



Revitalizing Pennsylvania's Economy Through Innovation, Improved Job Creation & an Educated Workforce

Creating and maintaining an environment in which good, family-sustaining jobs can grow is one of Tom Corbett's top priorities. He understands how hard Pennsylvanians have been hit by the recession and our state's record unemployment numbers show the full impact of this downturn on our families. For far too long, Pennsylvania has consistently ranked at the bottom of every job creation indicator and near the top of every tax burden list. The policies of Harrisburg have driven jobs to other states, and unless we change our business philosophy, Pennsylvania will continue to have one of the worst tax burdens for job creators in the nation.

That is why Tom Corbett is determined to revitalize Pennsylvania's economy and restore the commonwealth's position in the global marketplace through innovation, improved job creation and 21st Century workforce training. Pennsylvania is blessed with unrivalled resources. We are home to the second largest energy resource field in the world with our abundant coal, natural gas, oil and timber. Our agriculture, established manufacturing base and work ethic set Pennsylvania apart from other states. Every region of Pennsylvania boasts a dynamic mix of major corporations, small businesses, and emerging industries such as biotech and life sciences. Combine all of this with our world class, higher education institutions, and our proximity to close to one-half of our nation's population and the possibilities for Pennsylvania are limitless.

Tom Corbett's plan for Pennsylvania will embrace this innovation to improve our economy and move us from the bottom of the pack to the top of the list. To make the commonwealth a global leader, he will partner with private industry to harness Pennsylvania's resources and foster a business climate that says "yes" to new jobs, "yes" to certainty for employers and "yes" to competition. Tom Corbett will work with public and economic leaders to build the bipartisan, strategic policies today that will secure our future for tomorrow. Reforms that work to reduce the tax burden on Pennsylvania families and job creators, cut regulatory barriers that are crushing job growth and sending entrepreneurs to other states, and expand opportunities for new industry sectors to call Pennsylvania home.

Tom Corbett's economic development and jobs plan will work to propel Pennsylvania forward through five core areas:

- Expanding Pennsylvania's Economy Through Innovation
- Reforming Pennsylvania's Jobs Climate
- Developing a World-class Workforce
- Growing Small Business in Pennsylvania
- Expanding Pennsylvania Worldwide

PART I: EXPANDING PENNSYLVANIA'S ECONOMY THROUGH INNOVATION

For Pennsylvania to be a global leader and a top performing state, we must embrace innovation in our economy to attract broad industry sectors and new jobs. Tom Corbett is determined to build the foundation for innovation that will put Pennsylvania at a world class level, allowing us to compete with leading regions in the world – like the Silicon Valley, Boston and east Asia. He believes that Pennsylvania has the opportunity to embrace public-private sector collaboration; harness higher education and a broad base of R&D disciplines; grow entrepreneurial support; and incorporate sustainability and green infrastructure into all sectors. The following is Tom Corbett's vision to elevate innovation in Pennsylvania's economy to support 21st Century job growth.

✓ **Broadband access is a key to economic growth**

The United States is currently ranked 28th globally in broadband speeds, and Pennsylvania ranks in the middle of the pack among all 50 states. As Governor, Tom Corbett will work to make Pennsylvania a leader in rolling out a fiber and wireless 4G broadband infrastructure to compete at the global level to drive innovation and competitiveness. By doing this, brand new applications and services in areas such as energy, healthcare, R&D collaboration, scientific development, education and industrial management that drive economic value can be developed. Tom Corbett's plan is to:

- Focus on an integrated statewide broadband strategy that leverages both public and private investment to make best use of state level assets – towers, access points and government networks.
- Partner with network providers and technology vendors to build out and use Pennsylvania as the success case. We must also build an innovation ecosystem around wireless/broadband application development that includes major technology players in state.

- Make sure spectrum policy at the state level supports broadband leadership. Even though spectrum policy is typically national, Pennsylvania can encourage shared use of public safety and TV channels as well as “whitespace” bands that leverage new technologies to manage interference. Tom Corbett also will identify opportunities to expand commercial use of the statewide radio network into rural communities in Pennsylvania and fight for regulations and procedures at the FCC that enhance Pennsylvania’s broadband competitiveness.
- Ensure that state government becomes a world class example of “anywhere” government utilizing this new infrastructure for everything from mobile/new media communications to tele-presence interactions to save both cost and energy.

✓ **Innovation through collaboration & growth capital**

Pennsylvania can become a world leader in accelerating innovation through collaboration. Whether it is advanced manufacturing, information technology or biotechnology, Tom Corbett believes we can grow and attract the best businesses and entrepreneurs by having the shortest time from idea to market launch of any state in the nation and region in the world.

- “Discovered in PA – Developed in PA.” Pennsylvania has world-class research in several major areas including life sciences, robotics, nanotechnology, energy, advanced materials and manufacturing and information technologies. Tom Corbett believes that university-based research and development needs to be better leveraged into commercial opportunities through the creation Technology Transfer Incentive Program, which will help to move new ideas from the lab to the marketplace. To help facilitate the start of the program, Tom Corbett will establish a collaborative public-private partnership, “Discovered in PA – Developed in PA,” among Pennsylvania’s universities and representatives of the Governor’s Office, Department of Community and Economic Development and Department of Education to unlock the full power of innovation within the higher education community with a focus on best practices. With more than 600+ university spin-outs created each year, the commonwealth must provide sustainable support to continue this invaluable momentum.
- Grow Venture Capital Investments. Often the first \$500,000 of seed capital is the hardest to raise for any start-up company, and Pennsylvania’s lack of early stage capital hampers entrepreneurial innovation and job growth. Tom Corbett believes that Pennsylvania must leverage opportunities for new growth by encouraging and stimulating increased access to capital for entrepreneurs through investment from venture capitalists and angel investors in the commonwealth. Well-vetted startups, such as those from the Life Science Greenhouses and the Ben Franklin Partners can often take the seed capital and

move to the next level. This includes raising federal Small Business Innovation Research (SBIR) funding, angel funding and when appropriate, early-stage venture funds to launch new companies in Pennsylvania. Working with the Ben Franklin Partners and Life Science Greenhouses, Tom Corbett will promote programs that encourage and enhance federal SBIR funds via a competitive matching program. To encourage individual investors to provide “angel” investments/capital for new business start-ups, he will create an Angel Investment Tax Credit to stimulate the growth of key investments in the state.

- Regional Public Private Partnership Loan Fund. Tom Corbett will partner with local lenders and economic development organizations to pilot a regional revolving loan fund. With a modest initial seed investment from the state, the revolving loan fund would decentralize economic development by developing and leveraging local partnerships to support job creation and growth opportunities for Pennsylvania employers. State seed money would support a partnership of economic development groups and local lenders to invest in new companies with the loan repayments revolving to self-sustain future investments in new companies.
- Institutional Leverage. Pennsylvania is home to 185 higher education institutions and nearly 5,000 philanthropic endowments and foundations. The next decade will be marked by significant technological changes – new materials, green energy sources and technologies, personalized medicines, telecom, information technology, new industrial processes and significant advances in computing. Tom Corbett will work with higher education and philanthropic organizations to ensure that Pennsylvania is prepared to not only capitalize and support these changes, but also to lead them.
- Empower the Governor’s Action Team. The Governor’s Action Team (GAT) helps to connect Pennsylvania to rest of the world, serving as the lead sales team helping to bring new job creators to the commonwealth and expanding existing employers. Tom Corbett will empower the Governor’s Action Team to further its marketing efforts by creating a targeted marketing program to grow job development in Pennsylvania. He also will direct the GAT to facilitate interagency communication to ensure that the permitting process is expedited in a timely manner for new business development and current employer expansion projects. To ensure that businesses can find the right locations for new projects and site expansions, Tom Corbett will empower the GAT to coordinate across regions to make certain that Pennsylvania meets the needs of all jobs creators.

✓ Sustainability/Green Infrastructure

Pennsylvania must be a global leader in sustainability by driving green solutions across all sectors, including healthcare, agriculture, transportation, energy, technology, infrastructure and government for the social and economic benefit of Pennsylvanians. Tom Corbett believes this will encourage not only cost-savings, but also job growth within industries and companies that value sustainability and reduced energy costs as part of their business model. Tom Corbett will work to:

- Encourage investment and innovation in low carbon infrastructure, such as smart grid, natural gas, renewable, nuclear, biomass, to allow new and existing business to operate with a lower carbon footprint and make them more competitive in the global economy.
- Focus on Pennsylvania's historic core communities as "smart cities" and "smart towns" with an emphasis on brownfield redevelopment, mixed-use neighborhoods, walkability, and other infrastructure investments to reinvigorate traditional cities and towns with new job growth and opportunities.

✓ **Consumer Engagement**

There is a growing wave of consumer-led innovation around the world with the app-store model, crowd sourcing, and open source projects. Tom Corbett believes that Pennsylvania should encourage consumer-led innovation, both in government and in private industry, and work to incubate/grow the companies that emerge. This will position Pennsylvania to become the state of choice for the tech savvy consumers and entrepreneurs by encouraging innovation at all levels. In addition to the other innovation ideas outlined in this plan, Tom Corbett also will work to:

- Develop grants and incentives for investors (larger companies and venture capitalists) by the state and other private entities that focus on solving big problems through innovation – like residential energy management.
- Seed innovation in government through transparency and access to information.

✓ **Infrastructure across industry sectors**

Pennsylvania is blessed with existing and growing industries that span all sectors of the economy. From energy to transportation to agriculture, Pennsylvania must meet the infrastructure needs of all industries to ensure maximum job growth and economic development opportunities. The following are a few highlights, and Tom Corbett will be releasing more specific and in-depth policy plans around these and other industries.

- **Energy.** Pennsylvania is home to the second largest energy resource field in the world with our abundant coal, natural gas, oil and timber and our alternative energy sources such as wind, solar, nuclear, geothermal and hydroelectric

facilities. Tom Corbett believes that it is time to harness our energy potential to reduce our dependence on foreign oil and make energy affordable for all Pennsylvanians. He believes that we must blend our diverse portfolio of energy resources with a common-sense environmental policy that will help to reduce pollution and preserve our open spaces. As we work to grow Pennsylvania's energy resources, such as the Marcellus Shale, Tom Corbett will work to expand our infrastructure to ensure that our energy resources can get to market, allowing the state to compete in the global marketplace.

- Transportation. Our roads, rails and airports not only move millions of people each day to work, school and home, but they also are our link to carrying Pennsylvania's goods and services within the commonwealth and to the rest of the world. Tom Corbett supports maintaining our infrastructure and planning for the future through a well-balanced program of design, construction and maintenance. He knows that Pennsylvania must address the critical transportation funding situation and develop real solutions to support and grow our transportation infrastructure. Tom Corbett believes this is critical to jump starting Pennsylvania's stalled economy and to enticing new business and new jobs to the commonwealth.
- Agriculture. Agriculture is one of the state's top industries, and Pennsylvania's farms are a cornerstone of the commonwealth's economic prosperity. Tom Corbett believes that we must work to support the infrastructure needs of Pennsylvania's farmers to ensure the delivery of their goods to market not only in Pennsylvania, but across the world through a solid transportation network and superior information technology.
- Manufacturing. Manufacturing in Pennsylvania is a core component of Pennsylvania's economic engine. Whether it is traditional manufacturing or high-tech/advanced manufacturing, it all is critical to the achievement and success of Pennsylvania's economy and growth. Tom Corbett believes that we must have in place an infrastructure – from a knowledge-transfer network, to high tech services, to roads and intermodal transportation – to improve the reach of Pennsylvania's manufacturing base.
- Water & Sewer. Having reliable water delivery and wastewater infrastructure is a critical component of promoting economic development. Pennsylvania draws its water from resources including more than 83,000 miles of waterways, including more than 100 lakes and nearly 400 rivers. A unique system of underground aquifers and natural wetlands supplement the commonwealth's ability to provide abundant potable water to serve both residential and industrial needs. With over 1,000 businesses having current state permits to operate under the discharge elimination system, Pennsylvania is prepared to act as a partner with entrepreneurs to serve water delivery and elimination needs while safeguarding

the commonwealth's environmental quality. Tom Corbett believes that Pennsylvania Infrastructure Investment Authority (PENNVEST) provides critical funding and programs to support Pennsylvania's water and wastewater systems, and he will work to partner with local governments to ensure that their infrastructure needs are being met. Responsible stewardship of Pennsylvania's water resources will be necessary to preserve our quality of life and continue to provide ample delivery capacity for Pennsylvania's business community.

PART II: REFORMING PENNSYLVANIA'S JOBS CLIMATE

As Governor, Tom Corbett is committed to securing Pennsylvania's financial future and stimulating job creation. He firmly believes that government does not create jobs, but rather builds an environment in which jobs can be fostered and grow. To achieve sustainable job and economic growth in Pennsylvania, Tom Corbett will partner with private industry and public leaders to propel the state forward and begin to close the gaps in business and job creation competitiveness with America's leading states. A critical piece of his seven-part plan to jump start Pennsylvania's economic recovery is to reform Pennsylvania's jobs climate through meaningful tax, regulatory and legal reform. Tom Corbett is determined to bring certainty and predictability to job creation in Pennsylvania.

✓ **Job Creation Tax Reform**

With one of the most oppressive job creation tax climates in the country, Pennsylvania must make meaningful reforms to encourage job growth, retain current employers and welcome new business to the commonwealth. Tom Corbett will work to revitalize Pennsylvania's economy through a blended tax reform program to assist small and large job creators to compete across the country and worldwide.

- Finish phase out the Capital Stock and Franchise Tax. The Capital Stock and Franchise Tax (CSFT) is currently crushing more than 101,000 job creators in Pennsylvania – large and small alike. Tom Corbett will maintain the full phase-out schedule of the CSFT so that it will be eliminated by 2014 as directed by Act 48 of 2009. The CSFT has a significant negative impact on Pennsylvania's business climate where the tax is levied against assets and paid whether the business enterprise is profitable or not. Some states have an asset tax; some states have a business income tax. Few states have both. This phase-out was promised to job creators a decade ago. It's time to make good on the promise.
- Reduce the Corporate Net Income Tax. Pennsylvania's Corporate Net Income Tax (CNIT) is the second highest top rate in the nation at 9.99% behind Iowa – which has a higher final tier marginal rate as part of its graduated business income tax

and is considering reducing its rate. Compared to other states – and other nations – Pennsylvania’s CNIT puts us at a competitive disadvantage and clearly sends the wrong message to large employers, which often serve as anchors for small business growth. To help protect Pennsylvania’s current employers and to attract new job creators, Tom Corbett will spearhead the effort to reduce the CNIT to 6.99% over six years.

- Remove the Net Operating Loss Cap. Pennsylvania is one of only two states that have a cap on Net Operating Loss (NOLs) deductions. Tom Corbett wants to remove the cap and even the playing field for Pennsylvania businesses. This would prevent many manufacturers and high-growth start-up companies from paying tax rates several times higher than they would pay in our competitor states. Tom Corbett’s plan is to phase-out the NOL cap over a nine-year period.
- Repeal the “Death Tax” (Inheritance Tax). Pennsylvania became the first state in the nation to impose an inheritance tax. Now, Pennsylvania is one of only eight states that continue to impose an inheritance tax on its citizens. Seen once as a tool to tax the wealthy, the “death tax” today in reality stifles economic growth by forcing many Pennsylvania small family-owned businesses and family farms to sell assets and shut their doors to pay the tax. Tom Corbett will work to phase-out the death tax over a 15-year period as part of a long-term commitment to Pennsylvania’s small business owners and family farms.
- Adopt Single Sales Factor CNI Apportionment. The Single Sales Factor (SSF) apportionment of the Corporate Net Income (CNI) tax reduces the tax burden on Pennsylvania’s publicly traded corporations by shifting the tax to out-of-state firms that sell in the Commonwealth without owning assets or employing our residents. Why should a firm pay more because it employs Pennsylvanians and owns property in the Commonwealth? Tom Corbett’s SSF program will weigh the sales factor at 95% with the property and payroll factor at 2.5% each effective January 1, 2013, and finally weigh the sales factor at 100% with the property and payroll factor at 0% effective January 1, 2014. This would enable Pennsylvania to become a leader in this area and only the 15th state in the nation to adopt a single sales factor apportionment.
- Enhance Pennsylvania’s Research & Development Tax Incentives. Investments in research and development create new ideas and technologies that increase a state’s economic vitality, human capital, and ability to compete nationally and internationally. Tom Corbett will focus on continuing to stimulate advanced research and manufacturing job creation in Pennsylvania with a renewed emphasis on research and development by restoring the research and development tax credit to previous levels making the credit more targeted to Pennsylvania research and development.

- Tradable Net Operating Loss Program. Start-up businesses often have losses during their early years of operations. Amassing Net Operating Loss deductions do them little good; they need cash on hand to operate and pay employees. Tom Corbett will implement a Tradable Net Operating Loss (TNOL) program allowing these start-up companies to sell the NOLs to profitable firms seeking to reduce their Pennsylvania tax liability. It's a win/win – both firms are stronger and able to provide more jobs. Total annual TNOLs initially will be limited to \$20 million.

These tax reform measures will be enhanced and offset through the streamlining of state government processes and changes to the tax collection and auditing systems. Tom Corbett will work to:

- Empower Revenue Secretary to fight fraud. Tom Corbett will work with the General Assembly to statutorily empower the Secretary of Revenue with the state equivalent of Internal Revenue Code, Section 482 powers, to investigate intra-company transactions that seek to shield taxable income through inappropriate royalty and interest payments to out-of-state passive investment corporations. This step will create a fair playing field for all Pennsylvania businesses and taxpayers. These enhanced powers could result in millions of dollars of additional tax revenues for the state. More importantly, these powers will ensure fairness and predictability for all taxpayers.
- Resolve disputed taxes. Hundreds of millions of dollars are tied up each year in disputed tax cases between Pennsylvania employers and the Commonwealth of Pennsylvania. These cases are caught in a bureaucratic and redundant process that allows little room for arbitration to resolve the disputes in a timely and cost-efficient manner. Tom Corbett is committed to working with the Auditor General's Office to streamline the tax dispute process thereby increasing collectable tax revenues for the state and enabling job creators to further invest in Pennsylvania communities.

✓ **Regulatory Reform**

Tom Corbett knows that it will take more than tax reform to improve our business climate – Pennsylvania is also in critical need of regulatory reforms to spur job growth and create economic development opportunities. It is time for state government to be a partner and not an adversary that stymies growth and limits potential. As Governor, Tom Corbett will:

- Eliminate the permit backlog at state agencies. In recent years DEP has stood for "Don't Expect Permits" rather than the Department of Environmental Protection. Tom Corbett will reinstitute the "Money Back Guarantee" program in DEP and

other regulatory agencies to ensure that permits are reviewed and decisions are made in a timely manner.

- Require a program effectiveness review within all state agencies. As Governor, Tom Corbett will direct each agency to review every program that impacts economic development in Pennsylvania to ensure every regulatory hindrance is eliminated. Regulations will be risk-based and cost-benefit tested. Tom Corbett's Administration will work more closely with the Independent Regulatory Review Commission (IRRC), heeding the agency's expert advice for improving regulations while they are in development. As Governor, Tom Corbett will direct his Cabinet officers to seek the input and counsel of lawmakers who serve on their respective Legislative oversight committee and also seek input from business leaders and citizens.
- Adopt uniform administration of programs and regulatory consistency. State agencies have adopted thousands of pages of regulations and guidance documents, but have given little direction to regional offices – leaving Pennsylvania businesses and taxpayers to wade through different interpretations of regulations in different regions of the state. Tom Corbett will ensure consistency in the regulatory process and create a central oversight process to guarantee a level playing field throughout Pennsylvania.
- Achieve effective interagency communication. No agency operates alone within state government. Many issues and regulations intersect with multiple state agencies, necessitating the need for effective inter-agency communication to achieve better results. As Governor, Tom Corbett will better utilize technology to create pathways and break down barriers for more effective interagency communication. His efforts also will focus on determining how programs in multiple agencies impact the regulated community and how those programs can be implemented more effectively and efficiently to save Pennsylvania taxpayers time and money.
- Implement compliance assistance. A major focus of Tom Corbett's Administration will be to achieve regulatory compliance. As Governor, Tom Corbett will direct regulatory agencies to publish an annual Compliance Report summarizing the compliance assistance actions taken by the agency, detailing the most frequent violations and providing plans to increase compliance by regulated entities through education and training.
- Reinforce meaningful public participation. To be more accountable to the public, state government must have an open, accessible process for adopting the regulations and policies that govern its citizens. Utilizing technology and the Internet, Tom Corbett will make the work of state agencies transparent and will seek public input whenever possible. All agency advisory committees will be

required to give at least one month's notice of meetings and have agendas and meeting materials available online at least two weeks prior to the meeting. This will help to restore public confidence in the state agencies' deliberative process. Tom Corbett also will direct agencies to explore the availability of new electronic tools to promote more public involvement in a cost effective manner to Pennsylvania taxpayers.

- Institute Paperwork Reduction Act. Individuals, businesses and educational and nonprofit institutions all are confronted by the overwhelming, burdensome and bureaucratic mounds of paperwork utilized by state government. To minimize the paperwork burden, streamline processes and provide cost savings to taxpayers, Tom Corbett will direct all state government agencies to obtain approval from the Office of Administration on any new forms that will impose an information collection burden on the general public. Through this process, approval must be renewed every three years, enabling the Office of Administration to serve as a centralized clearinghouse for all government forms.

✓ **Legal Reform**

Excessive and frivolous lawsuits hinder job growth and hurt Pennsylvania taxpayers by increasing costs for businesses, healthcare, and consumer goods and services. As part of Tom Corbett's plan to revitalize Pennsylvania's economy, he will work to pass meaningful legal reform.

- Pass the "Fair Share Act". Tom Corbett will work with the General Assembly to pass the Fair Share Act in Pennsylvania that was vetoed by Governor Rendell. Pennsylvania is one of only a handful of states that continue to suffer economically from a legal system that can hold a person, company or local government agency liable for 100 percent of damages despite having had only a minor role in an incident that generated the lawsuit.
- Enact Product Liability. Similar to the "certificate of merit" required of plaintiffs in medical malpractice lawsuits, Tom Corbett supports a measure that would require plaintiffs to obtain verification from a licensed professional that a product is defective and has caused injury before the start of a product liability action. Just as in medical malpractice lawsuits, product liability verification is expected to reduce the number of lawsuits filed.
- Protect Innocent Sellers. Tom Corbett supports legislation that provides reasonable protections for retailers who unknowingly sell a defective product. Sellers, who are not manufacturers, are too often sued simply because they passed along an alleged defective product in the stream of commerce. This is unfair and the costs of litigation are passed on to consumers in the form of

higher prices. Tom Corbett believes Pennsylvania needs legal reform that protects retailers from product liability if they did not alter the goods they sold.

- Stop Venue Shopping. Until venue reform was addressed with the enactment of the MCare Act in 2002, the medical community was plagued for years by lawsuits being filed in Philadelphia courts when there was no legitimate reason to do so. Tom Corbett recognizes that Pennsylvania's businesses face the same challenge and often end up in the Philadelphia Common Pleas Court for specious reasons. Tom Corbett supports broad-based legislation that prohibits filing litigation in jurisdictions that have little or no relation to the defendant or the act giving rise to the cause of action.

PART III: DEVELOPING A WORLD-CLASS WORKFORCE

Nothing is more critical to ensuring the economic vitality of Pennsylvania and to securing good-paying jobs for Pennsylvania families than the development of an educated workforce that meets the demands of the marketplace. When company executives and economic development professionals discuss what it takes to attract and retain businesses in a region, the list includes a strong infrastructure, the availability of energy and natural resources, an equitable tax and regulatory climate, and an educated and trained workforce.

Most often, it is the availability of skilled workers that becomes the deciding factor in the location and growth of industry. If Pennsylvania is to reclaim its place as a leader in our global economy, we must do a better job of preparing our workforce for the careers of the future and retaining our young talented workforce that is being educated and trained in Pennsylvania.

As Governor, Tom Corbett has a plan that will put Pennsylvania on the right path to economic growth by eliminating waste and improving performance of state agencies; strengthening regional workforce development initiatives; aligning education and training with marketplace demands; maximizing the potential of Pennsylvania's diverse educational institutions; and retaining and recruiting college graduates back to Pennsylvania.

✓ **Improving Interagency Cooperation and Performance**

Each year, Pennsylvania receives federal dollars for employment and training, adult education and career training. The commonwealth allocates funding to several state agencies including the Departments of Labor and Industry, Public Welfare and Education to support workforce development programs.

Often, funds cannot be co-mingled between agencies after disbursement. For example, the Department of Public Welfare (DPW) uses federal dollars to fund General Education

Development (GED) classes. Instructors are paid according to the size of the class, but, in some cases, classes are not filled to capacity. If another agency or regional workforce development organization has workers eligible to fill those empty seats, they are prohibited from participating in the classes so as not to co-mingle funding. The same is true with federally funded job-search programs. Although both DPW and *Pennsylvania CareerLink* may have duplicate initiatives, current regulations discourage interagency cooperation and prohibit the elimination of program redundancy.

Tom Corbett will work to change an outmoded system to eliminate redundancy and needless government waste and improve efficiency and interagency cooperation for the benefit of Pennsylvania employers and jobseekers.

- Require state agency collaboration. Tom Corbett will work to provide the highest quality education programs to as many workers as possible by requiring state agencies to collaborate and share funds on workforce development programs.
- Eliminate redundancy. Review and consolidate duplicate initiatives among state agencies.

✓ **Strengthening Regional Workforce Development Initiatives through the Workforce Investment Boards**

Under the Workforce Investment Act of 1998, Pennsylvania receives federal funding to assist in employing, educating and retraining workers. As a result of this legislation, Pennsylvania founded 22 regional Workforce Investment Boards (WIB) and one statewide Workforce Investment Board (PA WIB) to guide the investment of workforce funds in local areas. These boards, comprised of business executives, labor representatives, education leaders, economic development professionals and local elected officials, are tasked with ensuring that Pennsylvania's workforce system meets employers' needs for skilled workers and workers' needs for career and economic advancement. As Governor, Tom Corbett will strengthen regional WIBs to maximize their potential by:

- Encouraging continued private sector involvement. Private-sector involvement in the leadership of the WIBs is critical to their success. Tom Corbett will work to ensure that private industry has a strong voice and leadership role in the boards.
- Maintaining local control. To ensure that workforce development needs are being met at the local level, Tom Corbett believes that local elected officials and WIBs need flexibility to maintain governance over selection of board members, strategic and operational planning, selection of service providers, and budget and priorities.

- Ensuring accountability and reporting. As Governor, Tom Corbett will hold each board accountable to their intended goals through regular progress reports and evaluations.

✓ **Aligning Education with Opportunity**

Under the current federal administration, emphasis has been placed on the *supply of labor*, which is training workers for the jobs they want, often whether or not those jobs are available. For example, it is estimated that each year, Pennsylvania colleges and universities graduate an excess of 12,000 new teachers compared to several thousand actual openings — making the commonwealth one of the top exporters of trained educators. Emphasis must instead be placed on the *demand for labor* and preparing workers for jobs that are currently available in Pennsylvania. This can be done by focusing the efforts of the commonwealth on occupations that are in demand for the industries critical to our statewide economy as well as educating workers with a broad knowledge in a needed field – allowing flexibility to find personal interest in a career while providing immediate opportunity in the workforce.

Workforce development is a continuous process because the needs of industry are constantly evolving. With an ever-changing economy, Pennsylvania must provide opportunities for post-secondary and continuing education programs. In order to be successful at providing a vibrant workforce, business communities must coordinate efforts with local high schools, community colleges, apprenticeships, post-secondary institutions and Workforce Investment Boards to meet the demands of Pennsylvania’s diverse regional economies.

The Corbett Administration will work to change public perception regarding job-focused education and training for the 21st Century economy. We must help parents and students understand that college is an important option, but not the only option for success. As Governor, Tom Corbett will work to elevate the status of our Career Technical Centers, helping the public to understand that CTCs provide outstanding educational opportunities in rewarding fields for which there are strong employment demands. Two-plus-two-plus-two or tech prep programs that couple CTC and community college education with “real world” placements are an ideal vehicle for creating a 21st century workforce.

Tom Corbett is committed to working to connect the education and business communities to identify the jobs that are currently needed and prepare new and incumbent workers for these opportunities.

- Facilitate communication. Working with the WIBs, Tom Corbett will facilitate regular communication between government, educators and businesses to determine in-demand jobs, maximizing the availability of skilled workers for businesses and family-sustaining jobs for workers.

- Maintain Industry Partnerships. Tom Corbett will maintain the network of Industry Partnerships that have been established in the commonwealth as intermediaries to assure that existing employees have the skills that allow their employers to remain competitive in the global marketplace.
- Support manufacturing growth through education. As Governor, Tom Corbett will support and advance the agenda of the Pennsylvania Center for Advanced Manufacturing Careers.
- Encourage broad educational opportunities. Pennsylvania needs to emphasize educating workers with a *broad* knowledge in a needed field to ensure that workers are fully prepared to fill a variety of positions, thereby increasing job opportunity. Tom Corbett is committed to achieving that goal and facilitating efforts to guide workers and students toward a career that is immediately available to them in Pennsylvania while still tailored to their specific interests.
- Grow the Education Improvement Tax Credit. Tom Corbett believes that we need to improve educational opportunities and choices for students. The Educational Improvement Tax Credit (EITC) program benefits children – Pre-K through 12th grade – in public and private schools. To date, the EITC has provided more than 45,000 scholarships and hundreds of programs for public school students to pursue educational goals and advanced learning opportunities. The EITC provides an important piece of workforce development, and Tom Corbett will work with the General Assembly to restore the cuts made to the EITC and explore raising the total credits available in future years.

✓ **Maximizing Opportunities through Community Colleges & Alternative Educational Institutions**

Pennsylvania is blessed with an abundance of world-class colleges and universities to train the leaders of the future. However, not all good-paying jobs require an undergraduate or graduate degree. In fact, some of the largest industries that exist in Pennsylvania, such as manufacturing, transportation and energy, offer high paying jobs that do not require a four-year college education. For example, a locomotive engineer earns an average of \$56, 157 per year. This is a family-sustaining salary in an industry that will continue to prosper in Pennsylvania.

About one-quarter of today's career's require four years or more of college, while approximately one-quarter of today's job opportunities are available to "unskilled" labor with no more than a high school diploma. In line with these numbers, just under 25 percent of Pennsylvania's adult population holds a four-year college degree or higher, but 50 percent of Pennsylvania's population is "unskilled" – with two job-seekers competing for every one "unskilled" position. Many young people begin college, but fail

to finish a four-year degree. They have lost time, squandered thousands of dollars and amassed large debts. Public resources are also lost.

Community colleges, career and technical schools and other post-secondary training programs offer skill training that provide important job training opportunities for Pennsylvanians seeking to enter the “skilled” workforce. These opportunities bridge the gap between high school and a four-year college program. They offer specialization or certification in a field beyond a high school degree, but without the cost or time commitment of college. Jobs that require an associate’s degree such as a dental hygienist or registered nurse have average salaries above \$50,000. A skilled welder or technician can often earn salaries far higher than those available to a liberal arts graduate.

Moreover, the lack of a “skilled” workforce is a competitive disadvantage to Pennsylvania. The commonwealth’s economy cannot grow and prosper if Pennsylvania employers cannot find the skilled workers they so desperately need.

As Governor, Tom Corbett will ensure that these important education institutions receive funding to maximize workforce development resources across the state:

- Recruit students into priority career paths. It is important to educate future workers about the numerous career options available through all of the post-secondary educational options in Pennsylvania. Tom Corbett will work with the Department of Education and guidance counselors from across the state to develop a program to actively recruit high school students into identified priority career paths by directly engaging high school leaders and having a presence in local communities.
- Identify existing capital funding for community colleges. Community colleges need resources to develop facilities that provide cutting edge technical education and training for workforce development. These facilities can help to provide the latest in innovations for STEM-related programs and career opportunities. Tom Corbett will work with the General Assembly to identify existing state resources to be allocated to capital improvements for community colleges.
- Ensure better access to financial aid. Community college students often miss loan opportunities through PHEAA due to early application deadlines. Tom Corbett will work with PHEAA to revise financial aid policies ensure that all post-secondary students have the time necessary to compete for student loans in Pennsylvania.

✓ **Ensuring Opportunities for the Entire Workforce: Drop Out Reengagement**

Tom Corbett understands that Pennsylvania's workforce development program can only be successful if it takes care of all workers. Today in Pennsylvania there are almost 120,000 young people, ages 16-24, who have dropped out of high school and are virtually unemployable. They rely heavily on societal resources – many in social services, community mental health and corrections. Tom Corbett believes this is a critical segment of our population that needs to be re-engaged and brought back into the workforce.

- Utilize Career and Technical Centers. Tom Corbett will create incentives for Career and Technical Centers to develop and offer reengagement programs that blend academics, occupational skills and access to part-time employment.
- Support ABLE. Tom Corbett is committed to supporting Adult Basic and Literacy Education (ABLE) programs to enhance their capacity to meet the needs of high school dropouts by providing additional opportunities through the Distance Learning Project and GED programs to incorporate transitions to postsecondary education.
- Institute recovery-focused programs. Tom Corbett will redirect existing funding to be used for the creation of small, recovery-focused programs for over-age and under-credited dropouts – including the use of charter and alternative schools.
- Addressing the needs of specific populations. Create incentives for dropout re-engagement programs to increase the education achievement levels and address the needs of specific populations who drop out of high school at disproportionately high rates. This includes youth aging out of foster care, pregnant/parenting teens, juvenile offenders and English language learners.

✓ **Recruiting College Graduates Back to Pennsylvania**

Each year Pennsylvania colleges and universities produce some of the most qualified workers in the nation, but 81 percent of these graduates leave the state after earning a degree – and nearly 25 percent of native Pennsylvania graduates ultimately leave the state to seek employment. The problem is not solely the lack of jobs. In fact, this annual exodus has left 20,000 high-tech jobs in Pennsylvania unfilled. Part of the problem is the lack of networks and resources that causes workers to feel as though Pennsylvania does not have the same opportunities and advantages as other states.

Creating such networks and resources does not need to start from scratch. The school to career network in the commonwealth includes the *Pennsylvania CareerLink* and the Youth Councils of local Workforce Investment Boards.

However, this network must expand to address more than vocational issues. States such as North Carolina and California heavily recruit young workers through campaigns and

promotions that portray a desirable lifestyle. It is a growing misconception that Pennsylvania cannot provide these same amenities. An educational campaign will serve to both dispel these stereotypes and place Pennsylvania above the other states competing for educated workers.

As Governor, Tom Corbett will work to create the adequate networks and resources needed to recruit educated workers to return to Pennsylvania and stay in Pennsylvania:

- Expand the “school to career” network. Tom Corbett will work to expand the use of *Pennsylvania CareerLink* to incorporate a school to career network within the commonwealth to include employers and local economic development entities. He will work business organizations across the state to promote employer use of this network when seeking workers. The network also will work with high schools, colleges, community colleges and vocational schools to teach students how to use this network before entering the workforce.
- Conduct worker recruitment outreach. Utilizing social networking and new media, Tom Corbett will conduct an educational campaign to recruit workers to stay and work in Pennsylvania.
- Encourage Pennsylvania jobs. Tom Corbett will work with guidance counselors and tech councils to apprise students of the job opportunities in Pennsylvania.

✓ **Securing Jobs Training for our Returning Veterans**

Tom Corbett believes Pennsylvania must give special attention to our veterans. Thousands of Pennsylvanians have seen their lives and careers interrupted while serving abroad in the War Against Terror. While Reservists and National Guard are guaranteed to be able to return to their employers in similar positions, some returned to find their employers out-of-business or their skills out-of-date. Tom Corbett believes that these individuals and their families deserve better. None of them expect a handout, but they should be able to expect a hand-up with skills enhancement training and job search skills development that will allow them to re-integrate into Pennsylvania’s fast-paced economy.

- Ensure access to training and services. Under federal law veterans may receive preferential assistance for job placement services, as well as other programs. Tom Corbett will direct the Department of Labor and the Department of Veterans and Military Affairs to collaborate on outreach programs with employers, community and veteran’s organizations, unions and local counseling and social service agencies to ensure that veterans are aware of and receive the job training services for which they are eligible. These efforts will include helping to place veterans in federally-funded employment and training programs, develop job interviewing and résumé writing skills, and helps veterans conduct a

productive job search and access job listings through the enhanced *Pennsylvania CareerLink*.

✓ **Adapting to changes in workforce needs and workforce demographics**

The recent recession has led many expected “baby boomer” generation retirees to stay at their jobs for a few extra years to ensure financial security. But, as these individuals begin to retire and the economy begins to improve, a gap will be created in the available trained workforce and existing jobs. Tom Corbett will work with private industry, post secondary education institutions and job training facilities to ensure that Pennsylvania can close the gap and prepare a world-class workforce.

- Post recession workforce demand. As Governor, Tom Corbett will utilize the workforce development system to address the evolving continuing education needs as new skill sets are identified for the jobs of the 21st Century.
- Selling the workforce of tomorrow on Pennsylvania today. Tom Corbett is committed to encouraging partnerships between business and public education, post secondary institutions, colleges and trade schools to promote the importance of internships as a way to not only provide on-the-job skills training, but also as a means to promote Pennsylvania’s quality of life advantage – thereby, leading our young workforce of tomorrow to stay in Pennsylvania today.

PART IV: GROWING SMALL BUSINESS IN PENNSYLVANIA

Every day, small business owners embrace the entrepreneurial spirit by taking risks to achieve success. They create employment opportunities and strengthen the fabric of their communities. Pennsylvania is blessed to have 236,775 small businesses, which account for 98.4% of the state’s employers and 49.9% of its private-sector employment. They are an integral part of our state’s economy and critical to its success.

For small businesses, the biggest problems affecting job growth today are poor sales, earnings and spending. Countless economic surveys show that small-business sales, earnings and capital spending are at record lows, and small-business optimism continues to decline. To entice consumers to buy goods and services, businesses are slashing prices and reducing their profits just to keep their doors open. Small business owners are concerned about a number of proposals being debated in Harrisburg and Washington that would raise the cost of their business operations, including higher taxes, new labor mandates and healthcare. Despite their importance to the economy, small businesses are heavily burdened by the costs of government regulation and excessive paperwork.

Tom Corbett believes that it is time for state government to truly embrace small business in Pennsylvania. Small-business owners are facing difficult economic circumstances, and they will not commit themselves to investing in new job and facility growth until their earnings improve and they feel more confident about the overall economic and policy climate in Pennsylvania.

To jump start economic growth for small business in Pennsylvania, Tom Corbett will:

✓ **Designate a Small Business Advocate**

Tom Corbett will designate a Small Business Advocate Deputate within the Department of Community and Economic Development to strengthen and effectively represent small businesses in Pennsylvania by managing cross-agency coordination of small business advocates and programs, enforce existing regulations and encourage policies that support the development and growth of small business in Pennsylvania.

✓ **Streamline and simplify the tax code and compliance process**

There are countless instances where employers, tax preparers and payroll service providers must make multiple filings of the same information. These inefficiencies raise administrative costs – especially for small business. Tom Corbett will work to simplify the tax code and streamline the reporting burdens on our job creators.

✓ **Develop Small Business Portal**

Tom Corbett will create a Small Business Portal to consolidate the collection and reporting of all wage reporting (local, revenue and labor) into a single business portal. This portal will allow for better coordination among departments and also integrate new hire reporting. It also would serve as a clearinghouse for small business data, such as regulations and mandates, legislation, consumer issues, all state and local forms for starting a business. Most importantly, it would ensure that only one stop is necessary to get a new business up and running.

✓ **Institute regulatory flexibility for small business**

Most small employers do not find out about new regulations until after they take effect. Regulatory Flexibility legislation would give small-business owners a seat at the table when state agencies develop proposed regulations. Tom Corbett will work to add “small business” to the existing list of stakeholders on economic impact statements and require state agencies to seek small business input on proposed regulations.

✓ **Grow investing opportunities**

Tom Corbett believes that we should encourage jobs creators to grow and invest in Pennsylvania. Currently, small businesses are limited by how much of a new investment they may expense on their taxes in a given year by both the state and federal governments. For years, small businesses have been held to different thresholds at both levels, and Tom Corbett believes we need consistency. He will work with the General Assembly to make state laws consistent with federal laws to reduce the administrative paperwork burden on small business. He also will ensure that when the federal government enacts any increases to the expensing limit, Pennsylvania law will automatically follow suit. Tom Corbett believes it is critical to put money back into the hands of small business owners so they can hire more workers and grow their businesses.

✓ **Repeal the “Death Tax” (Inheritance Tax)**

Pennsylvania became the first state in the nation to impose an inheritance tax. Now, Pennsylvania is one of only eight states that continue to impose an inheritance tax on its citizens. Seen once as a tool to tax the wealthy, the “death tax” today in reality stifles economic growth by forcing many Pennsylvania small family-owned businesses and family farms to sell assets and shut their doors to pay the tax. Tom Corbett will work to phase-out the death tax over a 15-year period as part of a long-term commitment to Pennsylvania’s small business owners and family farms.

Part V: Expanding Pennsylvania Worldwide

Expanding Pennsylvania’s commercial presence throughout the world is an important part of revitalizing our economy. It creates jobs, boosts revenues and positions the commonwealth as a global leader. More than 12,000 Pennsylvania companies sell their goods and services across international borders with total exports at more than \$34 billion, making Pennsylvania the 11th largest exporting state. Our leading export sectors include chemicals, machinery, primary metal manufacturing, transportation equipment, and computer and electronic products.

Tom Corbett believes that we must continue to grow our international presence and open new markets by expanding both our exports of goods and services and direct investment into the commonwealth. At a time when our economy is recovering from the most recent economic downturn, these developments present the opportunity to increase job growth in existing industry sectors while building up new and emerging industries. Export-related jobs in Pennsylvania more than doubled from 1992-2008 – going from 10.1 percent to 21.5 percent of all jobs. For decades, Pennsylvania has been a worldwide leader in manufacturing. From steel to locomotives, the commonwealth has continued to lead the nation and the world as an exporter, with Pennsylvania being the 18th largest economy in the world with a gross domestic product of \$553 billion. In 2008, exports comprised nearly eight percent of the state’s gross

domestic product. Twelve percent of Pennsylvania's manufacturing employment is through international firms – and the United Kingdom, Germany and Japan lead other countries in their investments in Pennsylvania.

In addition to increasing the export of manufactured goods, Tom Corbett believes there is a great opportunity to increase the export of services provided by Pennsylvania-based employers. With more than eighty percent of Pennsylvania jobs based on service providing industries, a modest increase in service exports would have a positive job creating impact. Information and talent based industries such as software development, creative industries, financial services, and engineering have excellent international growth potential and there is no reason why Pennsylvania cannot be the home to more of the international leaders in these fields. Pennsylvania employers are already leading internationally in many fields such as life sciences, alternative and renewable energy, defense technology, food sciences and manufacturing, nano technology, and research and development. Our hardwoods industry also has established a strong footing in the international marketplace, and our medical care has a growing presence in today's world economy. Pennsylvania's hospitals and medical research centers are among the commonwealth's largest employers, attracting patients from around the globe and exporting technology and innovation worldwide.

Pennsylvania's proximity to a large percentage of our country's population makes it perfectly situated to be a national distribution center for international companies. Through our highways and intermodal assets, we have an expansive infrastructure to serve as the foundation of our commerce, and Pennsylvania has a workforce that is prepared to meet the opportunity of a growing international economy.

As Governor, Tom Corbett will work to expand the commonwealth's international trade opportunities and facilitate job growth by focusing on enhancing our foreign presence, penetrating new markets for small and mid-size company growth, selectively recruiting new companies to invest in the state and marketing Pennsylvania to the rest of the world.

✓ **Grow Pennsylvania's ports and intermodal assets.**

Tom Corbett believes that Pennsylvania's intermodal assets are critical to our economic vitality. Pennsylvania's ports serve as one of our gateways to the world and as major distribution centers for import and export. The commonwealth has more railroads than any other state, ranking fifth among states in total rail miles, and we are home to 15 commercial and 106 general aviation airports. As Governor, Tom Corbett will direct PennDOT and DCED to ensure that the commonwealth's international trade efforts and investments are coordinated and optimized to enhance the capabilities and capacities of our intermodal system for maximum commercial return to the commonwealth.

- Support deepening of the Delaware River to 45 feet to expand the ability of the ports in southeastern Pennsylvania to compete internationally and grow family-sustaining jobs.

- Improve our intermodal system to carry goods and services to and from the ports to increase both imports and exports.
- Market the ports, rail and air domestically, to Pennsylvania businesses and manufacturers and also internationally through the commonwealth's foreign trade offices.

✓ **Enhance existing infrastructure of the PA Office of International Business Development (OIBD)**

Cross industry sector and cross region collaboration are critical to growing Pennsylvania's economic presence throughout the world and making job creation a top priority. The OIBD, leveraging its regional export network and overseas representative offices with support from local and regional economic development partners, has a unique opportunity to engage and encourage international business opportunities. Tom Corbett will support the efforts of the OIBD, focusing on job growth in Pennsylvania through outreach to small and mid-sized companies and targeted recruitment of large employers.

✓ **Develop strategic international alliances**

Tom Corbett will direct the state to develop strategic alliances with partner countries/regions around the world that are identified as growth hubs or emerging markets and develop complementary trade relationships with Pennsylvania. These alliances will focus on growing Pennsylvania's export of both goods and services. It also will target both supply and demand side benefits as part of any partnerships.

✓ **Utilize the capabilities of the Team Pennsylvania Foundation**

Tom Corbett believes our challenges can often be solved best when the public and private sectors are working together toward the same goal. As a true public/private partnership, Team Pennsylvania is dedicated to initiating and supporting innovative programs to grow economic development opportunities and job creation in Pennsylvania. As Governor, Tom Corbett will enhance the state's relationship with Team Pennsylvania around international growth and utilize the partnership as an incubator of ideas and as a private-sector led framework for implementation.

✓ **Refine a set of "world class" metrics**

Measuring Pennsylvania's ability to compete internationally is critical to successful and strategic job growth. As Governor, Tom Corbett will direct the state and Team Pennsylvania to refine the system of metrics to guide Pennsylvania's international economic development strategy. Key stakeholders from government and private industry will be involved in the refinement of the metrics and the execution of the strategies to meet those goals. The state and Team Pennsylvania will publish annual

updates tracking Pennsylvania's progress and providing recommendations to stay on course toward our goals.

✓ **Attract the world's best and brightest**

Pennsylvania ranks seventh in the nation for attracting foreign students, with more than 27,000 enrolled in our higher education institutions who add more than \$800 million in annual spending. Tom Corbett believes that Pennsylvania should continue to be a place that welcomes the world's brightest minds. With their valuable market knowledge and language skills, international students may provide a great resource to our international business development efforts.

✓ **Encourage export growth and new market access across all industry sectors**

International trade spreads revenue and job growth opportunities over a broad spectrum of industries. From manufacturing to agriculture to energy to services, Pennsylvania can grow its economy through increasing exports and making overseas markets more accessible to Pennsylvania companies. As Governor, Tom Corbett will utilize the OIBD and Team Pennsylvania to encourage export growth through providing direct export and market access assistance to Pennsylvania industries and to build a network of PA-based international businesses to provide practical business-to-business market-specific guidance.

✓ **Make Pennsylvania known to the World**

Tom Corbett believes Pennsylvania should be known throughout the world as a great place to do business, and he believes that awareness is critical to attracting both new jobs and new investment from international markets. To achieve this goal, he will pursue a collaborative and practical approach to marketing Pennsylvania. Tom Corbett will work with the state and Team Pennsylvania to build a network of PA-based international businesses to enhance and refine Pennsylvania's international marketing efforts and to identify the most cost-effective outreach methods.

✓ **Attract international companies to create jobs**

Engaging in the global economy means there are many opportunities for Pennsylvania to attract world-class companies from across the globe. Pennsylvania's strengths in workforce, infrastructure and strategic location make the commonwealth an ideal location for international companies looking to set up or expand operations in the United States. The job creation that follows from investments made by international companies will help to stabilize the economy and bring in new resources. To further these types of opportunities, Tom Corbett will work with the OIBD and Team Pennsylvania to promote Pennsylvania's strengths as a compelling business location for international companies.

✓ **Encourage expansion of “meds & eds” international outreach**

Pennsylvania’s medical and educational institutions are among the best in the world. They are large employers, leaders in research and development and attract students and patients from around the world. Many of these institutions already have a global presence while others are working to expand their efforts and recruitment opportunities. As Governor, Tom Corbett will form an alliance of medical and educational institutions to encourage the expansion of their international outreach and harness economic growth opportunity for Pennsylvania.