

# MAKING SMARTER STATE INVESTMENTS: A Metro Analysis of the Geographic Distribution of Business Subsidies Lancaster, 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](http://keystoneresearchmap.org).

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## Region at a glance

Location	Population 2008 <sup>i</sup>	Population Change 2000–08
Older urbanized areas	185,766	0.8%
Outlying areas	316,604	10.5%
Lancaster Metro	502,370	6.7%

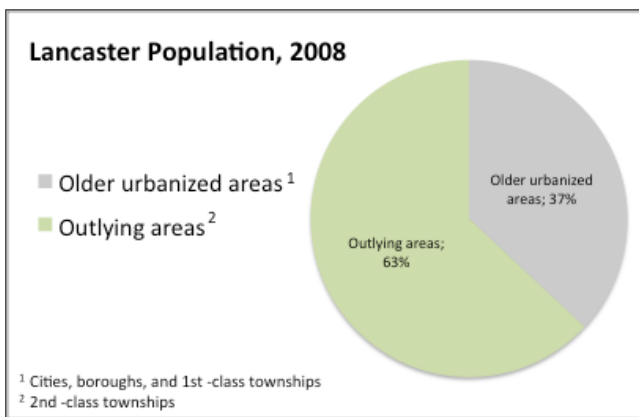
Location	Poverty 2007
City of Lancaster*	27.2 <sup>ii</sup>
Rest of Lancaster Metro	7.1 <sup>iii</sup>

\*Note. Poverty data exist for City of Lancaster but not for all older urbanized areas.

### Lancaster's outlying areas are growing.

Since 2000, the Lancaster metro, defined as Lancaster County, has undergone moderate population growth (6.7%). This growth however is concentrated in outlying areas. Since 2000, outlying areas of the region have gained 30,000 residents, a moderate growth of 10.5% while older urbanized areas have remained steady. Poverty is also nearly four times higher in the City of Lancaster than in the rest of the metro region.

## Less than half of Lancaster residents live in older urbanized areas



**Less than half of the Lancaster population lives in older urbanized areas.** These older urbanized areas include cities, boroughs, and 1<sup>st</sup>-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 63% of residents live in outlying areas, which include 2<sup>nd</sup>-class townships in the metro region.

## Dollar for dollar, outlying areas in Lancaster receive more subsidies

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



older urbanized areas received just 74 cents.



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 nearly \$13.3 million to the Lancaster metropolitan region. On a per person basis, **for every \$1 that outlying areas received, older urbanized areas received just 74 cents.** The graphic to the left illustrates the tilt of business subsidies toward outlying areas in the Lancaster region. This tilt from 2003 to 2008 reverses a pattern of subsidies focused on the City of Lancaster from 1998 to 2003. Local officials say subsidies remain focused on developed parts of second-class townships.

## Lancaster receives fewer subsidies per person than do most PA regions

Lancaster’s older urbanized areas received **43% of the state average in business subsidies while outlying areas received 58% from 2003 to 2008.** These subsidies come in the form of grants (OGP, IDP) and loans (PIDA). Older urbanized and outlying areas of Lancaster received similar amounts of *loan* dollars as opposed to grant dollars. **Older urbanized areas received just 16% of the state average in grant dollars. Outlying areas received 48% of the state average in grant dollars.**

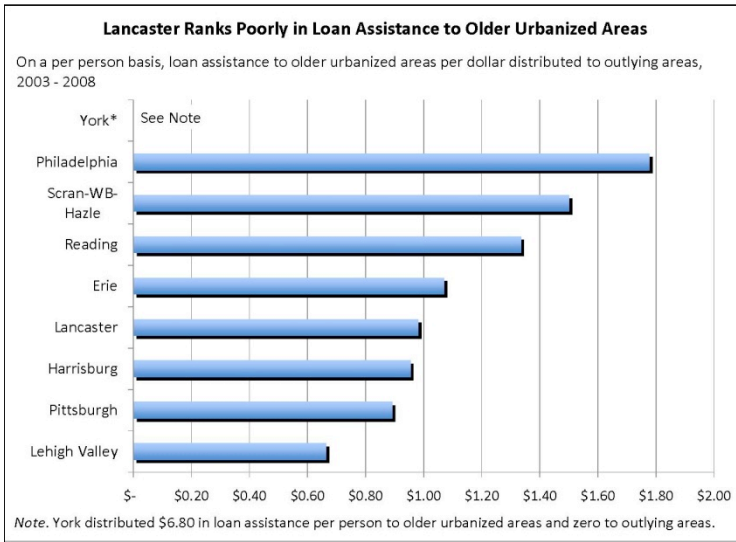
<i>Business subsidies received per capita as a percentage of the Pennsylvania average: Lancaster</i>			
	<b>Total</b>	<b>Grant</b>	<b>Loan</b>
State average	100%	100%	100%
Older urbanized areas	43%	16%	64%
Outlying areas	58%	48%	66%

## Lancaster targets fewer subsidies to older urbanized areas than most metros

<b>Business Subsidy Targeting to Older Communities</b>	
Erie	#1
Reading	#2
Harrisburg-Lebanon-Carlisle	#3
Philadelphia	#4
Scranton-Wilkes-Barre-Hazleton	#5
Pittsburgh (tie)	#6
<b>Lancaster (tie)</b>	<b>#6</b>
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, Lancaster tied for sixth. 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.<sup>iv</sup> The rankings for the components of our comparative analysis follow on the next page.

## Compared to other PA regions, Lancaster invests little in older urbanized areas

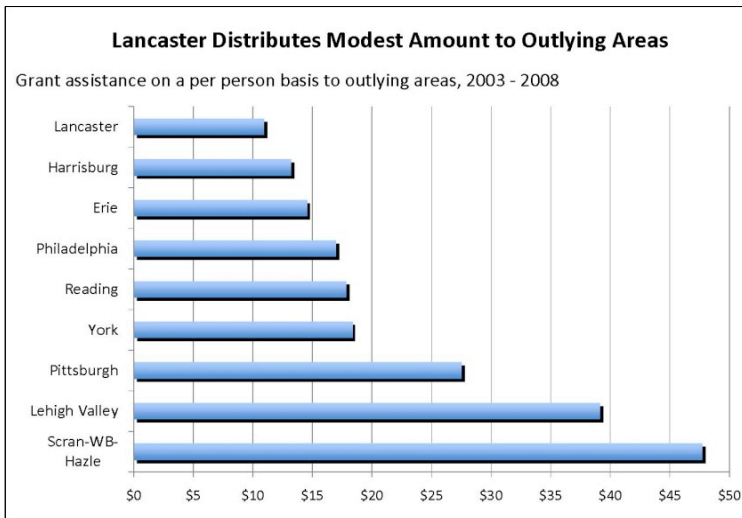
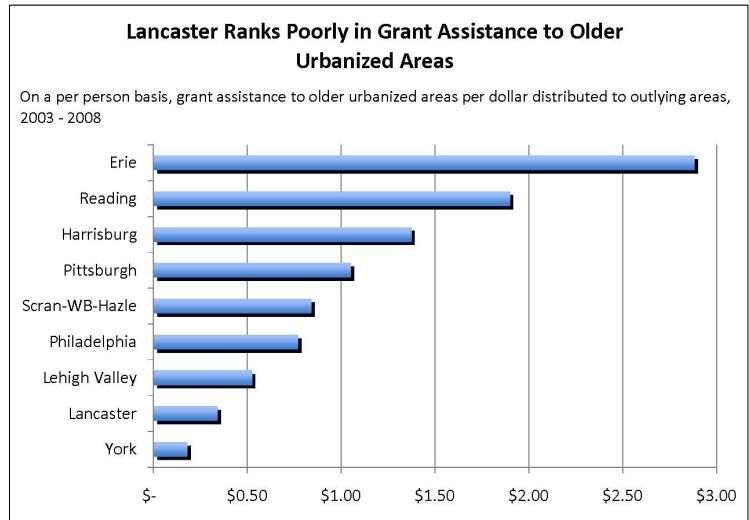


### Lancaster runs in the middle of the pack: Distribution of *loan assistance* to older urbanized areas versus outlying areas

In comparison to nine other Pennsylvania metro regions, Lancaster ranked below five other metro areas. On a per person basis, **older urbanized areas received 98 cents for every loan dollar received by outlying areas.**

### Lancaster ranks low: Receipt of *grant assistance* by older urbanized areas versus outlying areas

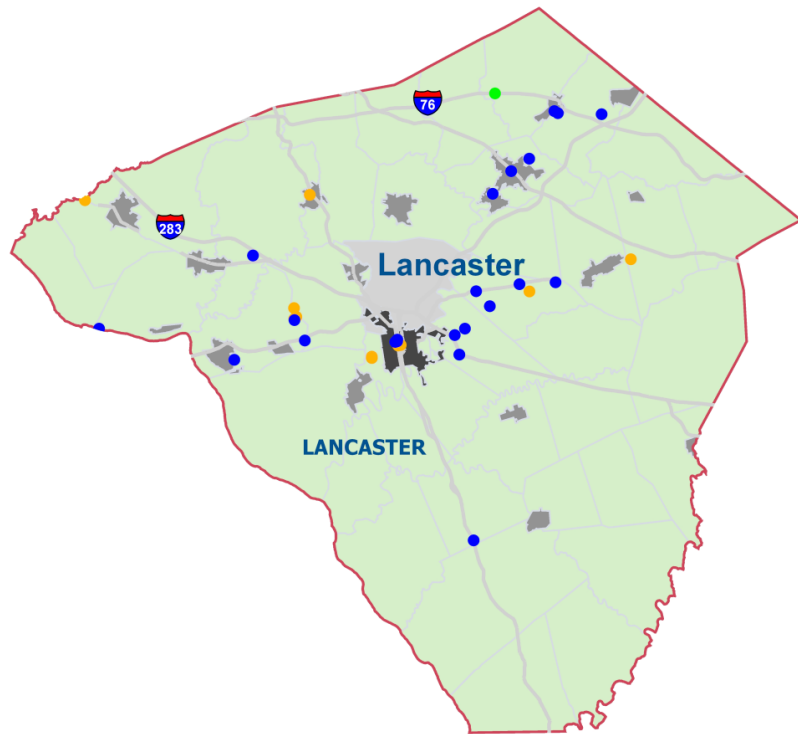
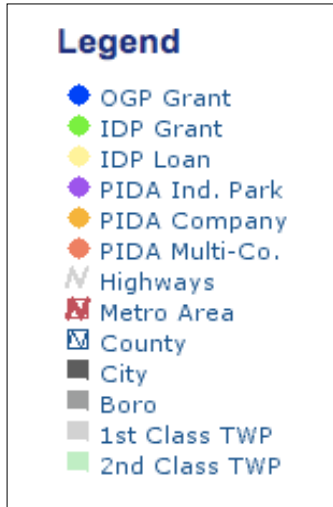
Grant assistance (as opposed to loan assistance) is the most valuable form of business subsidy, because it does not have to be repaid. On a per person basis, **Lancaster older urbanized areas received a third as many grant dollars as outlying areas.** In seven other Pennsylvania metro regions, older urbanized areas received more grant dollars than in the Lancaster region.



### Lancaster distributes smallest amount of grant dollars to outlying areas

In comparison to nine other metro regions, the Lancaster metropolitan region distributes the least amount of grant assistance per person to outlying areas. **At approximately \$11 per person, Lancaster outer areas receive half of what outer areas in Pittsburgh and Lehigh Valley receive in grant assistance and one fourth what Scranton outer areas receive.**

## Lancaster Region



The figure at the right represents the entire Lancaster metro region defined as Lancaster County. As the map indicates, business subsidies in the Lancaster metropolitan region are not targeted to older urbanized areas, represented here in three shades of gray.

**On a per person basis, older urbanized areas received \$21.65 as compared to outlying areas, which received \$29.19.** To view the map in more detail and to leave feedback, please visit [keystoneresearchmap.org](http://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](http://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](http://keystoneresearch.org)**

<sup>i</sup> U.S. Census Data 2008 Estimate, <http://www.census.gov/popest/cities/SUB-EST2008-5.html>

<sup>ii</sup> *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\\_&\\_program=>](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_lang=en&_ts=278606458090&_ds_name=ACS_2008_3YR_G00_&_program=>)>. The poverty figure shown is of City of Lancaster only. No data exist for the entire older urbanized areas of the Lancaster metropolitan region.

<sup>iii</sup> *Source.* Keystone Research Center estimate for poverty in the Lancaster metropolitan region *excluding* the City of Lancaster

<sup>iv</sup> *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.