

Economic Development – Create Jobs and Build a Vital Economy/ Boost the Skills of Our Workers

Contributing Agencies & Mission Statements

Department of Agriculture

Russell C. Redding, Secretary
www.agriculture.state.pa.us
Complement Level: 690
Total Budget: \$265.619 M

The mission of the Department of Agriculture is to encourage, protect and promote agriculture and related industries throughout the commonwealth while providing consumer protection through inspection services that impact the health and financial security of Pennsylvania's citizens.

Department of Community and Economic Development

George Cornelius, Secretary
www.newpa.com
Complement Level: 365
Total Budget: \$993.635 M

The mission of the Department of Community and Economic Development is to empower businesses and communities to invest, succeed and thrive in an environment that affords a superior quality of life and increases opportunities for economic prosperity for all Pennsylvanians.

Department of General Services

James P. Creedon, Secretary
www.dgs.state.pa.us
Complement Level: 1,334
Total Budget: \$117.868 M

The mission of the Department of General Services (DGS) is to provide high-quality services at a fair price to support the operation of state government. As the state's central purchaser of commodities and services, the manager of the state's public works program that builds and repairs the commonwealth's buildings and infrastructure, and the manager of most state owned facilities, it is imperative that DGS make cost-effective service its primary mission. DGS also works to make state government friendlier to the citizens and suppliers, expand opportunities for minorities and women-owned businesses and reduce operating costs for all state agencies.

Pennsylvania Housing Finance Agency

Brian Hudson, Executive Director
www.phfa.org
Complement Level: 287
Total Budget: \$17.234 M

In order to make the commonwealth a better place to live while fostering community and economic development, the Pennsylvania Housing Finance Agency provides the capital for decent, safe and affordable homes and apartments for older adults, persons of modest means and those with special housing needs.

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Contributing Agencies & Mission Statements

Department of Labor & Industry

Sandi Vito, Secretary
www.dli.state.pa.us
Complement Level: 5,573
Total Budget: \$1,493.6 M

The mission of the Department of Labor & Industry is to improve the quality of life and the economic security of Pennsylvania's workers and businesses, encourage labor-management cooperation and prepare the commonwealth's workforce for the jobs of the future.

Department of Revenue

C. Daniel Hassell, Secretary
www.revenue.state.pa.us
Complement Level: 2,385
Total Budget: \$1,007.4 M

The mission of the Department of Revenue is to fairly, efficiently and accurately administer the tax laws and other revenue programs of the commonwealth to fund necessary government services.

Department of Transportation

Allen D. Biehler, P.E., Secretary
www.dot.state.pa.us
Complement Level: 12,011
Total Budget: \$5,292 M

Through the active involvement of customers, employees and partners, the Department of Transportation provides services and a safe intermodal transportation system that attracts businesses and residents and stimulates Pennsylvania's economy.

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Employment and Business Development

Key Objective: Increase the number of jobs created and retained in Pennsylvania.

Why this objective is important: Creating new jobs lowers unemployment and reinvigorates business development. It also supports families, increases local tax revenues and improves quality of life.

How we are doing: The Department of Community and Economic Development is:

- Ensuring the availability of capital for the creation, retention and expansion of private enterprise.
- Lowering capital costs as an incentive for businesses to invest and grow in Pennsylvania.
- Creating a business climate that encourages small business creation, expansion and retention.
- Coordinating programs to ensure that job creation and retention efforts make financial sense.

Jobs Created and Retained in Pennsylvania			
	2006-07	2007-08	2008-09
Jobs created or pledged to be created	155,912	77,002	65,659
Jobs retained or pledged to be retained	126,479	105,582	119,496
Businesses assisted	19,065	17,068	17,852
Private or Public Dollars Invested	\$6.71 Billion	\$7.27 Billion	\$7.53 Billion

Source: Department of Community and Economic Development

The decline in jobs created and pledged to be created in 2007-08 and 2008-09 can be attributed to fewer jobs executed after implementing the Governor's economic stimulus in previous years and the general economic slowdown

Key Objective: Improve the employment potential and personal independence of persons with disabilities.

Why this objective is important: People with disabilities need more opportunities to achieve well-paying, career-oriented employment, and a highly skilled workforce promotes growth.

How we are doing: The Department of Labor & Industry's Office of Vocational Rehabilitation (OVR) served more than 80,284 Pennsylvanians in federal fiscal year 2008, 9,219 of whom obtained or maintained employment. OVR customers average 24 months from intake to successful employment. The average cost for those placed in the labor market is \$4,301.

Earnings and Estimated Taxes Paid by Individuals Obtaining Employment after Vocational Rehabilitation Services						
	2006		2007		2008	
	Before OVR Services	After OVR Services	Before OVR Services	After OVR Services	Before OVR Services	After OVR Services
Average Annual Earnings Per Person	\$5,163	\$18,446	\$5,717	\$19,417	\$5,971	\$19,466
Total Earnings	\$55,422,068	\$198,022,032	\$61,212,944	\$207,896,780	\$55,043,092	\$179,453,924
Average Taxes Paid Per Person	\$1,451	\$5,183	\$1,610	\$5,470	\$1,672	\$5,450
Total Taxes Paid	\$15,573,601	\$55,644,191	\$17,243,083	\$58,562,473	\$15,412,066	\$50,247,099

Source: Commonwealth Workforce Development System (CWDS).

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Employment and Business Development *(continued)*

The Business Enterprise Program licenses persons who are legally blind to operate gift, food and vending businesses in public facilities. Through 2008, 50 licensed blind vendors operated 55 vending facilities with annual sales of \$9,298,477, producing more than \$266,000 in state sales taxes and employing more than 145 people, including 24 with disabilities. The average vendor earned \$49,992. OVR is challenged in improving program outcomes because they are directly correlated with available funds

Key Objective: Provide high-quality training and career information to increase the availability of career opportunities and make targeted industries more competitive.

Why this objective is important: Employment opportunities and competitive industries strengthen Pennsylvania's economy and improve the quality of life for all Pennsylvanians.

How we are doing: The Department of Labor & Industry created Job Ready PA in 2005 to support and align state workforce programs. In 2008-09, Job Ready PA provided training to approximately 47,800 workers. The state also received \$114.6 million in American Recovery and Reinvestment Act (ARRA) funds for training, career services and summer jobs for youth.

Strengthening Pennsylvania Industries

- Approximately 25,680 people trained in 2008-09 through 76 industry partnerships comprised of more than 6,000 employers.
- 3,300 individuals trained to work in the financial and bio-pharma industries through Workforce Innovation in Regional Economic Development (WIRED) federal grants.

Increasing Opportunities for Pennsylvania Residents

- Approximately 18,500 people enrolled in training through PA CareerLink.
- 1.9 million job searches were conducted, 111,060 unemployed persons received services and 33,155 individuals qualified for Veteran or Trade Act Services through PA CareerLink.
- \$5 million was provided to Workforce Investment Boards for grants to train 2,200 people.

Preparing our Youth for the Careers of Tomorrow

- The Science, Technology, Engineering and Math (STEM) initiative developed a comprehensive Pre-K-to-workplace strategy to attract students and working professionals to these fields.
- 320,000 youths ages 14-21 served through Regional Career Education Partnerships.
- The PA Conservation Corps employed and educated 307 youths at public works projects.

Implementing Rigorous Accountability Standards

- PA Performance Management Plan provided measurement standards for all workforce development programs serving adults, adults with barriers to employment and youths.
- The department provided ARRA data to state and federal agencies and lawmakers.

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Employment and Business Development (continued)

Key Objective: Increase the number of new technology companies in Pennsylvania.

Why this objective is important: New technology companies in the biosciences, energy, manufacturing, nanotechnology, telecommunications and information technology sectors can be highly profitable and offer high growth potential. They also positively affect other economic sectors.

How we are doing: The Department of Community and Economic Development is:

- Ensuring that technology-based economic development organizations work together to leverage the research, capital and support services available to support company formation and growth.
- Serving early-stage, emerging and mature technology companies; university research and development; community technology organizations, training and facilities; and investment partners.

	2006-07	2007-08	2008-09
New Technology Companies Established	334	384	299

Source: Department of Community and Economic Development

Key Objective: Increase foreign direct investment and export sales in Pennsylvania.

Why this objective is important: Opening new markets for Pennsylvania companies helps to strengthen those companies and the state's economy, and provides Pennsylvanians with new, high-paying jobs.

How we are doing: The Department of Community and Economic Development is:

- Offering cost-effective ways for international investors to back companies and help them expand.
- Helping companies develop exports and expand foreign market presence by providing transaction-based technical assistance and marketing services.
- Using Pennsylvania ports to strengthen the economy and increase business development capacity.

	2006-07	2007-08	2008-09
Export Sales Facilitated	\$ 253,580,000	\$364,780,000	\$454,480,000

Source: Department of Community and Economic Development

Key Objective: Increase access to capital for Pennsylvania farmers, processors, farm markets and agribusinesses by expanding agricultural loan opportunities.

Why this objective is important: Through the PAgrows program, farmers and agribusinesses have access to business resources long valued by traditional companies, allowing our food, fiber and fuel sectors to expand and enhance their businesses. Because one in seven jobs in Pennsylvania relates to agriculture, expanding and enhancing farms, food processors, farm markets and agribusinesses directly support the state's economic development.

How we are doing: PAgrows has expanded to include new and established farmers, food production and processing companies, farm markets and agribusinesses.

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Employment and Business Development *(continued)*

Projects Funded in 2008-09 by the PAgrows Program			
	Projects Funded	State Dollars Invested	Private Dollars Invested
Small Business First	124	\$24,998,739	\$76,171,355
Machine and Equipment Loan Fund (MELF)	28	\$13,336,525	\$18,797,628
First Industries Fund (FIF) Total	174	\$38,335,264	\$95,150,983
Penn Industrial Development Authority (PIDA) Totals	4	\$4,539,100	\$9,111,358

Source: Department of Agriculture

The First Industries Fund's reliance on the expedient repayment of agriculture loans remains a challenge. Because the availability of funding depends on loan repayment, the Department of Agriculture is working to increase repayment rates.

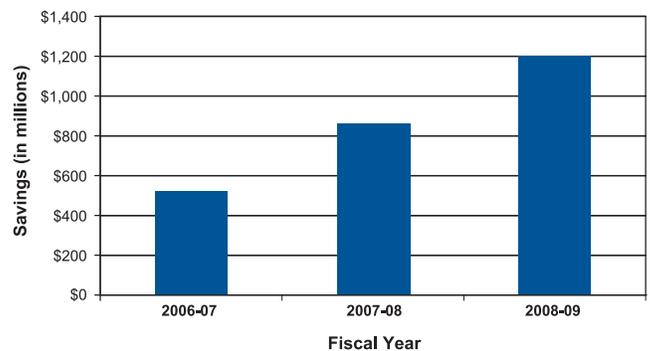
Key Objective: Target changes in business tax rates and bases that save Pennsylvania businesses money.

Why this objective is important: Targeted changes to business tax rates and bases help make Pennsylvania more competitive in attracting and retaining business investments.

How we are doing: The Department of Revenue targeted changes to business tax rates and bases since 2003 that have resulted in cumulative business tax cuts of \$4.2 billion through 2008-09. These changes have included:

- Continuing the phase-out of the capital stock/foreign franchise tax, reducing the tax rates from 7.24 mills in 2003 to 2.89 mills in 2008. This rate reduction saved business taxpayers \$1.2 billion in 2008-09, a 28 percent increase in savings since 2007-08. At 2.89 mills, this tax remains at its lowest level since the tax was enacted in 1844.
- Increasing the sales factor in the corporate net income tax apportionment formula from 60 percent to 70 percent. Savings for Pennsylvania businesses in 2008-09 totaled \$45.7 million, an increase over the 2007-08 savings of \$44.8 million.
- Increasing the annual cap on net operating loss carry-forward deductions from \$2 million to the greater of \$3 million or 12.5 percent of taxable income. This change primarily benefits cyclical businesses and high-tech companies and saved Pennsylvania businesses \$66.2 million in 2008-09, a \$1.3 million increase since 2007-08.

Phase-Out of Capital Stock/Franchise Tax Results in Savings for Pennsylvania Businesses



Source: Department of Revenue

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Employment and Business Development *(continued)*

Key Objective: Increase tourism and related activities in Pennsylvania.

Why this objective is important: Tourism is one of Pennsylvania’s core industries and boasts a record number of jobs. Tourism dollars help to revitalize small towns and cities.

How we are doing: The Department of Community and Economic Development is:

- Informing visitors about Pennsylvania’s unique destinations, activities and attractions.
- Effectively marketing, through advertising, tradeshow attendance, outreach and tourism activities.
- Providing incentives such as tax credits, an online film database, and one-to-one customer support, in order to attract film promotion and production companies.

Tourism and Related Activities in Pennsylvania			
	2006-07	2007-08	2008-09
Dollars Spent Promoting Tourism	\$71.78 million	\$69.10 million	\$70.10 million
Dollars Spent by Travelers	\$26.80 billion	\$26.82 billion	\$26.10 billion

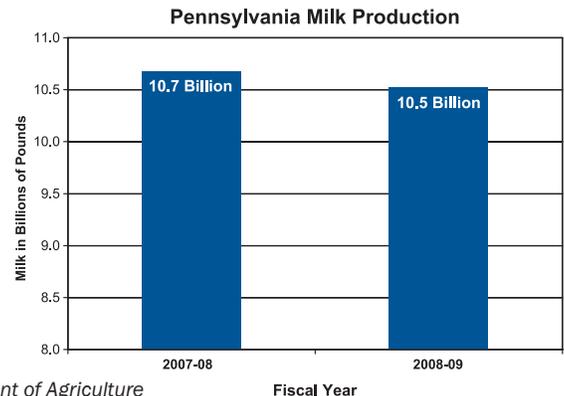
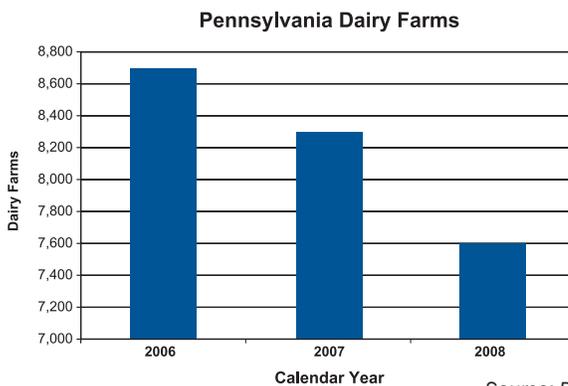
Source: Department of Community and Economic Development

Key Objective: Improve profitability and maintain dairy farms and cows in Pennsylvania.

Why this objective is important: The dairy industry leads Pennsylvania’s agricultural economy, generating more than \$1.6 billion in on-farm cash receipts, or 42 percent of the state’s total agricultural receipts. Dairy farmers spend about 85 percent of their income locally, with each farm dollar recycling two and a half times in the community. As a result of this local “multiplier” effect, dairy farms contribute more than \$4.2 billion to Pennsylvania’s economy. Dairy farmers are also stewards of our land and animals and milk producers, making dairy farms good for our community, our environment and our health.

How we are doing:

- In 2008-09 the Center for Dairy Excellence deployed 153 traditional profit teams, 55 operational area teams and 27 succession or transition teams.
- Helping dairy producers become more profitable and better prepared for transitions is critical as milk prices decrease, feed and fuel costs increase, and pressure on farmland from growing urban communities becomes increasingly severe. These financial and resource stresses have reduced the number of Pennsylvania dairy farms from 8,700 in 2006 to just over 7,600 at the start of 2009. Consequently, milk production has also declined, although supply continues to exceed demand.



Source: Department of Agriculture

- As an active member of the NorthEast Dairy Leadership Team (NEDLT), the Pennsylvania Department of Agriculture works with regional partners to advocate for dairy producers at the local, state and federal levels.

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Employment and Business Development *(continued)*

Key Objective: Increase assistance to Pennsylvania farmers preparing for transitions such as starting a farm, retiring, expanding operations or leaving the agriculture industry.

Why this objective is important: According to the United States Department of Agriculture (USDA), the average Pennsylvania farmer is almost 53 years of age. Three quarters of Pennsylvania farmers live on the farms they operate, yet more than 50 percent have a primary occupation other than farming. More than 70 percent of those on Pennsylvania farms have lived there for at least 10 years. In addition to being self-employed entrepreneurs, farmers are also caretakers of a family business and a vital part of community economic development. Helping farmers manage transitions is critical to ensuring that our farms and farm families continue to thrive.

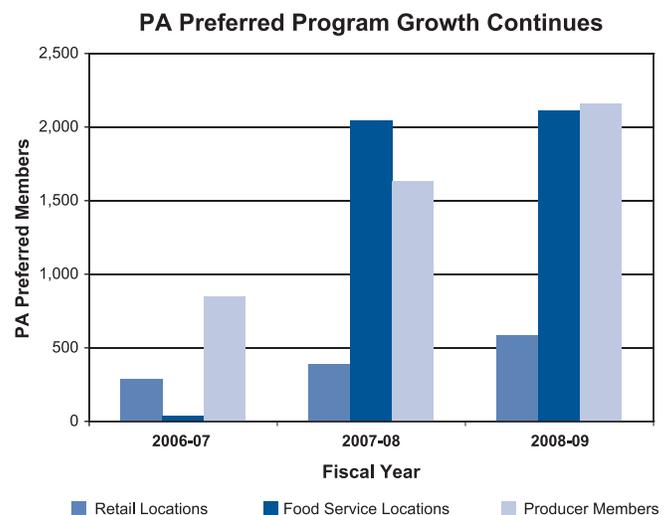
How we are doing: In 2008-09 the Department of Agriculture provided 216 referrals to lawyers, accountants and other professionals, and assisted in writing 58 succession plans. These efforts resulted in:

- 7,830 acres retained in farming,
- \$75,980,000 worth of farmland transferred to the next generation of farmers, and
- \$14,347,198 in economic development funds spent to expand farm enterprises.

Increasing awareness among farmers of the need for succession planning and the value of outside transition experts remains a challenge. The Center for Farm Transitions (CFT) has begun to strengthen its network of partners, which includes the Center for Dairy Excellence and the Center for Beef Excellence, through the CFT Advisory Board. CFT is also collaborating with the Pennsylvania Department of Agriculture’s Bureau of Farmland Preservation in order to preserve Pennsylvania farmland.

Key Objective: Increase awareness and consumption of food and fiber grown, harvested, processed and produced in Pennsylvania.

Why this objective is important: Third in the nation in direct agricultural sales for human consumption, Pennsylvania is a growing culinary hotbed with nearly 12.5 million citizens and millions of visitors eating and drinking in our state. Through PA Preferred, the Department of Agriculture links the farm with the fork, helping consumers support local farms, food processors, retail stores and restaurants. The PA Preferred program encourages consumers to put their money where their mouth is by purchasing locally produced goods and supporting local establishments.



Source: Department of Agriculture

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Employment and Business Development *(continued)*

Key Objective: Decrease potential financial losses to farmers from natural disasters and market catastrophes.

Why this objective is important: Risk management ensures that farmers have a safety net if natural disasters or extreme weather strikes. More than 70 percent of Pennsylvania farms are small, family operations. Like most small businesses, farms often find it difficult to immediately recover from catastrophic disasters. Most small businesses, however, are not at the mercy of the weather.

How we are doing:

Crop Insurance				
	2005	2006	2007	2008
Number of Crop Insurance Policies Sold	16,000	16,000	13,200	13,149
Value of Crop Insurance Policies Sold (millions)	\$282	\$282	\$425	\$408

Source: Department of Agriculture

The 13,149 crop insurance policies sold in 2008 covered more than one million Pennsylvania farm acres.

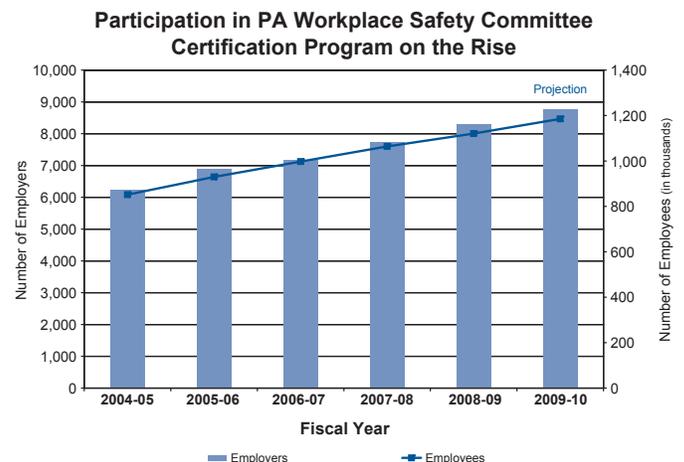
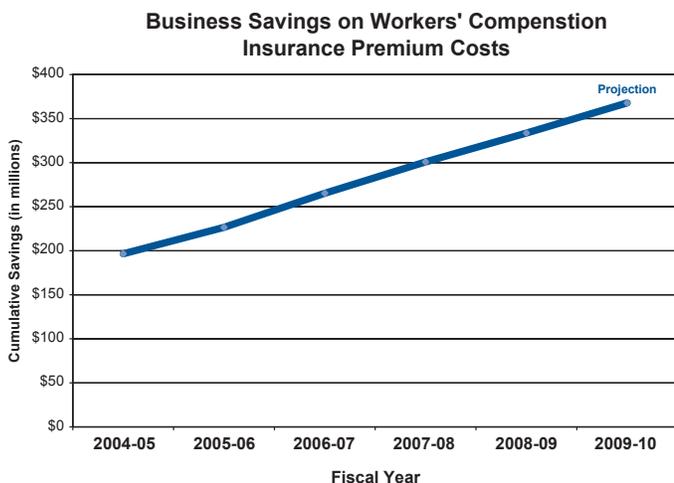
In 2008, the federal government mandated that producers take out crop insurance in order to receive disaster relief funding. The Department of Agriculture has been working with producers and the crop insurance industry to increase awareness of these changes and ensure that Pennsylvania farmers are not adversely impacted.

Worker Protection

Key Objective: Increase participation in the Department of Labor & Industry's PA Workplace Safety Committee Certification Program, which provides a 5 percent workers' compensation insurance premium discount for businesses with certified workplace safety programs.

Why this objective is important: Worker injuries and fatalities negatively impact workers and their families and increase the cost of doing business through medical and rehabilitation costs, compensation and legal fees.

How we are doing:



Source: Department of Labor and Industry

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Worker Protection (continued)

Key Objective: Reduce the number of employers that misclassify workers.

Why this objective is important: Employers who avoid taxes by misclassifying workers as independent contractors or by transferring workers to a shell corporation or employee leasing company reduce the amount of unemployment compensation available to workers who have lost a job through no fault of their own.

How we are doing: The number of employers attempting to reduce costs and gain an unfair competitive advantage through tax avoidance schemes continues to grow. In 2007-08, the Department of Labor & Industry's enhanced ability to target employers that misclassify workers using Internal Revenue Service information significantly increased recovery. In 2008-09, staffing limitations decreased completed audits by 55 percent and reduced recovery.

Funds Recovered from Employers (nearest tenth of a million)				
	2005-06	2006-07	2007-08	2008-09
Misclassified Worker	\$2.2 million	\$3.1 million	\$6.5 million	\$2.2 million
Entity Transfer	\$1.4 million	\$4.0 million	\$6.0 million	\$3.5 million

Source: Department of Labor & Industry, Office of Unemployment Compensation Tax Services.

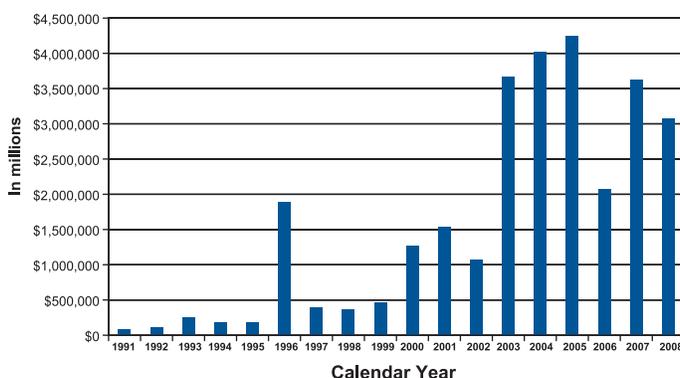
Although the economic downturn limits staffing for tax operations, the department anticipates that as the economy recovers it will meet the 2009-10 target of \$6.5 million in recovery of unemployment taxes avoided by employers. Legislative clarification of the misclassified worker definition may also increase recovery.

Key Objective: Increase collection of wages owed to Pennsylvania workers.

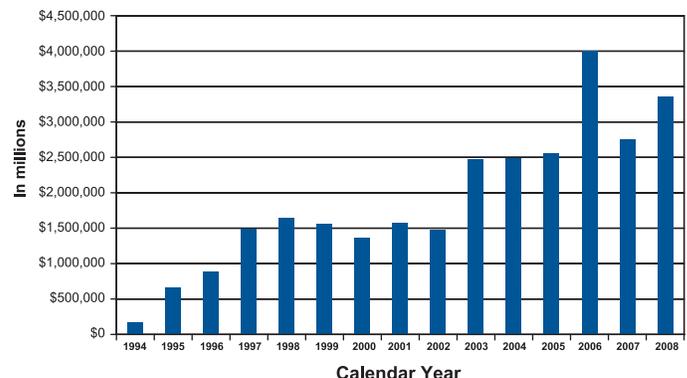
Why this objective is important: Many workers have no one to represent them when they are illegally underpaid or unpaid for their work. Retrieving and returning lawfully earned wages to workers reduces dependence on government financial assistance to cover basic needs.

How we are doing: The Department of Labor & Industry has significantly increased collection of wages owed to workers during the last six years by decreasing the time from complaint filing to wage receipt, educating employers about labor laws and compliance, and using technology to more rapidly recover funds. Since 2003, the department has collected more than \$21.2 million in prevailing wage settlements, with more than \$17.6 million collected in labor standards cases involving the minimum wage, wage payment and child labor law violations. Approximately 34,200 workers received refunds from these collection efforts.

Prevailing Wage Settlement Collections, 1991-2008



Labor Standards Collections, 1994-2008



Source: Department of Labor and Industry

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Community Development

Key Objective: Increase community revitalization efforts by increasing the number of Community Action Team (CAT) projects that impact core communities in Pennsylvania.

Why this objective is important: The CAT is the point of contact for communities implementing projects to eliminate blight; clean contaminated sites; provide affordable housing; rehabilitate older homes; restore commercial corridors, storefronts and streetscapes; and create thriving and sustainable neighborhoods. The CAT cuts through the red tape that often impedes projects and provides critical resources for the transportation, housing, recreational and commercial needs of Pennsylvania’s cities and towns.

How we are doing: The Department of Community and Economic Development is:

- Designing assistance packages to eliminate gaps, coordinate funds and move to implementation.
- Advocating for local governments and eliminating red tape by solving problems at the local level.
- Providing funds, tax credits and technical assistance to nonprofits, local governments and businesses to improve the quality of life for low-income residents and revitalize communities.
- Improving communities by supporting housing and residential development, downtown and business improvement, and the construction of community facilities and infrastructure.

Community Projects			
	2006-07	2007-08	2008-09
Community Action Team (CAT) Active Projects	77	85	88
Local Government or Municipalities Assisted	1,265	2,108	2,466
Main Street or Elm Street Projects	118	126	121

Source: Department of Community and Economic Development

Key Objective: Maintain programs that foster community revitalization, providing opportunities for local governments and other entities to reduce their costs.

Why this objective is important: Programs and initiatives to help cut costs, create jobs, and increase revenue to communities benefit local governments and residents.

How we are doing: The Department of General Services’ Downtown Relocation policy relocates state employees to downtown locations whenever possible and economically feasible. All state office buildings are located in downtown areas and the percentage of leased office space in downtown areas continues to increase.

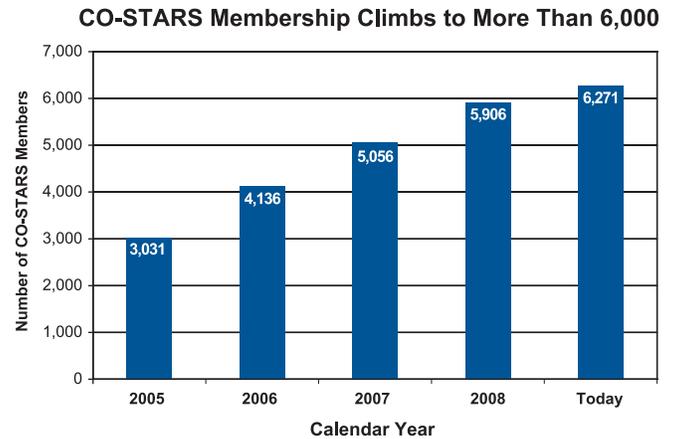
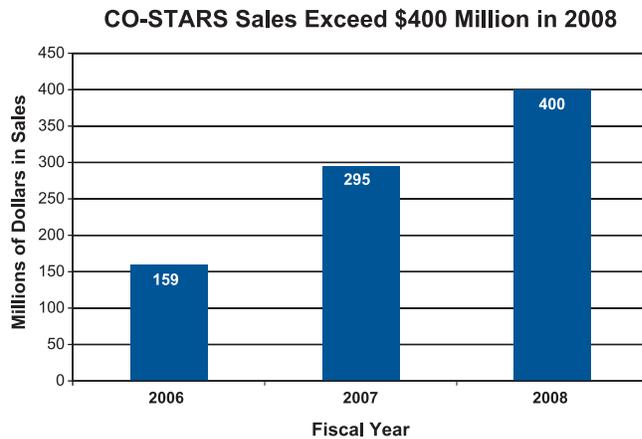
Downtown Relocation Policy				
	2005-06	2006-07	2007-08	2008-09
Percentage of leases executed during the fiscal year for state leased office space located in downtown areas:	93%	91%	90%	92%
Percentage of total leased office space located in downtown areas:	64%	70%	74%	73%

Source: Department of General Services

The Cooperative Sourcing to Achieve Reductions in Spending (CO-STARS) program allows municipalities and school districts to piggyback on state contracts to purchase commodities, such as playground equipment, at pre-negotiated prices. In 2008, CO-STARS saved members more than \$82 million. For more information, visit www.dgs.state.pa.us.

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Community Development (continued)



Source: Department of General Services

Transportation

Key Objective: Reduce the percentage of structurally deficient state bridges by reconstructing or replacing 1,145 bridges by 2010.

Why this objective is important: Despite record investment since 2003, structurally deficient bridges remain a threat to the mobility of Pennsylvanians. With almost 6,000 of 25,000 state bridges, or nearly 25 percent, classified as structurally deficient (SD), Pennsylvania ranks first in bridges with deterioration to one or more major components, such as the deck, supports or beams, that requires extensive work to restore. This classification does not mean that a bridge is unsafe for travel. The Department of Transportation (PennDOT) inspects all state-maintained bridges at least once every two years and SD bridges more frequently to ensure their safety. If PennDOT determines that the bridge conditions have deteriorated, it will require weight restrictions or closure in order to ensure the safety of the traveling public.

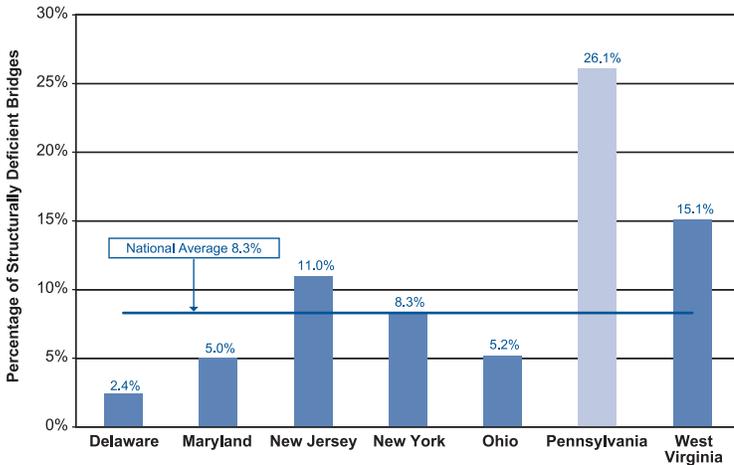
How we are doing: As part of the Accelerated Bridge Program (ABP), PennDOT bid a record 470 bridges for \$723.5 million in 2008-09, with the goal of repairing 1,145 bridges by 2010. The state received almost \$1.4 billion in American Recovery and Reinvestment Act (ARRA) funds for highways, bridges, and public transportation systems, \$1.026 billion of which is designated for road and bridge repair. With 168 of 242 projects under way, PennDOT exceeded the national goal of committing half of ARRA funding by June 30, 2009, and will commit the remainder by March 2010. Projects released for bid by June 30, 2009 include:

- 74 bridge projects,
- 68 resurfacing projects,
- 10 safety projects,
- 6 Intelligent Transportation System projects to relieve congestion, and
- 10 accessible curb cut and other enhancement projects.

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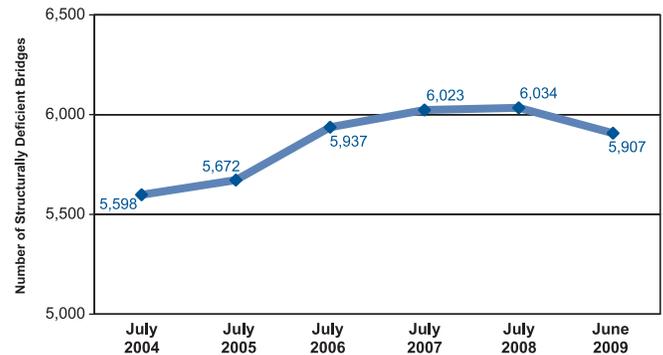
Transportation (continued)

Structurally Deficient Bridge Comparison with Neighboring States



Source: US Department of Transportation

PennDOT Structurally Deficient Bridges with Lengths Greater than 8 Feet



Source: Pennsylvania Department of Transportation

State Bridges Repaired - 2008-09

	Bridge Projects
Accelerated Bridge Program	470
Bridge Preservation Program	299
ARRA Program: preservation of non-SD bridges	205
ARRA Program: repair of SD bridges	67
Total	1,041

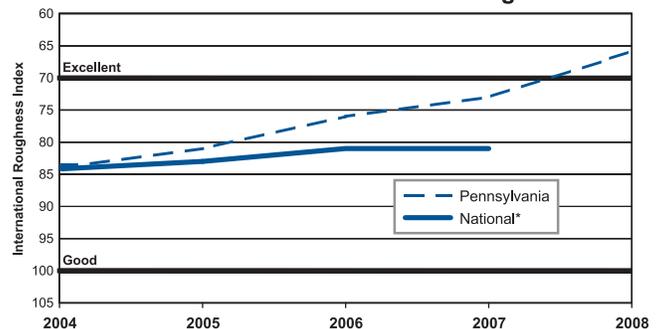
Source: Pennsylvania Department of Transportation

Key Objective: Maintain current pavement smoothness levels.

Why this objective is important: Safe, smooth roads are vital to our transportation system.

How we are doing: With aging bridges in need of increased investment, PennDOT is focused on maintaining current pavement smoothness levels. The International Roughness Index (IRI) measures pavement roughness, where a lower rating means a smoother road. In 2008-09, PennDOT improved nearly 5,600 of the state's 40,000 miles of state highways. Over the last three years, the percentage of state roads that the IRI rated as poor also decreased from 21 percent to 16 percent.

Pennsylvania Interstates Smoother than National Average



Source: US Department of Transportation

*National Median Average for 2008 was not available at the time of this publication.

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Transportation (continued)

Percentage of Pennsylvania Road Miles with Poor IRI*			
	2006	2007	2008
Interstates	5%	4%	3%
Other National Highway System (NHS) Routes	9%	7%	6%
Non-NHS Routes with an ADT** of at least 2000	11%	8%	7%
Non-NHS Routes with an ADT** of less than 2000	32%	28%	26%

*IRI = International Roughness Index. Pennsylvania's interstates rank 15th nationally with a median IRI of 66. The national average is 81.

**ADT = Average Daily Traffic

Source: US Department of Transportation

Miles of State Highways Improved	
Year	Miles
2006-07	6,339
2007-08	5,865
2008-09	5,630

Source: Pennsylvania Department of Transportation

Key Objective: Improve traveler mobility by making accessible reliable, real-time information.

Why this objective is important: The ability of motorists to reach their destinations timely and consistently continues to grow in importance. Whether it is a morning commute to work or a weekend vacation, motorists expect travel that is free from major delays and congestion.

How we are doing: To cope with the changing landscape related to traveler information, the Department of Transportation (PennDOT) is collecting and managing multiple sources of information regarding weather and incidents. Traffic management centers control fixed and moveable message signs, monitor traffic cameras and dispatch assistance to motorists and information to emergency managers. In 2008, PennDOT also began to develop 511 PA, a statewide traveler information system to inform travelers about traffic, road closures, regional weather and traffic speeds. 511 PA, which launched in 2009, can be accessed for free by dialing "511" or by visiting 511PA.com. Online visitors can access more than 400 department traffic camera images and register for traveler alerts.

Key Objective: Maintain funding to public transportation agencies across the commonwealth so that they can deliver effective and efficient public transportation service.

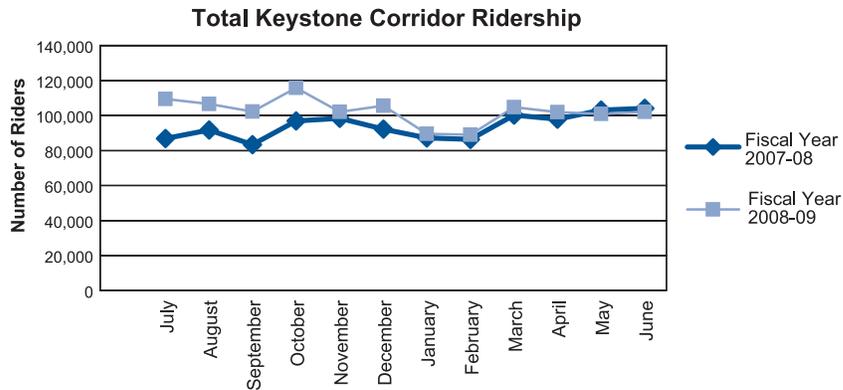
Why this objective is important: Public transit systems provide mobility and enhanced travel options. Increased public transportation usage also reduces vehicle miles traveled, enhances air quality, reduces gasoline consumption and increases access to jobs.

How we are doing: The Department of Transportation distributed \$1.2 billion in state funds for public transit in 2008-09. Pennsylvania public transportation systems also received \$346 million in ARRA funding. Of the 122 projects eligible for ARRA funding, 67 are either approved or ready for federal approval. Those 67 projects represent \$290 million, or 84 percent, of total ARRA transit funds.

Keystone Corridor Ridership Sets New Record: The Keystone Service from Philadelphia to Harrisburg surpassed its previous ridership record with more than 1.2 million riders in 2008-09, an increase of 100,000 riders since 2007-08. Both the Harrisburg and Lancaster stations rank in the top 25 Amtrak stations in the nation for ridership with approximately 500,000 riders each. The Keystone Corridor, which recently underwent a \$145 million upgrade, offers riders a 90-minute commute from Philadelphia to Harrisburg.

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Transportation (continued)



Source: Pennsylvania Department of Transportation

Rural Transportation Program for Persons with Disabilities: In October 2008, PennDOT celebrated its one millionth rider in this program – a significant accomplishment in creating available, accessible and affordable public transportation for persons with disabilities. The program offers reduced rates on shared-ride, curb-to-curb and advance-reservation transportation services for persons with disabilities in all counties except Allegheny and Philadelphia. Persons with disabilities pay 15 percent of the regular fare and the program pays the remainder of the fare for trips that are not eligible for any other funding. Riders must provide proof of disability. Act 44 of 2007 authorized this as a statewide program.

Housing

Key Objective: Increase the number of homes saved from foreclosure.

Why this objective is important: Preventing foreclosure reduces homelessness and encourages neighborhood stability, keeping families in their homes during difficult times.

How we are doing: The Pennsylvania Housing Finance Agency operates three foreclosure-prevention programs:

- Since it began, the Homeowners Emergency Mortgage Assistance Program (HEMAP) has saved 42,000 homes from foreclosure with \$222 million from the state and \$246 million from loan repayments. Nearly 20,000 HEMAP loans have been fully repaid.
- The Refinance to an Affordable Loan (REAL) and Homeowners' Equity Recovery Opportunity (HERO) programs feature attractive, 30-year, fixed-rate refinancing. Combining 100-percent financing with flexible-credit underwriting, they offer relief to homeowners who might not qualify for typical refinancing programs. The agency has refinanced 110 unaffordable mortgage loans into affordable fixed-rate loans. Repayments have been impressive; only one loan entered foreclosure in 2008.

Homeowners Emergency Mortgage Assistance Program		
Applications	2007	2008
Loan Disbursements	\$21,477,843	\$20,027,591
Repayments	\$12,965,027	\$10,350,040
Applications Received	10,592	12,121
Approval	2,678	2,779
Payoffs	1,010	738
Loans Closed	2,041	1,772

Source: Pennsylvania Housing Finance Agency

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Housing (continued)

Key Objective: Increase opportunities for Pennsylvanians to buy homes.

Why this objective is important: Homeownership is one of the best ways to build wealth and financial security.

How we are doing: The Pennsylvania Housing Finance Agency helps families that might not be able to afford a home become homeowners. Using funds from the sale of mortgage revenue bonds, the agency provides affordable home mortgage loans, closing-cost and down-payment assistance, loans for repairs and accessibility modifications, and credit counseling. Since 1982, the agency has provided \$8.7 billion in financing for 130,000 homes.

PHFA Loans			
	2006	2007	2008
Total Number of Loans	6,944	6,959	5,076
Total Dollars Loaned	\$731,824,561	\$750,068,601	\$508,051,095

Source: Pennsylvania Housing Finance Agency

In 2008, the agency funded 5,076 home purchase loans with more than \$500 million. A total of 4,636 loans went to first-time homebuyers. In addition, 1,633 households received closing-cost and down-payment assistance, 259 received home improvement loans and 10 received access modification funding. The agency services its more than 50,000 loans, which have an unpaid principal balance of \$3.7 billion. Repayments in 2008 exceeded industry standards, with mortgage delinquency rates less than half of the Federal Housing Administration (FHA) state average for FHA and more than four times lower than that of conventional loans.

Key Objective: Increase the number of affordable rental housing units and preserve existing rental units through innovative, cost-effective and efficient means.

Why this objective is important: Rental units lost across the state need to be replaced with affordable units in order to provide decent places to live for older Pennsylvanians, families of modest means and persons with disabilities.

How we are doing: The Pennsylvania Housing Finance Agency provides money and tax credits for the acquisition, construction, rehabilitation and preservation of affordable rental apartments. The agency performs physical and fiscal monitoring and compliance activities for approximately 92,000 units annually. The agency also provides housing services program support for 18,200 PennHomes units each year. Through the PennHomes program, the agency offers interest-free deferred payment loans to support development of affordable rental housing for residents who meet income guidelines.

PennHomes Low-Income Housing Development Program				
	2005-06	2006-07	2007-08	2008-09 (allocated)
Loans	\$13.2 million	\$11.6 million	\$15.6 million	\$12.5 million
Tax Credits	\$26.8 million	\$26.9 million	\$32 million	\$27.1 million
Tax-Exempt Volume Cap	0	\$12.5 million	0	\$43.7 million
Number of Developments	54	57	60	48
Total Units	2,200	3,104	3,132	2,300

Source: Pennsylvania Housing Finance Agency

Economic Development – Create Jobs and Build a Vital Economy/Boost the Skills of Our Workers

Housing (continued)

Key Objective: Increase educational opportunities to help consumers make informed choices when buying houses and to help homeowners prevent foreclosure.

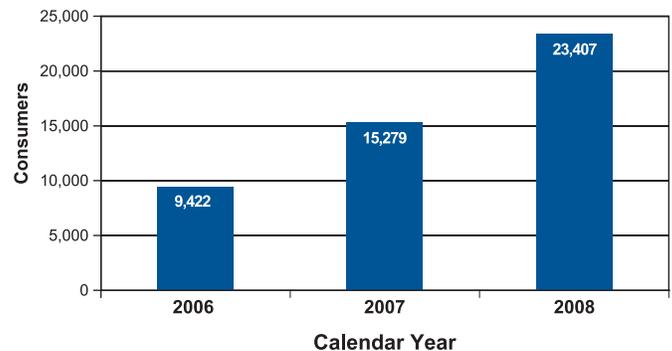
Why this objective is important: Clear, consistent and widely available information creates knowledgeable buyers, especially for those who have limited housing choices.

How we are doing: The Pennsylvania Housing Finance Agency's Comprehensive Homeownership Counseling Initiative (CHCI) trains and certifies organizations to provide homebuyer workshops, pre-settlement counseling and pre-purchase counseling to prospective homeowners throughout the state. The agency offers homeownership education, budgeting, credit, financial and technical assistance, property inspections, rehabilitation and maintenance. More than 100 organizations participate.

In 2008, CHCI training sessions served 77 percent more prospective borrowers having problems securing or maintaining affordable housing. Since CHCI expanded in 2004, CHCI housing counseling agencies have educated more than 46,900 consumers.

In 2009, NeighborWorks America awarded the agency \$7 million for loss mitigation and foreclosure prevention counseling that will help more than 19,000 homeowners this year.

Number of Consumers Receiving Comprehensive Homeownership Counseling Continues to Rise



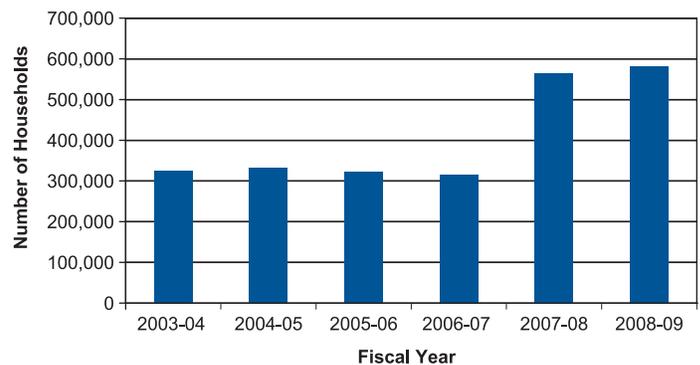
Source: Pennsylvania Housing Finance Agency

Key Objective: Provide property tax or rent assistance to more Pennsylvania households.

Why this objective is important: The Department of Revenue's Property Tax/Rent Rebate program helps eligible Pennsylvanians 65 years old and older, widows and widowers 50 years old and older, and people with disabilities 18 years old and older afford to pay their property taxes.

How we are doing: The Property Tax/Rent Rebate program provided more than 580,500 rebates to older Pennsylvanians and people with disabilities in 2008 for property taxes or rent paid in calendar year 2007. The program provided 2.9 percent more rebates in 2008 than in 2007 and 79.1 percent more rebates than in 2002.

More Pennsylvanians Benefit from Property Tax/Rent Rebate Program



Note: Fiscal year figures are from prior program year (calendar year).

Source: Department of Revenue

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