

Pennsylvania has confronted a historic economic transition and has learned from that experience that it must more actively plan its own future.



Now, with imagination and political will, Pennsylvania can model for the nation how to achieve sustained and broadly shared prosperity in today's global economy. Pennsylvania can restore popular faith in its democracy by showing that the needs of the middle class can be addressed through political leadership and courage. It can achieve growth and opportunity by implementing pragmatic policies, grounded in careful analysis and aligned with the opinion of the great majority of Pennsylvanians. *The Prescription for Prosperity* outlines such pragmatic policies and a process for developing a long-term comprehensive "business plan for Pennsylvania" which, if implemented, would lock in a new generation of economic innovation and a better quality of life. ***We challenge others to join us in a movement to demand of our politicians and ourselves a renewed commitment to building a better future for us all.***

In America and in Pennsylvania, the rising tide of a strong economy once lifted most boats. Today, a strong economy lifts only a few boats. The broken link between a strong economy and the well-being of most of the population threatens core Pennsylvania values—the belief that hard work should pay enough to support a family; the American dream of upward mobility and the idea that Americans are not separated by class; the notion that all children should grow up in safe communities and receive a quality education; even democracy itself, which becomes less responsive to ordinary Pennsylvanians as gaps in economic and political resources grow.

Most Pennsylvanians know that the link between a strong economy and the well-being of the many has been broken. They also understand why. The economic world has changed, most visibly due to globalization and the fall in manufacturing jobs. Many families have been the victims of these changes.

In response, Pennsylvanians want from their political leaders a commonsense and long-term economic plan, not short-term gimmicks. They know that this plan must accomplish two goals:

- It must enable Pennsylvania to have a strong and globally competitive economy that delivers an expanding economic pie.
- It must ensure that the benefits of an expanding economic pie are more broadly distributed, leading to a better quality of life for all Pennsylvanians.

Pennsylvania is already ahead of the curve. In areas such as health care, pension benefits, and poverty rates, Pennsylvania's starting point, despite erosion, is better than the nation's.

And in critical policy areas for the future—renewable energy, workforce skill development, early childhood education, manufacturing policy, and economic development—Pennsylvania is also a leader. Now is the time to build on this progress to create an economy which benefits all Pennsylvanians and makes them confident for the future and for their children.

This agenda would accomplish these goals through initiatives in five areas:

1. **Ensure that Pennsylvania makes the transition to the global economy through investment in education and skills development and in good jobs**
2. **Support the long-term security of the middle class and strengthen our economy through comprehensive health care reform and retirement security for all**
3. **Bring more Pennsylvanians into the middle class by indexing the minimum wage to inflation, by improving jobs and career advancement in low-wage industries, and by providing a refundable income tax credit for low-wage workers**
4. **Reform Pennsylvania's taxes for the 21st century by lowering taxes on the middle class and raising revenues to invest in the future from those who can most afford to pay**
5. **Develop a "Business Plan for Pennsylvania's Future"—and plans for rural Pennsylvania and for each metropolitan area—so that Pennsylvania has a long-term road map for achieving growth and opportunity**

1. Ensure That Pennsylvania Makes the Transition to the Global Economy

A. Become a National Model in Education and Skills Development for the 21st Century

The old economy consisted of education, often ending with or before high school graduation, followed by work. Work often took place within one company, which offered job security and sometimes advancement. Today's skill-based economy demands lifelong learning, tighter integration of work and learning beginning in K–12, and more support for workers to make career transitions. The importance of learning in the earliest years, and the increase in families with all adults working outside the home, also mean that education must begin before kindergarten. To become a national model, Pennsylvania should build on its nationally recognized, industry-driven workforce approach in the following ways:

- i. Make postsecondary education accessible and affordable to every young and working adult, at the community college and four-year levels
- ii. Institutionalize Pennsylvania's industry-driven workforce strategy, creating the skills businesses need and the opportunities individuals need
- iii. Increase private investment in industry-driven training and education that helps Pennsylvania business become more competitive
- iv. Invest in internships, cooperative programs, and other school-and-work programs that help all children see the value of learning and expand their career awareness, while also delivering to business a higher quality workforce
- v. Implement a teacher effectiveness initiative that gives teachers the mentoring and peer support that they want, to be better able to help children learn
- vi. Improve the quality of rural and urban education by bringing every school district up to a funding level adequate for a quality education
- vii. Expand high-quality pre-kindergarten so that all families can afford high-quality preschool for their children

B. Invest in Good Jobs Through Economic Development for the 21st Century

In a global "network-based" economy, state government must do more than give handouts to individual companies. It must help each Pennsylvania region build on its unique industrial strengths (such as the biomedical industry in the Southeast and powdered metals industry in North Central Pennsylvania) and other assets (e.g., cultural, educational, workforce, and natural resource assets). State government must support environmental and renewable energy industries, destined to become the center of a new wave of industrial innovation. Special attention must focus on restoring the economic and cultural vitality of urban cores, without which no region can fully prosper. To invest in good jobs, Pennsylvania should:

- i. Stabilize and expand Pennsylvania's manufacturing base through a statewide Manufacturing Future Strategy that builds on each region's manufacturing strength. This must be coupled with Pennsylvania leadership in Washington, DC, to restore balance to trade and to make labor rights and environmental standards essential principles for continuing integration into the global economy
- ii. Strengthen industry collaborations on technology, marketing, and innovation to enable businesses in regional clusters of firms to feed off each other's knowledge and vitality
- iii. Invest in renewable energy, energy conservation, clean manufacturing, green building, and

efficient transportation, and in the suppliers to these industries, to make Pennsylvania a leader in confronting climate change and in the innovation and job creation that this will spur.

- iv. Make better use of economic development funds through performance standards, wage and benefit benchmarks, improved reporting and transparency, and repayment of subsidies for underperformance (clawback provisions)
- v. Reduce sprawl and better use economic infrastructure by targeting subsidies to existing communities accessible to public transit, investing in mass transit, and investing in coordinated regional economic and workforce development strategies, such as Northeast PA's Wall Street West initiative (which aims to make the region a center of backup data storage and processing for financial firms)

2. Support the Long-Term Security of the Middle Class

In the old economy, families gained health and retirement security through the job of the primary earner in the family. Today, this job-based system is in tatters, with many workers having little or no health and retirement security and with the high cost of health care and pensions hurting some private-sector employers that still offer good jobs. To remedy this, Pennsylvania should:

A. Enact Comprehensive Health Care Reform

- i. Implement health care reform that would reduce costs to employers and employees, lower administrative costs, and maintain high quality health insurance benefits for working families
- ii. Build on the Cover All Kids Program to provide universal health care coverage for all adults regardless of work status, preexisting conditions, or ability to pay

B. Bolster Retirement Security for All

- i. Where state government has authority, support traditional guaranteed pensions that help employers retain experienced workers and that are one of the few remaining sources of retirement security for workers without a college education
- ii. Make it easy, through establishment of Pennsylvania Voluntary Accounts, for small businesses to offer workers a savings plan plus a low-cost way to convert savings into a guaranteed monthly payment when workers retire

3. Bring More Pennsylvanians Into the Middle Class

Many Pennsylvania families have been cut off from opportunity by stagnant and declining wages, the erosion of job ladders within individual companies, regressive tax policies, and loss of income and a job when sickness or family responsibilities require missing work. For others, poor schools, lack of job opportunities in inner cities, and the decline in good jobs for those with only a high school diploma have made the American dream unattainable. To bring more Pennsylvanians into the middle class, Pennsylvania should:

- i. Make work pay enough to support a family
 - a. by indexing the minimum wage to inflation, ensuring that wages grow sufficiently to keep pace with rising costs

- b. by enacting living- and quality-wage laws to ensure that all jobs created with public funds, including in direct care fields, pay enough to support a family
- c. by developing job quality improvement strategies in low-wage industries that receive substantial state assistance (e.g., tourism, agriculture, hospitality/gambling)
- ii. Join 19 other states by establishing a refundable tax credit for low-income families
- iii. Help families balance work and family responsibilities by ensuring that all workers have access to paid sick leave to care for a sick child, relative, or themselves
- iv. Move beyond placing low-income workers into low-wage jobs by helping them take the next step into better jobs and careers that support a family

4. Reform Pennsylvania's Taxes for the 21st Century

Pennsylvania's state and local tax systems are inequitable and unable to meet the needs of its aging population or to invest in its economic future. More state funding is necessary, as is a plan to raise it from those who can most afford to pay. The Commonwealth should support comprehensive tax reform that would:

- i. Reduce taxes on the middle class
 - a. By modifying Pennsylvania's constitutional uniformity clause to permit two tax rates, with the higher of the two rates imposed on individuals and businesses with greater ability to pay
 - b. By introducing personal exemptions to eliminate taxes on the first part of income
 - c. By setting a higher tax rate on dividends and capital gains than on wage income
 - d. By allowing localities to similarly restructure their taxes and to include all forms of income, earned and unearned, in their tax base
- ii. Ensure that everyone pays a fair share of taxes
 - a. By closing tax loopholes that allow corporations to artificially shift their profits to states with lower or no income tax, so that all profitable corporations pay state income tax
 - b. By expanding the sales tax to include all tobacco and others goods and services not currently taxed, excluding necessities
 - c. By taxing businesses that do not provide health care to help fund comprehensive health care reform
 - d. By authorizing local business taxes to be imposed on all classes of businesses
- iii. Increase the state share of education funding to reduce reliance on the property tax
 - a. By shifting funding for education from local property taxes to state income taxes
 - b. By targeting additional property tax relief, to low- and middle-income families whose property taxes have grown to a high share of their income
- iv. Ensure that all localities have a tax base adequate to fund schools and other services by shifting the collection of local taxes to the regional level.

5. Develop a “Business Plan for Pennsylvania’s Future”

No modern business would operate without a business plan. Pennsylvania should not operate without a business plan, either, when it comes to the historic challenge of remaining competitive in the global economy while also achieving a better quality life for all. The lack of such a plan has opened the door to the short-term orientation of political leaders and has enabled the core issue of the broken link between a strong economy and the well-being of Pennsylvania families to be largely ignored.

To provide the missing plan, Pennsylvania should form a high-level *Commission for Pennsylvania’s Economic Future* that would develop and implement

- i. an overall vision and plan for promoting growth and opportunity throughout Pennsylvania;
- ii. a plan for growth and opportunity in rural Pennsylvania;
- iii. a process for developing plans in each metropolitan area and economic region, with special attention on expanding opportunity for low-income workers in high-poverty neighborhoods; and
- iv. recommendations strong enough to deliver a new era of middle-class prosperity.

The Following Organizations and Individuals Have Endorsed The Prescription for Prosperity

APSCUF (Association of Pennsylvania State College And University
Faculties)

Bucks County Housing Group, Wrightstown, PA.

Community Action Committee of the Lehigh Valley, Inc.

Congresos de Latinos Unidos

Greater Philadelphia Coalition Against Hunger

Jewish Employment and Vocation Services (JEVS) Human
Services

Keystone Research Center

Maternity Care Coalition

PHI-Paraprofessional Healthcare Institute

PathwaysPa

PennFuture (Citizens for Pennsylvania’s Future)

The PA Alliance for Children and Families, and its members:

Family Answers (Allentown and Bethlehem)

Family Service Association of Bucks County

Family Service of Chester County

Family and Community Service of Delaware County

Family Service of Lackawanna County

Family Service of Lancaster County

Family Services of Montgomery County

Family Service of Western Pennsylvania

Family Service Association of the Wyoming Valley

Family Service Partners (Harrisburg and York)

Milton S. Hershey School

Philadelphia Health Management Corporation

Pennsylvania AFL-CIO

Pennsylvania Budget and Policy Center

Pennsylvania Council of Churches

Pennsylvania Hunger Action Center

PSEA (Pennsylvania State Education Association)

Philadelphia Citizens for Children and Youth

SEIU (Service Employees International Union)-PA State Council

Sierra Club Pennsylvania Chapter

United Steelworkers

Women’s Way

The organizational affiliation of individuals is given for
identification purposes only

Jill Bartoli, Elizabethtown College; **John O’Brien**, President,

Milton S. Hershey School; **Richard Cohen**, President and CEO,

Philadelphia Health Management Corporation; **Eileen Connelly**,

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Mark Davis, JEVS Human Services; **Kathleen Daugherty**,

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of Conservation and Natural Resources; **Alan Edelstein**, Executive

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Julie A. Friedman, MSW, MS, LSW; **Donald Goughler**, Chief

Executive Officer, Family Service of Western Pennsylvania; **Dennis**

Gourley, Executive Director, Family Service Association of the

Wyoming Valley; **Robin Greene**, Colonial Health Care; **Henry Hain**;

Carlton Harris; **Stephen Herzenberg**, Keystone Research Center;

Burroughs Mack, Executive Director, Family Service of Chester

County; **Macon Nixon**, Interim President, Family Service of Lancaster

County; **Mark Lieberman**, Executive Director, Family Services of

Montgomery County; **Mark Price**, Keystone Research Center; **Joan**

Rogan, Executive Director, Family Service of Lackawanna County;

John Paul Rossi; **Leonard Rubin**; **Hadass Sheffer**, Graduate

Philadelphia; **Scott Spangler**, President and CEO, Family Service

continued

The Following Individuals Have Endorsed The Prescription for Prosperity

Partners (Harrisburg and York); **Jay Spector**, JEVS Human Services;
George Stern, Neighborhood Interfaith Movement; **Audrey Tucker**,
Chief Executive Officer, Family Service Association of Bucks County;
William Vogler, Executive Director, Family Answers (Allentown
and Bethlehem); **Mark Widoff**, Keystone Research Center Board
President.