

## **OPENING STATEMENT**

**Senate Community, Economic Recreational Development Committee Hearing**

March 13, 2007

Dennis Yablonsky

Secretary, Department of Community and Economic Development

Thank you, Chairwoman Earll and Chairman LaValle for the opportunity to present to this committee.

Let me start by outlining what has been accomplished on the economic and community development front in the past year and then present DCED's goals and priorities for the coming fiscal year.

I would like to briefly highlight a set of accomplishments that have concurrently had a positive impact on our communities and the overall economy. In the past four years, we have seen meaningful progress in a number of areas directly impacting the economic competitiveness and revitalization of Pennsylvania's communities. The state's employment is at an all-time high, other macro economic indicators are on the rise, and more company expansion and attraction projects indicate continued future growth.

The current economic indicators for Pennsylvania are continuing to show signs of recovery in the area of job growth. Employment for residents of the Commonwealth has reached an all-time high at over 5,788,100 employed -- a net gain of 159,900 since January, 2003. Pennsylvania's unemployment rate has remained steady at 4.7 percent, down from 5.8 percent at the end of 2002 and the Commonwealth has seen more than 123,000 new company formations since 2003.

In 2002, Pennsylvania ranked 35<sup>th</sup> in export growth. In 2006, we ranked 18<sup>th</sup>. Let me put this in dollars. From 1998 to 2002, the Commonwealth suffered a net loss of \$206 million in exports. From 2003 to 2006, we have seen a net increase topping \$10.6 billion.

Last year, the General Assembly overwhelmingly supported the Governor's World Trade PA initiative that continues to increase export opportunities for Pennsylvania's businesses and generate more foreign investment in the Commonwealth. We're already seeing results in many cities, towns and municipalities around the state.

Our investments in businesses, site preparation, infrastructure and community revitalization through the Governor's Action Team, our Community Action Team and the economic stimulus package are also having an impact.

The Economic Stimulus Program, enacted in April, 2004 has now supported over 2,000 projects, invested \$2.2 billion dollars, anticipated to leverage another \$3.6 billion and is projected to create thousands of jobs over the next several years.

Since 2003, the Governor's Action Team has completed 774 projects creating more than 81,000 new jobs and leveraging \$8.9 billion in additional private and local investments. Additionally, the Community Action Team has now helped to support revitalization and redevelopment projects in 49 core cities and towns across Pennsylvania.

All of this has put Pennsylvania in the forefront when it comes to attracting new businesses. IBM Business Consulting Services -- Plant Location International, one of the preeminent leaders in the business community, recognized Pennsylvania last year as the number one destination for new projects and the top location for manufacturing projects in all of the U.S. and Canada.

Also of importance to highlight is the progress that has been made by this administration as it focuses on new, emerging industry clusters. Governor Rendell recognized the need to diversify our economy and he continues to support research and development, commercialization of new products by investing in new, start-up high tech companies with the potential for high growth.

DCED has proposed a \$491 million budget for Fiscal Year 2007-2008. Increased investment proposed in this budget includes an increase in the funding for the Infrastructure and Facilities Improvement Program, new funding for the Community Action Team, Film Production grants and increases in the Housing Redevelopment Assistance and Keystone Innovation Zone programs – programs that are having dramatic effects on many of our older communities – programs that are having a dramatic impact on many communities across the Commonwealth.

The Governor in his budget address also advanced two significant initiatives that will involve DCED. These include;

**1) Jonas Salk Legacy Fund**

DCED is partnering with the state Department of Health on a new biosciences initiative. The Jonas Salk Legacy Fund will provide \$500 million in accelerated capital over the next two years for investments in biosciences research in Pennsylvania. This program will help attract world-class research faculty and will provide financing for facility and lab infrastructure for research and commercialization initiatives.

Funding for the Jonas Salk Legacy Fund will come from the securitization of a portion of Pennsylvania's Tobacco Settlement funds. This approach allows the Commonwealth to dramatically accelerate the pace of new investment in infrastructure