2008 Innovations Awards Program
APPLICATION

CSG reserves the right to use or publish in other CSG products and services the information provided in this Innovations Awards Program Application. If your agency objects to this policy, please advise us in a separate attachment to your program’s application.

ID # (assigned by CSG): 08-E-21PA

Please provide the following information, adding space as necessary:

State: Pennsylvania

Assign Program Category (applicant): Government Operations

1. Program Name: Early Intervention Program
2. Administering Agency: Department of Community and Economic Development (DCED)
3. Contact Person (Name and Title) Fred A. Reddig, Executive Director
4. Address: Commonwealth Keystone Building, 400 North Street, Harrisburg, PA 17120
5. Telephone Number: 888-223-6837
6. FAX Number: 717-720-1402
7. E-mail Address: freddig@state.pa.us
8. Web site Address: www.newpa.com
9. Please provide a two-sentence description of the program.
   The Early Intervention Program (EIP) provides financial assistance to Pennsylvania Local Governments to develop and implement five year financial plans. These plans include short-term and long-term financial and managerial objectives that strengthen the fiscal capacity of Pennsylvania’s county and municipal governments along with the integration of long term community and economic development strategies that strengthen the local government’s tax base.

10. How long has this program been operational (month and year)? Note: the program must be between 9 months and 5 years old on March 1, 2008 to be considered.
    The Early Intervention Program was initiated in Fiscal Year 04-05.

11. Why was the program created? What problem[s] or issue[s] was it designed to address?
    The Early Intervention Program was established to assist Pennsylvania local governments in addressing financial management and fiscal difficulties in a timely and planned manner in order to avert a fiscal crisis that would have an adverse impact on health, safety and welfare of their residents.

12. Describe the specific activities and operations of the program in chronological order.
    The program is housed within DCED’s Governor’s Center for Local Government Services (GCLGS) whose mission is to work with local governments to build their capacity to effectively meet the service needs of their residents. The Center initially developed a budget request as part of the FY 04-05 budget process. The Office of Budget and Governor’s Office approved this request and the program was incorporated into the Governor’s proposed FY 04-05 budget and subsequently enacted by the State Legislature. Following budget enactment specific program guidelines were developed
and published and applications accepted. Since that time applications have been accepted and funded in each subsequent year. GCLGS Staff work with prospective applicants in an initial assessment of fiscal condition, the development of an application, the preparation of an RFP for consultant services, the review of proposals, the monitoring of the plan development process and ultimately the implementation of recommendations. Staff also assists in identifying additional resources that might be necessary to implement plan recommendations including the coordination of resources both within DCED and within other state agencies as appropriate. There is also a strong integration of this program with DCED’s Community Action Program (CAT).

13. Why is the program a new and creative approach or method?

The Early Intervention Program (EIP) was designed to be a pre-emptive step for counties and municipalities who felt as if their financial situation, while not yet formally declared distressed, were realizing difficulties and sought to “right their ship” with a three to five year financial plan and a management review offered under the EIP program. Prior to the development of this initiative, no such state grant supported program was available to support this type of effort. The only other recourse was for municipalities to go it alone with their own resources (if they existed) or if the situation worsened, seek state assistance through an official designation as an Act 47 (fiscally distressed) community. The program was designed to intervene prior to this worse case situation that requires the commitment of significant resources. The program also directly interfaces with our Community Action Team (CAT) because of the emphasis on community and economic development initiatives that are built into the program guidelines. As examples EIP and CAT have established direct links in Allentown, Butler, Easton, Erie, New Castle, Washington and York all of which are struggling 3rd class cities in order to fully coordinate economic development activities with the long term strategies to grow and diversify the tax base of these municipalities. Although EIP can assist in stabilizing the municipality and providing a fiscal roadmap for the next 3-5 years, the implementation of ED/CD initiatives is crucial to their long-term fiscal health. A specific example of the integration of EIP with the CAT process is in the City of Butler where a number of economic development projects were undertaken. These included the Pullman Park Industrial development TIF and Business in Our Sites projects; Pullman Park ball field rehabilitation; Main Street and Elm Street programs; and West End mixed residential market based housing development. The EIP process served as a catalyst for these ED/CD projects that have a positive long-term impact on the City.

14. What were the program’s start-up costs? (Provide details about specific purchases for this program, staffing needs and other financial expenditures, as well as existing materials, technology and staff already in place.)

An initial budget allocation of $1 million was provided in FY 04-05. Subsequent allocations of $750,000 have been provided in FY 05-06, FY 06-07 and FY 07-08. Staff resources within the GCLGS were allocated from existing complement. No other significant start-up costs were incurred.

15. What are the program’s annual operational costs?

The Grant Allocation is $750,000. In addition, staff resources of the equivalent of 3 individuals are devoted to administering the program.
16. How is the program funded?
   It is funded as a line item in the Governor’s Annual Budget document to the Department.

17. Did this program require the passage of legislation, executive order or regulations? If YES, please indicate the citation number.
   No, the program was implemented through Executive action and the development of program guidelines.

18. What equipment, technology and software are used to operate and administer this program?
   No specific equipment is required. The application process occurs within the DCED Single application software program.

19. To the best of your knowledge, did this program originate in your state? If YES, please indicate the innovator’s name, present address, telephone number and e-mail address.
   Yes. The department was not aware of such a program’s existence in another state at the outset of the program.

20. Are you aware of similar programs in other states? If YES, which ones and how does this program differ?
   No

21. Has the program been fully implemented? If NO, what actions remain to be taken?
   The program elements have been fully implemented. To date 8 counties and 32 municipalities have participated in the program. Work continues on the implementation of EIP plan recommendations; however, the program has been successful in averting a worsening of the financial condition in most of the participating local governments.

22. Briefly evaluate (pro and con) the program’s effectiveness in addressing the defined problem[s] or issue[s]. Provide tangible examples.
   Pros-
   - The end product is a three to five year financial plan that provides a roadmap for the local government to follow to “right its financial ship”.
   - Program assists with the building of capacity of the local government, as there are typically inadequate resources to undertake this type of a strategic planning process within the county or municipality.
   - Program is flexible to take into account the diversity among local governments and the unique financial and other situations they sometimes face.
   - Program has successfully stabilized the financial condition in all but 2 municipalities and prevented defaults on debt, pension or other obligations.
   - In the absence of the intervention thru EIP the fiscal condition of these municipalities would in many cases have deteriorated to the level that would have resulted in an Act 47 designation and a significantly higher financial commitment by the Commonwealth.
   - Program has provided time for the local government to focus on ED/CD initiatives necessary to strengthen the tax base over the long term.
   - Program has coordinated resources within DCED and with other state agencies in targeted effort to revitalize participating municipalities. The EIP is a key
component of the Administration’s Economic Stimulus program and resulted in significant targeted investments in EIP municipalities.

Cons-
- There is no requirement for the local government to implement any of the plan recommendations. Although the level of commitment is assessed prior to awarding a grant, there is no guarantee that municipality will actually implement the plan.
- The program name connotes negativity to some potential applicants. Some municipalities claim they have not applied because they feel as if they are admitting they have a major problem.

23. How has the program grown and/or changed since its inception?
There has been an increased awareness of the benefit for any local government to develop a long-term financial plan, regardless of their current financial status. There has been an increase in applications from less fiscally stressed local governments although those entities demonstrating signs of more serious financial stress are still given priority consideration.
Local governments who have participated in the EIP program and are seeking to implement recommendations identified in the financial plan are eligible to seek additional funding to defer costs of implementation. Funding has been provided for Phase II type activities under the program that will provide for implementation of key recommendation that will have a material fiscal impact on the local government. Examples of Phase II activities have been the design and implementation of new financial management IT systems and a more in-depth review of certain operations such as parking garages that have been deficit operations with the intent to stop their drain on municipal tax revenues.

24. What limitations or obstacles might other states expect to encounter if they attempt to adopt this program?
Other states municipalities would be wise to select a program name that does not connote negativity or suggest that if a municipality applies for the program that it (municipality) has financial difficulties. More municipalities would be apt to apply with a positive or at least neutral connotation regarding a municipalities’ potential financial situation.