different levels of government with overlapping districts
2. **Refocus, Concentrate and Simplify Existing state grant programs**
- a. Make compliance simple and transparent by removing pass through entities and changing the application and audit process
 - b. Fees and more importantly extra conditions are added by certain Authorities controlled by municipalities.
 - c. Sub-applicants (Businesses and other entities) are forced to apply through these (municipal) entities that are also submitting competing applications.
 - d. The administrative burden of certain grant programs needs to be evaluated. Chasing certified payrolls and steel certifications on smaller projects is not cost effective. In some cases, awards of \$1M or less may convey no net benefit to the project due to administrative and compliance costs -- wasting taxpayer money.
3. **Concentrate economic development funding into larger more impactful awards**
- a. RACPs have gone down in the last 20 years from \$7 Million average awards to \$1.8 Million in 2018. More recent data suggests even lower averages since then.
 - b. Refocus economic development grants(Or at least certain pots of them) to target job creation and tax base enhancement projects. These are very distinct from community and cultural awards. Traded sectors and manufacturing provide much higher payback to the Commonwealth for the dollars invested.
 - c. Looking at the recent RACP awards in Southwestern PA, over 2/3rds were not supporting traded goods and services that are vital to economic growth.
 - d. Refocus redevelopment funds on blighted main streets and brownfields. RIDC has a new Seedling Communities Program that will bring our financial and real estate expertise to bear in secondary cities around the region. These places have not experienced a good deal of the growth that places like Oakland have. Special provisions are needed to ensure that all parts of the Commonwealth are able to participate in growth.
4. **Create new Risk Capital/ Performance Based Loan Programs:**
- a. Current options for underwriting risk for projects are limited to either loans--which don't work for the highest risk or largest gap projects-- or grants -- that result in no pay back to the Commonwealth even if the project succeeds wildly. A variable payback grant program that is structured in a way that doesn't require payments like loans, but allows the Commonwealth to participate in the upside if the project succeeds would stretch scarce Commonwealth funds, and still support important projects with big risk gaps.