

Key Takeaways

- *Support for Local Government and Municipalities:* Collaboration between state and local governments and funding for rural municipalities is critical for providing services and preventing consolidation due to population decline. There is an urgent need to expand capacity for local governments.
- *Urgent Need for Broadband in Rural Areas:* Broadband infrastructure is crucial for economic growth, improving health care access, and enhancing education in rural regions. Suggested solutions include more investments in broadband infrastructure to promote statewide access and long-term sustainability.
- *Challenges in Rural Health Care:* Rural health care providers are facing difficulties due to population decline, aging demographics, and the need for more staff and quality care. Telemedicine, investments in health care infrastructure, and initiatives like the Pennsylvania Rural Health Model are seen as potential solutions to bridge gaps in health care access in rural communities.
- *Housing Availability and Affordability:* The availability and affordability of housing are critical issues in rural areas. Without adequate housing options, attracting and retaining residents, especially skilled professionals, becomes challenging. The presented solutions for rural development initiatives emphasize the need for more funding, accountability, and partnerships between stakeholders. Specific suggestions include: potential funding allocation within the Redevelopment Assistance Capital Program (RCAP) for housing projects; initiatives to attract and retain people in rural areas such as: 1) the Pennsylvania Rural Opportunity Zone (PROZ) to incentivize the relocation of skilled workers into their state; and 2) amending the Property Tax Rent Rebate Program (PTTR) to allow young adults within their first three-years of college graduation to supplement their entry-level wages; 3) looking to new revenue sources such as the Rainy Day Fund; and 4) job creation tax credits.
- *Community Engagement, Especially Among Youth:* Engaging the community, particularly the rural youth, is essential for addressing rural needs effectively. Involving younger generations in community development efforts can ensure the sustainability and relevance of initiatives aimed at rural growth. Solutions for engaging youth include community-based leadership programs, civic engagement, and utilizing schools as partners to implement and foster these civic engagement and community leadership opportunities to support youth excellence.
- *Education Reform:* Education reforms are necessary to sustain K–12 and higher education institutions in rural areas amid enrollment and funding challenges. Recommendations include implementing shared services, increasing education funding, removing regulatory barriers, and enacting reform efforts to support educational infrastructure and quality in rural education.
- The public hearing summarized the interconnected challenges confronting rural communities, stressing the significance of collaboration, innovation, and targeted investments. Now is an opportune time for planners and policymakers to consider these discussions and adapt to the changes that are likely to develop in rural Pennsylvania in order to support its revitalization and long-term sustainability.

Background

On January 31, 2024, the Center for Rural Pennsylvania Board of Directors hosted a public hearing on rural population change at Thiel College in Greenville, Mercer County. Northwest Pennsylvania state and local officials, business stakeholders, representatives from healthcare organizations, and education professionals discussed the challenges rural areas are facing with population decline. Additionally, testifiers provided perspectives on rural policy change in light of the Center's recent population projections through 2050. Changes in Pennsylvania's population will likely affect a wide range of policy issues, including workforce availability, housing, healthcare, education, and transportation.

Rural Development Perspectives

Mark Critz, Western Regional Director of the Pennsylvania Department of Agriculture and Executive Director of the Rural Development Council, emphasized the multifaceted

development challenges faced by rural communities due to population loss, including the need for long-term broadband access, health care resources, and support for local municipalities and school districts. Critz pointed out the significant investments made by the government in Pennsylvania broadband infrastructure but stressed the need to provide its service statewide and ensure continued access. Critz suggested the state needs to redefine broadband to meet current and future standards. He suggested building a 10-year funding strategy for how the expansion of broadband will be funded. He noted that, because of the expense, \$50 million a year, for 10 years, shows private industry the commitment and the understanding that robust internet, or fiber, is not inexpensive. Critz highlighted the strain on rural health care systems due to population loss. He noted the work of the Rural Health Resign Center and his hope for its long-term survival and vibrancy. Critz suggested that maintaining this program will require Pennsylvania to pick

up the financing when the Medicare funding ends. He also addressed the issue of declining populations in municipalities and school districts, leading to a dwindling tax base and difficulties in sustaining essential services. Critz said, *“With the move of industry out of downtowns to ‘business parks,’ many small cities were placed in a precarious situation where they had built up municipal services—government, police, fire, and public works—only to lose a great deal of the tax base needed to maintain them. Many, like my hometown of Johnstown, continue to struggle with loss of revenue while still being required to maintain a built infrastructure and the blight that comes with the loss and aging of the population.”* Critz emphasized the need to support small municipalities and school districts with a decreasing population. Critz noted, *“The discussion of dissolution, or merger, is not one that most small rural communities want to entertain. Unfortunately, circumstances may force the subject.”*

Jill Foys, Executive Director of the Northwest Commission, representing the Local Development District, or LDD, serving Clarion, Crawford, Erie, Forest, Lawrence, Mercer, Venango, and Warren counties, provided insight into the economic and workforce development challenges faced by rural regions, particularly in the Appalachian area. She emphasized the importance of employee retention, access to broadband infrastructure, and addressing the needs of an aging population. Foys said, *“We meet regularly with companies, and conversations inevitably turn to workforce needs.”* Foys discussed economic development challenges for businesses, such as loan rate increases and staffing shortages. She noted that economic development programs are measured by jobs created and jobs retained, and if the business does not meet the retention requirement, its interest rate may be increased. She suggested a fairer judgment of the efficacy of the loan program is to measure the output, sales, or profitability of the company based on the loan received. She advocated for more funding and additional resources from the state legislature to contribute to the valuable services provided by LDDs in economic development.

County Perspectives

Thomas Kreiner, McKean County Commissioner, discussed the critical issues of housing, health care, and education in rural areas, particularly focusing on attracting and retaining young people. Kreiner said, *“Three things people, particularly young couples, look for in choosing a place to live are: 1) available and affordable housing; 2) health care, including functional hospitals; and 3) strong schools.”* He mentioned the elderly population is growing with limited housing options, while the demand for senior care is increasing with a lack of staff to care for them. The demands for nursing home facilities and transportation needs are increasing. He highlighted the importance of affordable and available housing options, access to health care services, and quality education, including career and technical education. Kreiner emphasized the need for trade initiatives to keep young people in rural communities, such as apprenticeship pro-

grams and support for small businesses. Kreiner suggested incentivizing agriculture and the need for farmers. He also addressed the challenges faced by rural counties in providing essential services and the importance of collaboration between local governments and community organizations. Kreiner also suggested investments in tourism and making grants or funding opportunities user-friendly for citizens.

Albert “Chip” Abramovic, Venango County Commissioner and Board Chair of the County Commissioners Association of Pennsylvania, outlined the rural housing crisis in Venango County and the lack of health care services and basic services in rural areas. He emphasized the need for improved access to broadband and health care services to address the challenges faced by rural communities, such as staffing shortages and specialty services at full capacity with unrealistic wait times to see a provider. He emphasized the need for rural workforce access. Many rural areas have an overloaded system but cannot retain staff. Abramovic suggested “regional hubs” as a solution. He suggested a hub system solution centered around educational incentives to support areas with a lack of access. Furthermore, he discussed the pilot idea for an incentive-based system in education, targeting participation in government careers to help alleviate college debt.

Kate Brock, Executive Director of the Community Education Center of Elk and Cameron counties and Leadership Elk and Cameron, discussed her involvement with the organization, Leadership Elk and Cameron, a community-based leadership program. She suggested the need for preserving nonprofit agencies and tax revenues but noted the even greater importance of finding passionate, young individuals who will decide how tax revenues and nonprofit agencies are managed. Brock discussed the importance of programs that emphasize community and civic engagement, particularly for youth. She noted that youth engagement remains a top priority and should be implemented in K–12 education. She emphasized that community-based leadership and youth intervention will give back to rural communities and serve as vital components of rural revitalization efforts. She suggested additional funding investments in such programs. She provided examples of national models and frameworks of community-based leadership programs that small rural communities could follow: 1) the Association of Leadership Programs (ALP), 2) the Community Heart & Soul model, and 3) Penn State Extension’s Intergenerational Program. Brock emphasized the need for support and buy-in from the K–12 community and the Pennsylvania Department of Education. Brock said, *“Youth want to be involved; we just have to show them how.”*

Business and Economic Development Perspectives

Rod Wilt, Executive Director of the Penn-Northwest Development Corporation (PNDC), addressed the challenges of mass labor shortages and economic opportunities in Mercer County, emphasizing the importance of retaining young

people and rebuilding housing stock. He advocated for youth civic engagement programs as solutions, such as the PNDC population retention tool, “The Homegrown Initiative.” The initiative is a young adult-led career awareness and development program in Mercer County to help with the retention of young people. A grant from the Pennsylvania Department of Community and Economic Development made this initiative possible. Wilt explained that government funding and various partner organizations like the Central Job Partnership and PA CareerLink have been critical to workforce development and repopulation efforts. He advocated for the creation of private investments in small towns and training the changing rural workforce. Wilt said, “*This will help us reverse the downward spiral of population loss.*” Wilt suggested various solutions, such as allocating funding within the RCAP for housing projects to bridge gaps between high construction costs and lower market values. He suggested initiatives to attract and retain people in rural areas, such as: 1) the Pennsylvania Rural Opportunity Zone (PROZ), similar to Kansas’s rural opportunity zone, to incentivize the relocation of skilled workers into their state; and 2) amending the Property Tax Rent Rebate Program (PTTR), which serves as a supplemental income for qualifying seniors, to allow young adults within their first three years of college graduation to supplement their entry-level wages, which could provide an affordable solution to relocation. Also, he suggested looking to new revenue sources for a partial solution to funding, such as the Rainy Day Fund, to increase competitiveness. He suggested that job creation tax credits are essential for rural counties that border aggressive economic development states like Ohio. Lastly, he suggested establishing a dedicated funding stream for smaller economic development centers to offset their administrative costs.

Mr. Andrew Sokoloski, Executive Vice President of Strategic Alliances, Whirley Drink Works, and member of Warren Worx, presented the Warren Worx Initiative, serving as a collaborative working group using the county and city comprehensive plans as a guide to address community and economic objectives in Warren County. Warren Worx will ensure that projects throughout the county reflect, support, and enhance the county brand and agreed-upon goals, as established by the stakeholders of Warren Worx. Sokoloski said, “*We are creating partnerships and purpose from scratch, as there is no p’laybook’ providing the recipe for success.*” He discussed the need for funding by state agencies and the accountability of funds spent on the planning process to generate actionable plans. He emphasized using Warren Worx as a pilot project for other rural communities. Sokoloski developed a plan for the structure of pilot projects, including: 1) establishing organizational oversight and engagement; 2) providing real and actionable data; 3) creating a culture of accountability; 4) fostering top-down and bottom-up alignment; 5) funding and supporting pilot projects; and 6) creating the playbooks and recipes for success. He also highlighted aligning Pennsylvania’s existing organizational resources with cross-functional management.

Anchor Institution Perspectives: Education and Health Care

Amanda Hetrick, Superintendent of the Forest Area School District, discussed the challenges faced by rural schools, particularly those related to decreasing enrollment, poverty, special education, transportation, and shared services. Hetrick said, “*Our student demographics reflect 22% special education, 15% homeless, 64% economically disadvantaged, and 19.6% persons in poverty, with 31.4% of children aged 18 years and under living below the poverty level, which is almost double the state-wide average in the state of Pennsylvania (16.4%).*” Hetrick emphasized the demands for transportation her district faces and the travel time for students, as buses and vans travel over 2,500 miles daily to transport students to and from school. She advocated against the consolidation of her school district due to the already extreme commute distances. Hetrick highlighted that her school district provides social services to disadvantaged students and their families, advocating for increased funding and resources to address the unique needs of rural students. She emphasized that district taxpayers could not afford to take on debt associated with building a new school facility. Hetrick emphasized that schools are the community centers in Forest County. Students and families rely on the school district for basic services like medical care and mental health services. Hetrick said, “*Depriving students and their families of these benefits of schools based in our communities would be devastating to the survival of our rural way of life.*” She discussed staffing issues and regulatory barriers that prevent staff from teaching multiple subjects to fill open positions. She advocated for greater teacher certification flexibility, for example, allowing a teacher with a certification in general or physical science to teach other science classes, such as chemistry or physics, which would provide some form of instruction to unfilled positions. She emphasized that rural schools need this type of flexibility so they can best utilize the staff that they have and can afford. Furthermore, she suggested funding to help offset the costs of special education transportation for rural schools, as it is more expensive for school districts to provide these services. She also suggested the state consider providing rural school districts with medical, dental, and vision and mental health services, as population decline is resulting in a lack of health care and service providers. Additionally, she suggested licensing schools as outpatient clinics so providers can see students at school. She noted that Forest Area has been able to provide mental health services for students by following this model of licensing. She noted the issue of grandparents raising children and the financial burdens that follow. She suggested dedicated funding streams to help support the financial stability of county citizens raising youth. Hetrick recommended the following solutions: 1) full-service community schools, allowing schools to serve as one-stop shops for families to provide the resources lacking in the community; 2) the state legislature and PA Department of Education need to recognize that rural schools function differently and need processes that enable learning flexibility.

Dr. Susan Traverso, President of Thiel College, addressed the impact of higher education on rural communities, including enrollment trends, funding issues, and restructuring efforts. She discussed the challenges faced by rural colleges and universities, such as declining enrollment and financial constraints, and advocated for innovative solutions to support higher education in rural areas. Traverso emphasized the importance of partnerships between educational institutions, businesses, and government agencies in addressing the workforce needs of rural communities. She noted that the state needs to recognize that approximately half of college students are at independent institutions, and the Commonwealth needs to engage with independent higher education institutions more often. She suggested the need for funding increases in PHEAA and Pell grants to help make college more affordable for students. She also highlighted the role of regulatory reform and financial support in promoting the sustainability and success of rural higher education institutions. Traverso stressed that affordability and outcomes must be at the forefront of efforts to ensure the success of the higher education sector to better serve students and their regions. She mentioned the need for degree programs that are designed to meet students' needs in today's workforce, such as focusing on the connection between degree programs and career opportunities that serve a greater diversity of students. Traverso recommended: 1) recognizing higher education institutions as resources for attracting and retaining population in rural area, 2) incentivizing colleges and economic development agencies to collaborate on post-graduate employment opportunities to meet regional workforce needs and increase the population in rural regions, 3) recognizing the value of funding individual students through programs like PHEAA so they have the freedom to attend the college that will best meet their needs and that may be most affordable to them and their families, 4) advocate for the importance of affordability, recognizing that Pennsylvania's private colleges have shown a tremendous commitment to affordability over the past decade for students with financial need, and 5) insisting that higher education policy and planning in Pennsylvania takes a comprehensive approach to include independent colleges and universities along with state institutions.

Janice Walters, Interim Executive Director and Chief Operating Officer of the Rural Health Redesign Center (RHRC), Walters discussed the critical role of anchor institutions, such as hospitals and educational facilities, in supporting economic development and workforce stability in rural areas. The

Rural Health Redesign Center Authority (RHRCA) was created to advance the mission of ensuring access to high-quality health care in rural Pennsylvania. The RHRCA has a governing board of directors comprised of hospitals, payers, government officials, and national rural health experts. The RHRCA also governs the Pennsylvania Rural Health Model (PRHM). Walters explained that the RHRC currently works with 19 rural hospitals in the Commonwealth, 18 within the PRHM, and one additional distressed hospital that is under threat of closure. Walters discussed that the model was created as an alternative payment method with the intention of transforming rural health care. The program transitioned rural hospitals from fee-for-service to a value-based payment mechanism for a global budget. Global budgets are funded by Medicare, Medicaid, and commercial payers who agreed to participate in them. Walters stressed that the model is in its final program year for funding and urged the securing of a successor program to continue its work. Walters said, *"In order to improve the lives of rural communities, it will require a full-system approach to move these communities from merely surviving to thriving."* She recommended broader policy reform—policy that encourages economic development and investments in health care infrastructure—enticing younger generations to move to rural areas. Additionally, she emphasized the importance of collaboration between the public and private sectors to support anchor institutions effectively. Walters advocated for innovative approaches to address health care needs, workforce shortages, and economic challenges in rural communities.

Thank you to the hearing participants: Mark Critz, Western Regional Director of the Pennsylvania Department of Agriculture and Executive Director of the Rural Development Council; Jill Foys, Director of the Northwest Commission; Thomas Kreiner, McKean County Commissioner; Albert "Chip" Abramovic, Venango County Commissioner and Board Chair of the County Commissioners Association of Pennsylvania; Kate Brock, Executive Director of the Community Education Center of Elk and Cameron Counties and Leadership Elk and Cameron; Rod Wilt, Executive Director of the Penn-Northwest Development Corporation; Andrew Sokolski, Executive Vice President of Strategic Alliances, Whirley Drink Works, and Member of Warren Worx; Amanda Hetrick, Superintendent of the Forest Area School District; Dr. Susan Traverso, President of Thiel College; Janice Walters, Interim Executive Director and Chief Operating Officer of the Rural Health Redesign Center.

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