



The first Western Pennsylvania Legislative Reception took place on September 22, 2021, at CNX Resources. Our three organizations, the Manufacturer & Business Association, Washington County Chamber of Commerce, and the Pittsburgh Business Exchange are making this an annual event based on the belief that it is an important conduit between those who make laws and those who bear the impact. It is far better to have conversations in an ambient atmosphere than one that is politically charged over a divisive issue.

A Business Issues Forum preceded the reception and provided a venue where lawmakers heard directly from varied businesses to learn where they share common ground. Often business' perception is that many lawmakers don't fully understand what it means to run a business. It is the business communities' challenge to educate lawmakers on their top issues and concerns.

This is the key idea behind the Business Issues Forum. Thirteen roundtable discussions took place with each table seating seven business representatives and one Pennsylvania lawmaker.

The diverse businesses represented ranged from large gas and oil corporations, public utilities, to small software firms and manufacturers of cycling clothing.

2021 Business Issues Forum Summary

Rep. Bryan Cutler, Speaker, PA House of Representatives, was the keynote. The Speaker said "We must make Pennsylvania competitive. We want people to stay here." He asked the group for ideas to take back to Harrisburg and noted "Government doesn't create jobs. Government can create the environment for job creation."

We asked the attendees to discuss "What Keeps You up at Night?" After 60 minutes of lively discussion, the notes were compiled to determine which issues were most often discussed. This list is not exhaustive but accurately reflects the consensus of the data gathered. Not all issues are state issues but are included to show the accumulation and overlapping of issues that hamper business growth and competitiveness in Pennsylvania. Here are the top five issues listed in order:

1. Workforce/Labor & Employment/ Unemployment Compensation

The inability to find workers and the lack of a prepared workforce. Those employers' short workers risk thousands of dollars in lost revenue each month.

Problems:

- Senior employees are leaving the workforce. Their institutional knowledge is lost and not passed onto younger employees.
- Young people prefer to work part-time rather than full-time.
- Many potential employees do not have the mind-set and are not ready to work and require training.
- Many potential employees cannot pass a drug test.
- Many employers believe there is no available pool of workers.

Solutions:

- Some hire based on good character, behavior, and aptitude and then teach the required skills on the job.
- Some employees can be replaced by capital investment in equipment.
- The stigma of not going to college needs to be replaced by a shift to encourage other education paths. Promote the trades and tech schools.
- Explore the potential for including ex-offenders in the workforce.
- Train people for the jobs of the future.
- WEDnetPA is very helpful to train employees.
- Some companies go to other regions like Puerto Rico to seek workers.
- Adult literacy is needed.

Problems:

Unemployment Compensation. The belief is that people are paid more not to work. The questions asked, "How do we get people back to work?" "How do we disincentivize people from not working."

- Workers have too much extra time on Unemployment Compensation.
- Fired employees work the Unemployment Compensation system to receive benefits.
- It is easy to lie to get dollars from the government for many programs.

Solutions:

- The government can help employers by incentivize working. Rewards may be given to new hires for staying employed, for example, for six months, twelve months and two years.

2. Regulations & Compliance/Energy.

Regulations and compliance are needed but too much hampers growth and contributes to unpredictability.

Problems:

- Region-specific regulations place Pennsylvania at a competitive disadvantage for developing projects.
- There are regulatory inconsistencies.
- There is no recourse for the oil and gas industry to dispute issues pertaining to permitting and compliance.
- When a new administration comes in everything changes drastically which creates an unpredictable environment.
- The Department of Environmental Protection has many inconsistencies.

Solutions:

"If we can't ease the tax burden, we can ease the regulatory burden."

- Regulatory predictability is needed.
- Make permitting process easier and create realistic standards across industry segments.
- Create a permitting board to help streamline permitting across the state

3. Health Care Costs and Insurance Premiums

Health care costs are one of employers' highest costs. Premiums increase every year and there is no end in sight.

Problems:

- Non-profits require a lot of community-provided services in their respective locations which translate to costs picked up by others. They occupy tax-exempt real estate.
- There is a lack of competition
- Health care is expensive for all from small employers to large employers.
- Group plans are very tough for small and medium-sized businesses. They have no buying power and average premium increases range between 10-15% with numbers reaching over 40% are not uncommon.

Solutions:

- Smaller employers would benefit by grouping together in larger pools to get benefits like larger employers and at a reduced premium. Over 30 other states allow this in the form of an Association Health Plan.

4. Predictability and Ease of Doing Business/Incentives to Attract Business

Unpredictability makes it very hard to do business and plan for the future. Businesses need certainty and know that neighboring states, Ohio, and West Virginia, are more business friendly. Ease of doing business overlaps and can apply to many policy areas. Here is one example.

Problems:

A utility company representative noted infrastructure replacement and restoration costs are a huge issue for his company.

- After the company digs the hole and lays the pipe, they must restore the infrastructure. Previously they patched just the hole and now they have to patch the entire street.
- It is getting harder because there are many municipalities and they each have different and continually changing guidelines.
- The cost of restoration grows higher and higher, and it is passed onto ratepayers.

Solutions:

Pennsylvania has 500 localities. Regionalization would help. For instance, the Northern Regional Police Department shares costs. This is not a state issue and the method to adopt regionalization is voluntary.

Problem:

In order to change our economic issues, we need adequate financial incentives to attract businesses to PA.

Solutions:

- The financial incentives can be increased through the annual state budget.
- More pad-ready and shovel-ready sites with all infrastructure and utilities are needed.
- Financial incentives for economic development in urban areas is needed for the following:
 - Conversion of office space to residential space
 - Rents breaks for small businesses
 - To help smaller businesses occupy existing empty buildings

5. Covid -19 Compliance & Civil Liability Issues

Employer issues related to Covid-19 and compliance rules come from different sources regarding masking and vaccination requirements. They are particularly burdensome to smaller companies in various ways from impeding business to not having adequate manpower or resources to comply. Here are two examples.

Problems:

- One company can no longer get into drilling sites due to liability issues. They can ship pieces and parts to sites but can't get out in the field.
- A small software and IT company does federal Department of Defense contracting. They are required to have a 100% vaccination rate for their 55 employees. The company cannot afford to continually test employees due to the average cost of \$149.00. It is very difficult to track employee testing. This creates a civil liability issue. They do not know what to do

The Western Pennsylvania Legislative Reception will be held Thursday, Sept 15, 2022. We hope to see you there.