

Testimony on the topic of Population Decline
Center for Rural Pennsylvania
Thiel College
January 31, 2024

Good morning Chairman Yaw, Vice Chairman Pashinski, members of the Center for Rural Pennsylvania Board of directors and all others in attendance. Thank you for the opportunity to speak with you today. I am Jill Foys, Executive Director of the Northwest Pennsylvania Regional Planning and Development Commission and Chairman of the Local Development District Association of Pennsylvania.

The Northwest Commission is a Local Development District or LDD serving Clarion, Crawford, Erie, Forest, Lawrence, Mercer, Venango and Warren counties. LDDs are multi-county planning and development organizations created by the Appalachian Regional Commission (ARC) in 1965 to help identify and alleviate the effects of regional poverty in rural Appalachian Pennsylvania. The seven Local Development Districts of Pennsylvania serve the 52 Appalachian Counties of the Commonwealth. A map is included in your packet for reference.

The seven rural districts also serve as the Economic Development Districts for the U.S. Department of Commerce's Economic Development Administration (EDA). The EDDs manage our region's Comprehensive Economic Development Strategy (CEDs) and provide technical assistance to municipalities, counties, and nonprofits pursuing funding from EDA.

By employing a "bottom up" approach, Pennsylvania's seven LDDs work to identify and target the most pressing needs and opportunities within their respective regions spanning fifty-two counties. To ensure that ARC resources are targeted effectively, the LDDs work in partnership with the Governor's Office, the Pennsylvania Department of Community and Economic Development (DCED), community leaders and state and federal legislators.

Pennsylvania's LDDs provide similar core functions. All serve as the Regional Coordinator for the Partnerships for Regional Economic Performance (PREP) and ENGAGE! and Keystone Opportunity Zone (KOZ) Programs. PA LDDs serve as the Regional Export Network partner with the Office of International Business Development within DCED and are the APEX Accelerator providing technical assistance to companies wanted to sell their goods or services to local, state or federal agencies. All LDDs are Certified Economic Development Organizations (CEDO) which allows us to administer all PIDA loan programs. Each LDD serves as either part or all of our region's Metropolitan Planning Organization (MPO) or Rural Planning Organization (RPO) working with public and business leaders to identify and prioritize key transportation-related projects.

While similar in many respects, the LDDs are also uniquely fitted to their regions' needs. For example, some provide staff to or serve as administrators for the Workforce Development

Boards while others manage programs such as Weatherization, Community Development Block Grants and Women, Infants & Children or as an Internet Service Provider.

The Appalachian Regional Commission recently completed an overview of the 2017-2021 American Community Survey. The ACS gathers demographic data each year and is in addition to the decennial census. One of the components of the overview was the changes in population of the thirteen ARC states. It is no surprise that the population of the Commonwealth inside and outside the Appalachian region has decreased overall but it is important to point out that as the overall population declines, the percentage of residents over the age of 65 has increased by 3.9% in the 52 Appalachian counties and 3.4% in the 15 counties outside the Appalachian footprint. We not only have a crisis of working age residents of the commonwealth but also an aging population who will require more appropriate housing, access to healthcare and assisted living.

Population density is an issue that presents itself in rural Pennsylvania adding to the struggle to attract employees for the businesses we serve. The population of the fifty-two Appalachian region is 1.5 million less than the population of the remaining fifteen counties in southeast PA. Ten northern tier counties of Pennsylvania average less than 50 residents per square mile and eighteen counties report less than 100. It is not surprising that lack of transportation is a factor mentioned by companies when we talk about barriers to employment.

Today's topic of the decrease in population in rural Pennsylvania is one that is discussed by all sectors of economic development service providers often. We meet regularly with companies and conversations inevitably turn to workforce needs. Many of the companies admit that they could be more productive and more profitable if they had the capacity to accept more orders or contracts but are limited due to the number of employees in their facility. I recall one of my economic development colleagues saying years ago that it is not that we have people who don't want to work, we don't have people. That problem has not changed and continues to grow. When asked for solutions, there is no silver bullet but there are some suggestions that the Local Development Districts can provide. The stick that all economic development programs are measured is jobs created and jobs retained. An admirable goal and one that has served the system well. However, with the decrease in population of traditional working aged adults and the advancement in technology, it has become an antiquated measure. For example, if a business chooses to utilize one of the Commonwealth's PIDA Loan Programs, they must create or retain one job for every \$75,000 borrowed within three years of the loan being closed. If the business does not meet the requirement, their interest rate may be increased. Historically, consideration isn't given to technology or innovation that allows a company to be more productive with less employees. Perhaps a fairer judgment of the efficacy of the loan program is to measure output, sales or profitability of the company based on the loan received.

Economic development service providers may appropriately invest hours working with a business who is exploring their readiness or ability to engage in a contract with the state or federal government or to export their product and decide that they do not have the wherewithal to proceed. A county EDC may engage extensively with a company interested in their industrial park and they decide on a different location. The time that is spent with that company is as important as the jobs created or retained metric but would not be recognized as a service to the commonwealth or the company. There should be deference to the work performed in addition to the jobs created or retained.

The LDDs have contributed input to the forthcoming economic development strategy being prepared by the Governor's office and DCED and we anticipate that topics like population decline, housing, advancement in technology, ever changing workforce needs in manufacturing and service-related industry, access to health and childcare and the outdoor recreation economy will be part of the strategy and will need to be aggressively addressed. We encourage the general assembly and the administration to provide additional resources to help us with these challenges and allow Pennsylvania to better compete with other states and nations.

The Local Development Districts' Directors also represent our regions on Pennsylvania's Rural Development Council. Working with its Director Mark Critz, the Council can be reimagined to be thought leaders for topics like those mentioned above to assist the legislature and administration to identify and implement programmatic solutions.

There are many factors that impact the populations changes in rural Pennsylvania and you will hear ideas to alleviate the negative impacts. The Local Development Districts and the Center for Rural Pennsylvania are uniquely positioned to represent and serve the rural communities and businesses of Pennsylvania and we look forward to strengthening our relationship to support and advance rural PA.

Thank you for your time and attention.

Respectfully submitted by Jill Foys

Chairman of the Local Development District Association of Pennsylvania