

MAKING SMARTER STATE INVESTMENTS: A Metro Analysis of the Geographic Distribution of Business Subsidies Pittsburgh, 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.

Keystone Research Center · 412 N. 3rd Street, Harrisburg, PA 17101 · 717-255-7181 · keystoneresearch.org

Pittsburgh region (including Armstrong County) at a glanceⁱ

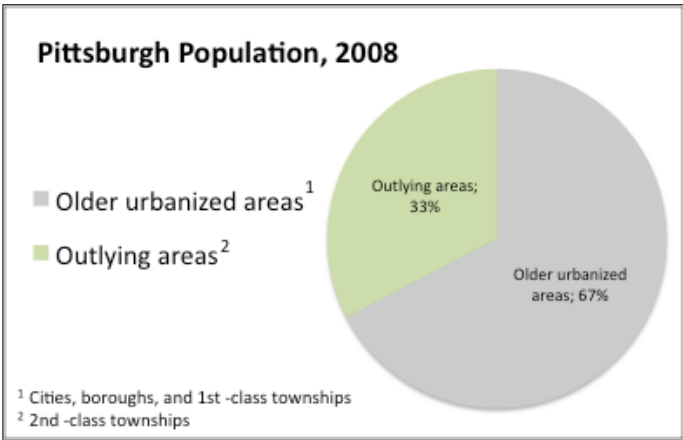
Location	Population 2008 ⁱⁱ	Population Change 2000–08
Older urbanized areas	1,582,143	-6.5%
Outlying areas	769,049	2.2%
Pittsburgh Metro	2,351,192	-4.9%

Location	Poverty 2007
City of Pittsburgh*	21.6% ⁱⁱⁱ
Rest of Pittsburgh Metro	10.2% ^{iv}

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

Pittsburgh’s older areas are shrinking. Since 2000, the Pittsburgh metro region, defined as Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland counties, has undergone moderate population loss. Since 2000, the older urbanized areas have lost 110,000 people, a 6.5% decrease, while outlying areas of the region have gained 16,000 people, a small increase of 2.2%. Poverty is also twice as high in the City of Pittsburgh than in the rest of the metro region.

Over two-thirds of Pittsburgh residents live in older urbanized areas



Over two-thirds of the Pittsburgh population 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 33% of residents live in outlying areas, which include 2nd-class townships in the metro region.

Dollar for dollar, Pittsburgh directs slightly more subsidies to older areas

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



older urbanized areas received \$1.05 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 \$111.8 million to the Pittsburgh metropolitan region. On a per person basis, for every \$1 that outlying areas received, older urbanized areas received \$1.05. The graphic to the left illustrates the distribution of business subsidies toward older urbanized areas in the Pittsburgh region.

Pittsburgh distributes more grant dollars per person than loan dollars

As a percentage of the state average, Pittsburgh distributed business subsidies comparable to the state average from 2003—2008. These subsidies come in the form of grants (OGP, IDP) and loans (PIDA). Both older urbanized areas and outlying areas of Pittsburgh received more *grant* dollars per person than the state average with a higher amount going to older urbanized areas. Both received less *loan* dollars than the state average, with a slightly higher amount going to outlying areas.

<i>Business subsidies received per capita as a percentage of the Pennsylvania average: Pittsburgh</i>			
	Total	Grant	Loan
State average	100%	100%	100%
Older urbanized areas	95%	128%	69%
Outlying areas	91%	113%	73%

Statewide, Pittsburgh runs in the middle of the pack

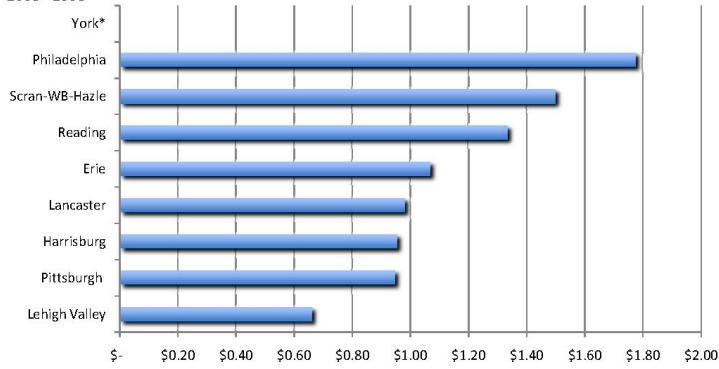
Business Subsidy Targeting to Older Communities	
Erie	#1
Reading	#2
Harrisburg-Lebanon-Carlisle	#3
Philadelphia	#4
Scranton-Wilkes-Barre-Hazleton (tie)	#5
Pittsburgh (tie)	#5
Lancaster	#7
York	#8
Lehigh Valley	#9

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, Pittsburgh ended up in a tie for fifth. 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.^v The rankings for the components of our smart-growth index follow on the next page.

Compared to other PA regions, Pittsburgh could invest more in older urbanized areas

Pittsburgh Ties for 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.

Pittsburgh ranks poorly: Distribution of loan assistance to older urbanized areas versus outlying areas

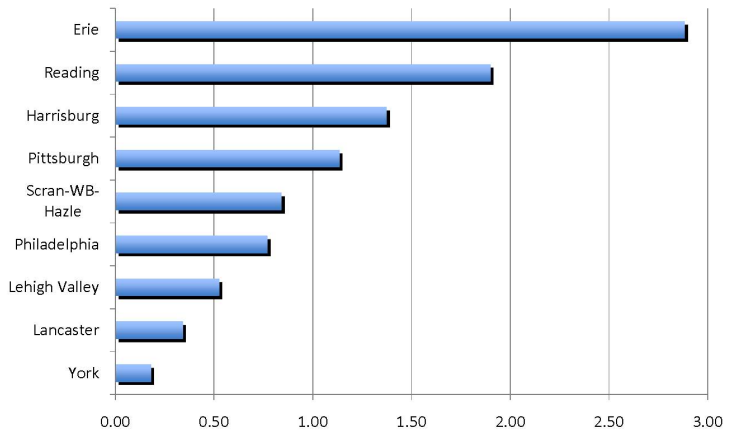
In comparison to nine other Pennsylvania metro regions, Pittsburgh tied for seventh in terms of distribution of loan assistance to its older urbanized areas versus outlying areas. On a per person basis, **older urbanized areas received just 95 cents for every loan dollar received by outlying areas.**

Pittsburgh ranks fourth: 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. Pittsburgh distributed slightly more grant dollars per person to older urbanized areas than outlying areas. On a per person basis, **for every \$1 outlying areas received, older urbanized areas received \$1.13.** Pittsburgh distributed more grants dollars to older urbanized areas versus outlying areas than five other metros.

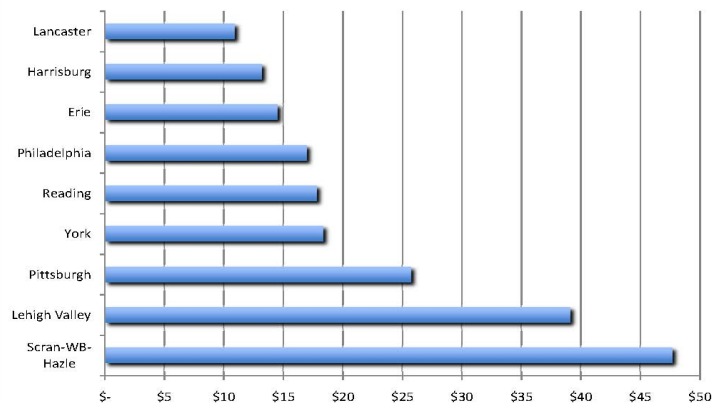
Pittsburgh Ranks Fourth in Grant Assistance to Older Urbanized Areas

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



Pittsburgh Distributes Significant Amount to Outlying Areas

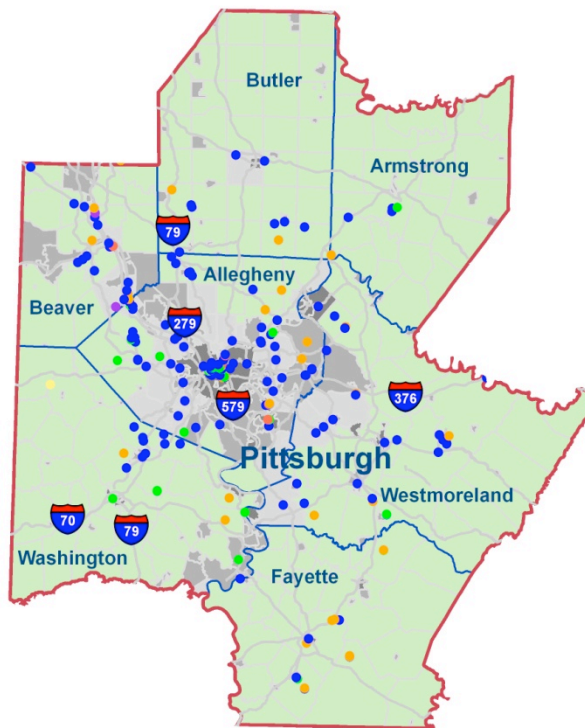
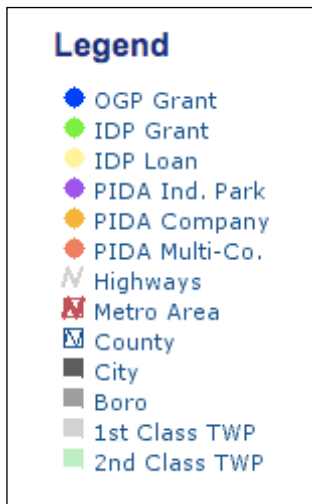
Grant assistance on a per person basis to outlying areas, 2003 - 2008



Pittsburgh distributes more grant dollars to outlying areas than six PA metros

In comparison to nine other metro regions, the Pittsburgh region ranks seventh in how much grant assistance per person it distributes to outlying areas. **At \$25.77 per person, the Pittsburgh region distributes about 2.5 times what Lancaster distributes to older areas and 1.5 times what York distributes to outlying areas.** Lancaster distributes \$10.93 per person while York distributes \$18.37 per person.

Pittsburgh, Pennsylvania



The figure at the right represents the entire Pittsburgh metro region defined as Allegheny, Armstrong, Beaver, Butler, Fayette, Washington, and Westmoreland counties. As the map indicates, business subsidies in the Pittsburgh region are somewhat targeted to older urbanized areas, represented here in three shades of gray.

On a per person basis, older urbanized areas received \$48.33 as compared to outlying areas, which received \$45.93. To view the map in more detail and to leave feedback, please visit www.keystoneresearchmap.org.

As part of its data analysis of business subsidies in Pennsylvania, the Keystone Research Center has made its data available at www.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 This definition of the metro region for our 2003-2008 analysis includes Armstrong County, unlike the definition in our 1998-2003 analysis of business subsidies. The results do not differ significantly whether or not Armstrong is included in the report.

ⁱⁱ U.S. Census Data 2000-2008 Estimate, <http://www.census.gov/popest/cities/SUB-EST2008-5.html>

ⁱⁱⁱ *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=>. The poverty figure shown is for City of Pittsburgh only. No data exist for the entire older urbanized areas of the Pittsburgh metropolitan region.

^{iv} *Source.* Keystone Research Center estimate for poverty in the Pittsburgh metropolitan region *excluding* the City of Pittsburgh

^v *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.