

## MAKING SMARTER STATE INVESTMENTS: A Metro Analysis of the Geographic Distribution of Business Subsidies Scranton—Wilkes-Barre—Hazleton, 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

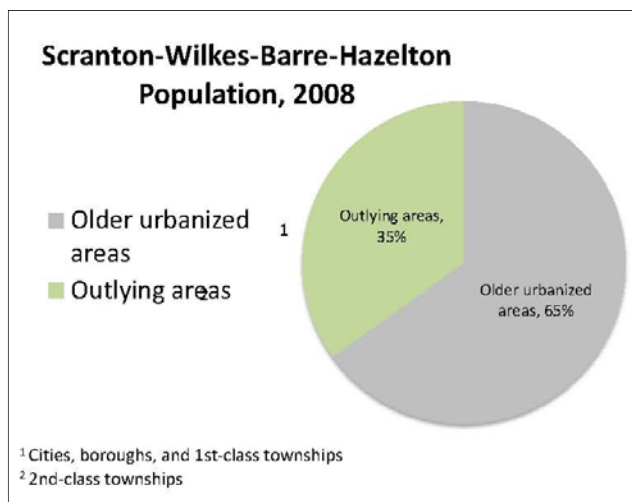
Location	Population 2008 <sup>i</sup>	Population Change 2000–08
Older urbanized areas	399,602	-4.5%
Outlying areas	214,552	3.9%
Scranton-Wilkes-Barre- Hazleton Metro	614,154	-1.7%

Location	Poverty 2007
Cities of Scranton and Wilkes-Barre*	20.8% <sup>ii</sup>
Rest of Scranton-Wilkes-Barre- Hazleton Metro	10.9% <sup>iii</sup>

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

**Scranton-Wilkes-Barre-Hazleton's older areas are shrinking.** Since 2000, the Scranton-Wilkes-Barre-Hazleton metro region, defined as Columbia, Luzerne, Wyoming and Lackawanna counties, and referred to as the Scranton metro area, has experienced some population loss. The older urbanized areas have lost close to 20,000 people, while outlying areas of the region have gained over 8,000 people. Poverty is almost double the rate in the cities of Scranton and Wilkes-Barre than in the rest of the metro region.

### Two-thirds of Scranton-Wilkes-Barre-Hazleton reside in older urbanized areas



**Two-thirds of the population of the Scranton-Wilkes-Barre-Hazleton metro region still 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 35% of residents live in outlying areas, which include 2<sup>nd</sup>-class townships in the metro region.

## Scranton-Wilkes-Barre-Hazleton directs more subsidies to older urbanized areas

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



older urbanized areas received \$1.07.



In the 2010 statewide report, *In the Public Interest? The Geographic Distribution of Business Subsidies in Pennsylvania*, KRC found that from May 2003 to November 2008, PIDA, OGP, and IDP contributed nearly \$46.4 million to the Scranton metropolitan region. On a per person basis, **for every \$1 that outlying areas received, older urbanized areas received \$1.07.** The graphic to the left illustrates the distribution of business subsidies toward older urbanized areas.

## Scranton-Wilkes-Barre-Hazleton receives slightly more subsidies per person

Scranton-Wilkes-Barre-Hazleton distributed similar percentages of the state average per person to outlying areas and older urbanized areas from 2003 to 2008. These subsidies come in the form of grants (OGP, IDP) and loans (PIDA). Both older urbanized and outlying areas of Scranton received more than the state average in business subsidies with outlying areas receiving significantly more *grant* dollars and less *loan* dollars than older urbanized areas.

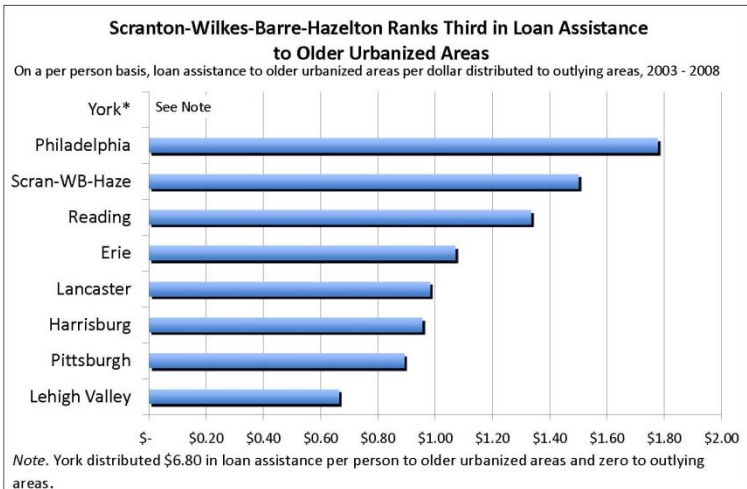
<i>Business subsidies received per capita as a percentage of the Pennsylvania average: Scranton</i>			
	<b>Total</b>	<b>Grant</b>	<b>Loan</b>
State average	100%	100%	100%
Older urbanized areas	153%	176%	134%
Outlying areas	143%	209%	89%

## Statewide, Scranton-Wilkes-Barre-Hazleton runs in the middle of the pack

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

## Scranton-Wilkes-Barre-Hazelton gives more loan dollars to older urbanized areas

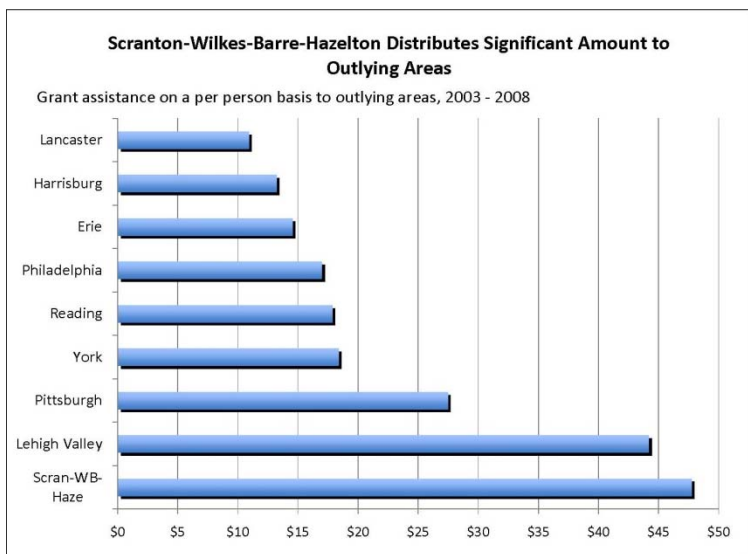
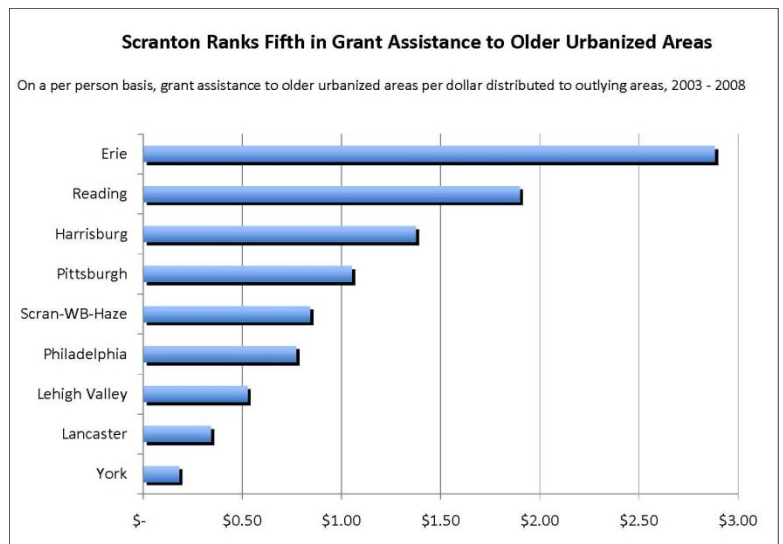


### Scranton-Wilkes-Barre-Hazelton ranks third: Distribution of *loan assistance* to older urbanized areas versus outlying areas

In comparison to nine other metros, Scranton-Wilkes-Barre-Hazelton does very well in distribution of loan assistance to older urbanized areas. On a per person basis, **older urbanized areas received \$1.50 for every loan dollar received by outlying areas**. Similarly sized metro regions such as Harrisburg distributed 95 cents per person to their older urbanized areas for each dollar distributed to outlying areas.

### Scranton-Wilkes-Barre-Hazelton ranks fifth: Distribution of *grant assistance* to older urbanized areas versus outlying areas

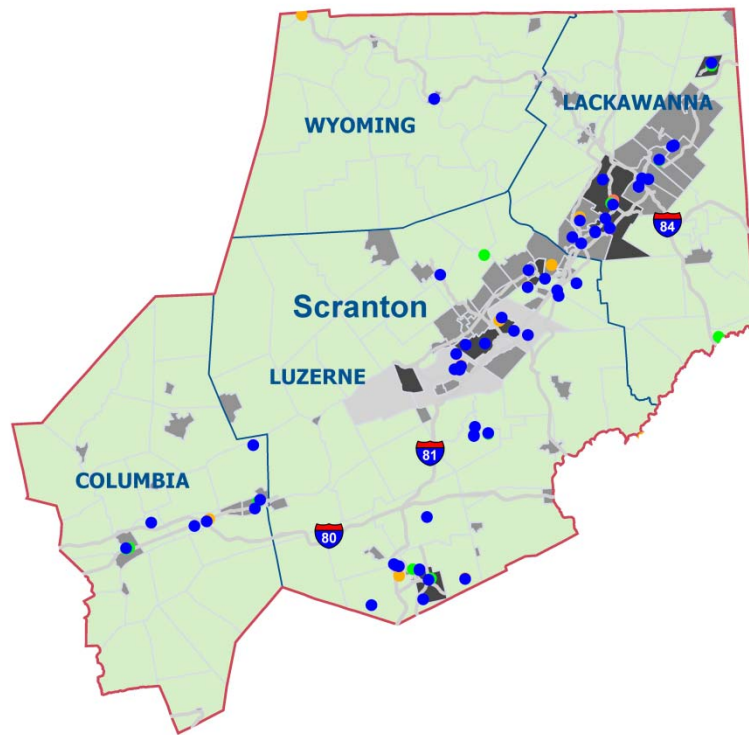
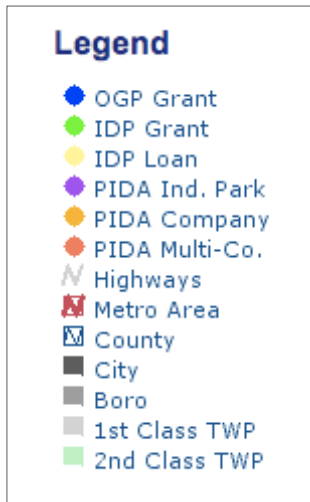
Grant assistance (as opposed to loan assistance) is the most valuable form of business subsidy because it does not have to be repaid. In comparison to other PA metros, Scranton-Wilkes-Barre-Hazelton falls in the middle. On a per person basis, **for every dollar outlying areas received, older urbanized areas received just \$0.84**.



### In Scranton-Wilkes-Barre-Hazelton, the largest amount of grant dollars per person is distributed to outlying areas

At approximately \$48 per person, Scranton-Wilkes-Barre-Hazelton outlying areas receive more than double what six other metros receive per person in their outlying areas (Lancaster, Harrisburg, Erie, Philadelphia, Reading and York).

## Scranton-Wilkes-Barre-Hazelton, Pennsylvania



The figure at the right represents the entire Scranton metro region defined as Columbia, Luzerne, Wyoming and Lackawanna counties. As the map demonstrates, business subsidies in the region are somewhat targeted to older urbanized areas, represented here in three shades of gray.

**On a per person basis, older urbanized areas received \$77.26 as compared to outlying areas, which received \$72.45.** To view the map in more detail and to leave feedback, please visit [www.keystoneresearchmap.org](http://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](http://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: [www.keystoneresearch.org](http://www.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\\_&\\_prog=>](http://factfinder.census.gov/servlet/DatasetMainPageServlet?_lang=en&_ts=278606458090&_ds_name=ACS_2008_3YR_G00_&_prog=>)>. The poverty figure shown is for the cities of Scranton and Wilkes-Barre only. No data exist for the entire older urbanized areas of the Scranton metropolitan region.

<sup>iii</sup> *Source.* Keystone Research Center estimate for poverty in the Scranton metropolitan region *excluding* the cities of Scranton and Wilkes-Barre.

<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.