
Office of Economic Adjustment Defense Industry Adjustment Program Grant – NEPA Region

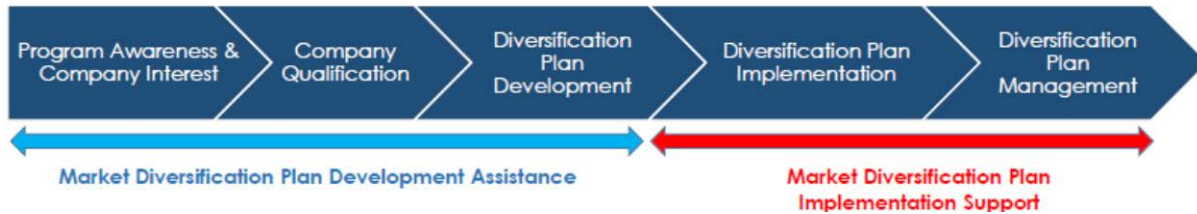
The Northeast Partnerships for Regional Economic Performance (PREP) Network, with the support of and in coordination with the Commonwealth of Pennsylvania Department of Community & Economic Development, has been awarded a \$2.9M U.S. Department of Defense (DoD) Office of Economic Adjustment (OEA) Defense Industry Adjustment Grant. Funding will be used for the implementation of a customized economic development strategy designed to address the following objectives:

- Objective 1: Assist regional businesses with market diversification planning, implementation assistance, and business/technical support services needed to respond to the cancellation of DoD contracts, publicly-announced reductions in DoD spending, and/or the downsizing within the seven (7) county Northeastern Pennsylvania region from DoD facilities located in Pennsylvania. Outcomes: new sales, retained jobs, new jobs.
- Objective 2: Provide international export and foreign direct investment support to impacted companies by preparing informational materials, conducting trade missions, identifying buyers/distributors, researching export markets and attracting foreign direct investment/joint venture opportunities. Outcomes: new sales, new customers, retained jobs, new jobs.
- Objective 3: Provide regional displaced workers with support programs, assistance, entrepreneurial education programs, and resources to become a viable employee or a new small business owner. Outcomes: creation of new businesses, reemployment of displaced workers.
- Objective 4: Conduct a comprehensive assessment of those companies currently affected by the reduction in contracts by the DoD as well as other companies across the Commonwealth that currently provide goods and services to our Nation's military and will be affected by future DoD spending reductions. In addition, analyze the job skills possessed by impacted DoD employees that have (or may) face furloughs in order to help PA with its ongoing re-shoring and foreign direct investment efforts and provide new employment opportunities. Outcome: data driven strategic plan to support PA supply chains and workforce development needs.

Project Scope of Work: Under the proposed approach, the N.E. PA Defense Transition Partnership Initiative will deliver to Pennsylvania's northeastern businesses, and displaced employees directly impacted by recent DoD spending cuts, the following new product/service offerings:

- **For Impacted Businesses - Diversification Plan Development Assistance:** The partners will take a *team* approach and use proven methodologies such as Technology Driven Market Intelligence, Technology Scouting, traditional Market Research, Exporting Assistance/Overseas Market Research, Industrial Marketing and others, to develop a robust **Market Diversification Plan** for each business negatively impacted by reductions in DoD contracts and contract opportunities.
- **For Impacted Businesses – Market Diversification Plan Implementation Support:** To further accelerate the implementation of Market Diversification Plans within DoD-dependent businesses, OEA funds will be utilized to provide **implementation cost assistance** to offset technical assistance/support service proposal costs or other business strategy implementation costs.
 - Businesses with a moderate level of DoD expenditure dependency, defined as businesses deriving between five (5.0%) and thirty percent (30.0%) of business revenue from DoD contracts or sub-contracts, would qualify for OEA supported program services up to a maximum of \$15,000 in support of Market Diversification Plan implementations.
 - Businesses with a high level of DoD expenditure dependency, defined as businesses deriving greater than thirty percent (30.0%) of business revenue from DoD contracts or sub-contracts, would qualify for OEA supported program services with a maximum of \$25,000. A twenty-five percent (25.0%) match will be provided by the business toward their Market Diversification Plan implementation activities.

Overall Flow – Market Diversification Plan Development Assistance & Implementation Support



- **For Impacted Businesses - Support Programs:** The Support Programs include, but are not limited to the following:
 - Financial Resiliency & Restructuring in the Face of Diminishing DoD Contracts;
 - Cultivating Entrepreneurship;
 - New Market Opportunities;
 - Finding the Right Foreign Business Partner; and,
 - Displaced Worker Assistance/Peer Discussions/Best Practices.
- Under the **Support Programs Global** component, the partners will work with the PA DCED, Office of International Business Development (OIBD), to provide more targeted in-country market support, and four trade missions. These services will provide businesses with the ability to: locate new customers, receive customized market research; and, understand the intricacies of exporting their goods.
- **Overall Region Focus - Business Attraction Activities:** Conduct an analysis and marketing campaign to attract potential non-DoD buyers target clients with the addition of OEA resources to the OIBD investment activities. The activities will support the targeted attraction of foreign business partners, who will invest in the affected businesses, or will be dependent on affected business products or services, and/or set-up a business locally.
- **For impacted businesses and displaced workers – workforce preparation activities:** Funds will be geared toward the support platform supplementing the current Small Business Development Centers (SBDCs) portfolio of products and services offered to entrepreneurs. The SBDCs will identify the educational needs of businesses directly affected by the DoD cuts. The Workforce Investment Boards (WIBs) will be unfunded partners that will provide training and services to the unemployed workforce; where eligible, non-federal match may be collected by WIBs and used to support this program.
- **For Planning and Analysis – Communities and Businesses:** DCED will conduct an RFP process for a comprehensive assessment of those companies currently affected by the reduction in contracts by the DoD as well as other companies across the Commonwealth that currently provide goods and services to our Nation’s military and will be affected by future DoD spending reductions.

About the Office of Economic Adjustment



www.oea.gov

OEA is the DoD’s field organization responsible for supporting state and local governments to respond to major defense program changes. OEA assists states and communities to:

- Use technical and financial assistance to plan and develop local adjustment strategies
- Engage the private sector in order to plan and undertake community economic development and base redevelopment
- Work with military departments in support of the DoD mission

Grant Details

Grant award to PA DCED: \$2,999,172

Total Program Value: \$3,334,374 - Including matching funds/services of \$335,202

Value to NEPA Region: **\$2,626,172**