

MAKING SMARTER STATE INVESTMENTS: A Metro Analysis of the Geographic Distribution of Business Subsidies Harrisburg, Pennsylvania



This Metro Analysis is being released in conjunction with a statewide report by Keystone Research Center (KRC), examining the extent to which state economic development funds are directed towards older urbanized areas and to outlying areas. Our hope is that this new localized information will offer new insights to the role of business subsidies locally and suggest opportunities for change in how they promote economic development. The report looks at three state-funded programs administered by the Department of Community and Economic Development: the Infrastructure Development Program (IDP), the Opportunity Grant Program (OGP), and the Pennsylvania Industrial Development Authority (PIDA) program. Covering grants and loans made between May 2003 and November 2008, the report defines cities, boroughs, and first-class townships as older urbanized areas and defines second-class townships as outer areas. Nine metropolitan areas are ranked based on their distribution of funds between older urbanized and outer areas. Those that distribute a greater share of funds to older urbanized areas receive a higher ranking in this analysis. The report and an interactive map, which identifies the location of each subsidy project, may be found at keystoneresearchmap.org.

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Region at a glance

Location	Population 2008 ⁱ	Population Change 2000–08
Older urbanized areas	334,433	1.0%
Outlying areas	325,609	8.8%
H-L-C Metro	660,042	4.7%

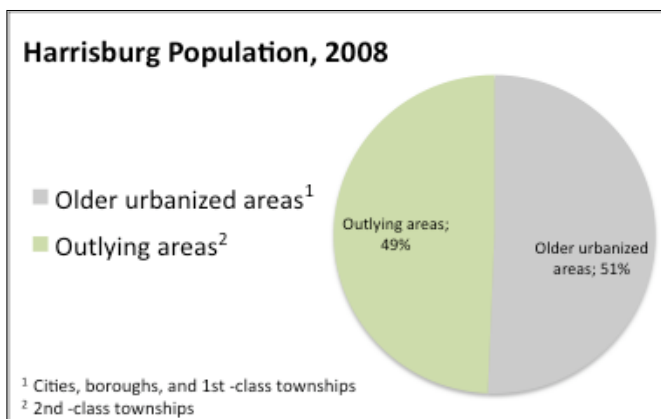
Location	Poverty 2007
Cities of Harrisburg and Lebanon*	25.5% ⁱⁱ
Rest of Harrisburg Metro	6.7% ⁱⁱⁱ

*Note. Poverty data exist for these two cities but not for all older urbanized areas.

Harrisburg region's outlying areas are growing.

Since 2000, the Harrisburg-Lebanon-Carlisle metro region, defined as Cumberland, Dauphin, Lebanon and Perry counties and referred to here as the Harrisburg region, has experienced slow population growth (4.7%). This growth, however, is concentrated in outlying areas. Since 2000, outlying areas of the region have gained 26,000 residents, a moderately high growth of 8.8%, while the population of the older urbanized areas remains constant. Poverty is also nearly four times higher in the cities of Harrisburg and Lebanon than in the rest of the metro region.

Half of Harrisburg region residents live in older urbanized areas



Over half of the population of the Harrisburg region still lives in older urbanized areas.

These older urbanized areas include cities, boroughs, and 1st-class townships in the metro region. If business subsidies are targeted to older urbanized areas, they can help maintain the vitality and the health of the region as a whole. About 49% of residents live in outlying areas, which include 2nd-class townships in the metro region.

Dollar for dollar, Harrisburg directs more subsidies to older urbanized areas

On a per person basis, for every \$1 received by outlying areas from 2003 to 2008 . . .



older urbanized areas received \$1.13.



In the 2010 statewide report, *Making Smarter State Investments: The Geographic Distribution of Business Subsidies in Pennsylvania*, KRC found that from May 2003 to November 2008, PIDA, OGP, and IDP contributed \$22.7 million to the Harrisburg region. On a per person basis, for every \$1 that outlying areas received, older urbanized areas received \$1.13. The graphic to the left illustrates the distribution of business subsidies toward older urbanized areas in the Harrisburg region.

Harrisburg region receives less subsidies than do most PA regions

The Harrisburg region received about three quarters of the state average in business subsidies in older urbanized areas and two thirds of the state average in outlying areas from 2003 to 2008. These subsidies come in the form of grants (OGP, IDP) and loans (PIDA). Both older urbanized areas and outlying areas of Harrisburg received less per person than the state average in grants and loans, with older urbanized areas receiving more grants and slightly fewer loans than outlying areas.

*Business subsidies received per capita as a percentage of the Pennsylvania average:
Harrisburg region*

	Total	Grant	Loan
State average	100%	100%	100%
Older urbanized areas	72%	79%	66%
Outlying areas	64%	58%	69%

Harrisburg targets more subsidies to older urbanized areas than most metros

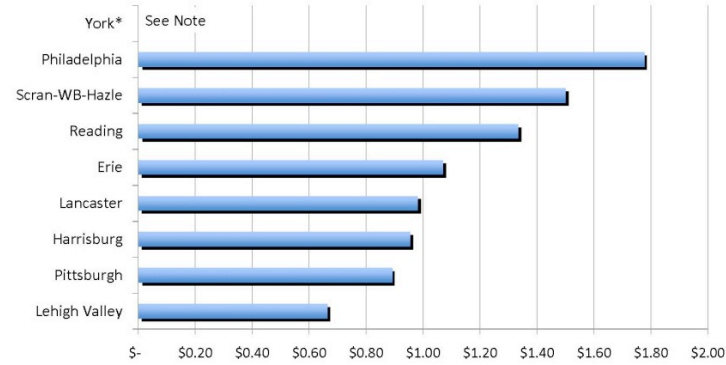
Business Subsidy Targeting to Older Communities	
Erie	#1
Reading	#2
Harrisburg-Lebanon-Carlisle	#3
Philadelphia	#4
Scranton-Wilkes-Barre-Hazleton	#5
Pittsburgh (tie)	#6
Lancaster (tie)	#6
York	#8
Lehigh Valley	#9

Suburban sprawl consumes scarce land while endangering older communities by reducing jobs and population, weakening tax bases, and concentrating poverty. Targeting subsidies to older communities can combat sprawl by promoting well-planned, concentrated development using existing infrastructure. In a comparative ranking of business subsidy targeting in nine Pennsylvania metro regions, Harrisburg ranked third. This ranking takes into account both the business subsidies that go to older urbanized areas versus outlying areas and the grant dollars received by outlying areas.^{iv} The rankings for the components of our comparative analysis follow on the next page.

Harrisburg invests moderately in older urbanized areas

Harrisburg Ranks Seventh in Loan Assistance to Older Urbanized Areas

On a per person basis, loan assistance to older urbanized areas per dollar distributed to outlying areas, 2003 - 2008



Note: York distributed \$6.80 in loan assistance per person to older urbanized areas and zero to outlying areas.

Harrisburg region ranks seventh: Distribution of *loan assistance* to older urbanized areas versus outlying areas

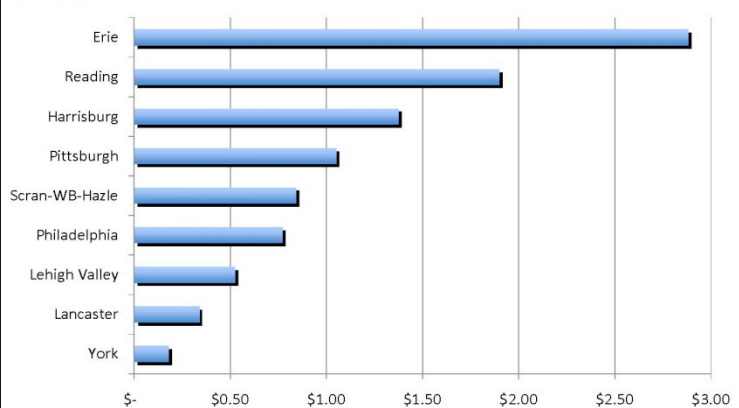
The Harrisburg region targets less loan assistance to older urbanized areas than six other metro areas. On a per person basis, **older urbanized areas received 95 cents for every loan dollar received by outlying areas.** Similarly sized metro regions such as the Lehigh Valley and Scranton, distributed 66 cents and \$1.50 per person, respectively, to their older urbanized areas.

Harrisburg region ranks highly: Distribution of *grant assistance* to older urbanized areas versus outlying areas

Grant assistance (as opposed to loan assistance) is the most valuable form of business subsidy because it does not have to be repaid. On a per person basis, **the Harrisburg region distributed \$1.37 to its older urbanized areas for every dollar it distributed to its outlying areas.** At \$1.37, it distributed over twice the ratio of grant dollars of three lowest ranking metros.

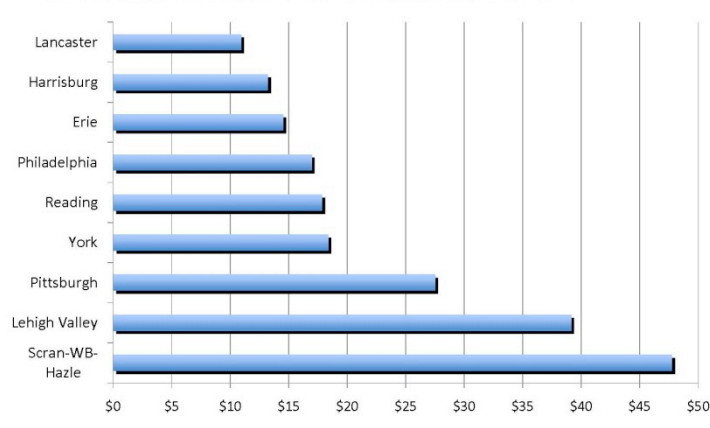
Harrisburg Ranks Third in Grant Assistance to Older Urbanized Areas

On a per person basis, grant assistance to older urbanized areas per dollar distributed to outlying areas, 2003 - 2008



Harrisburg Distributes Modest Amount to Outlying Areas

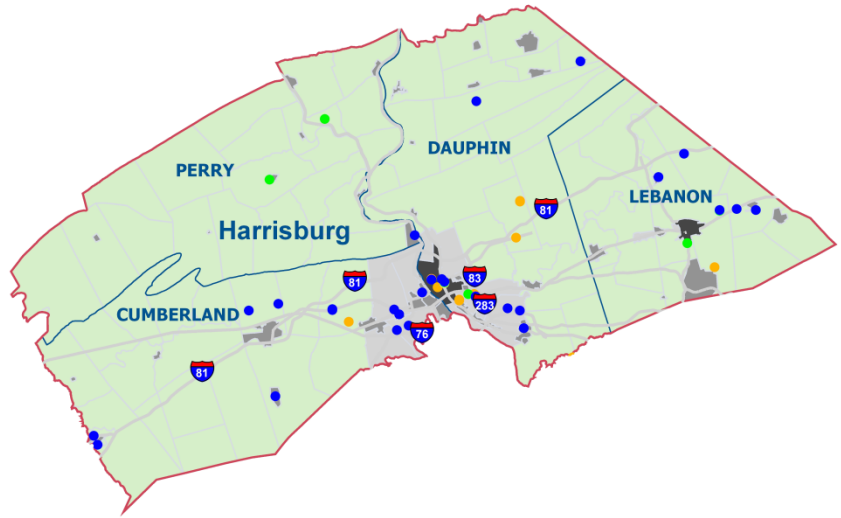
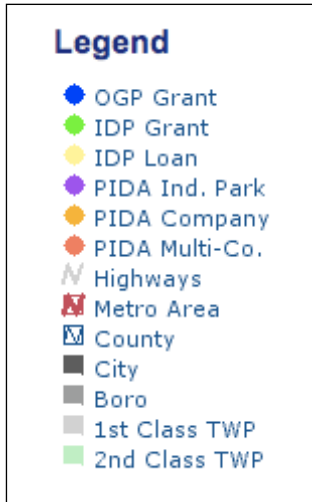
Grant assistance on a per person basis to outlying areas, 2003 - 2008



Harrisburg region distributes a small amount of grant dollars to outlying areas

In comparison to nine other metro regions, the Harrisburg region does not distribute significant amounts of grant assistance per person to outlying areas. **At \$13 a person, it distributes less than half of what Pittsburgh distributes** and is second only to Lancaster in terms of ranking.

Harrisburg, Pennsylvania



The figure at the right represents the entire Harrisburg-Lebanon-Carlisle metro region defined as Cumberland, Dauphin, Lebanon and Perry counties. As the map indicates, business subsidies in the region are targeted to older urbanized areas, represented here in three shades of gray.

On a per person basis, older urbanized areas received \$36.45 as compared to \$32.38 in outlying areas. To view the map in more detail and to leave feedback, please visit keystoneresearchmap.org.

As part of its data analysis of business subsidies in Pennsylvania, the Keystone Research Center has made its data available at keystoneresearchmap.org where viewers can see the location of all PIDA, OGP, and IDP business subsidies in the last 10 years by county, municipality, metro region, and school district. Viewers can also pull up summary reports with the name of each company receiving subsidies and the amount of each subsidy.

The Keystone Research Center is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. Learn more online: keystoneresearch.org

ⁱ U.S. Census Data 2008 Estimate, <http://www.census.gov/popest/cities/SUB-EST2008-5.html>
ⁱⁱ Source. Poverty Status in the Past 12 Months, 2006-2008 American Community Survey 3-Year Estimates, <http://factfinder.census.gov/servlet/DatasetMainPageServlet?_lang=en&_ts=278606458090&_ds_name=ACS_2008_3YR_G00_&_progrm=>. The poverty figure shown is for the cities of Harrisburg and Lebanon only. No data exist for City of Carlisle or for the entire older urbanized areas of the Harrisburg metropolitan region.
ⁱⁱⁱ Source. Keystone Research Center estimate for poverty in the Harrisburg metropolitan region *excluding* the cities of Harrisburg and Lebanon
^{iv} Note. Methodology: The smart-growth ranking is a composite score based on three rankings: 1) ratio of loan assistance per capita to older urbanized areas versus outlying areas; 2) ratio of grant assistance per capita to older urbanized areas versus outlying areas; 3) grant assistance per capita to outlying areas. (For the third component, the area with the lowest amount of grant assistance per capita going to outlying areas received a rank of one.) Ranks based on the second measure (ratio of grant assistance per capita), were weighted double.