

# Commonwealth of Pennsylvania

## Appalachian Development Plan

2011-2014

Tom Corbett, Governor

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## **II. Executive Summary**

Pennsylvania has one of the largest rural populations in the nation. However, Appalachia Pennsylvania is still vulnerable. As the Commonwealth works to meet the demands of this century, our Appalachian communities and residents must position themselves to be full partners in the changing world economy. Rural communities and residents must embrace the idea that self-determination is possible, capacity building mandatory and choices desirable.

A vibrant rural community is a place of opportunity. It works cooperatively with its neighbors to address the many issues that span political boundaries, to enhance the quality of life.

A vital rural community offers its young and mature workers alike the education needed to meet the challenges of changing economies, and works to help provide its citizens with economic opportunities that offer incomes adequate to support their families. A healthy rural economy should sustain rather than strain the natural environment.

Above all else, a strong rural community is made up of individuals and businesses who are committed to their community and who are active and willing participants in community efforts to undertake positive change.

Pennsylvania's plan for our 52 Appalachian counties has been created to target resources and assistance to the communities and citizens empowered to make a difference where they live, work and play. This state plan, as mandated by the ARC Code, has been developed to compliment Governor Corbett's plan to revitalize Pennsylvania's economy through innovation, improved job creation and an educated workforce.

Despite the success of the partnership established by Pennsylvania and Appalachian Regional Commission – there is still much work to accomplish. A sagging economy has offset many of the gains realized in our Appalachian communities. Our small businesses which create the majority of our jobs in Pennsylvania still require technical assistance and access to capital in order weather these economic storms. Citizens and employers need improved infrastructure, including access to Internet broadband. And our local leaders need the tools to help us continue the revitalization of this great Commonwealth.

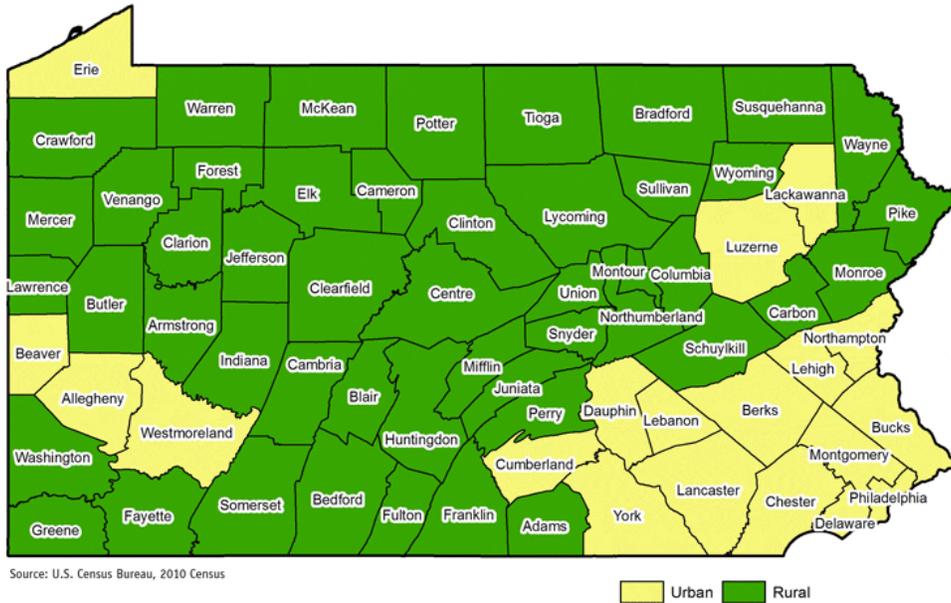
With this plan, Pennsylvania reaffirms its commitment to a successful partnership that will raise the level of community and economic revitalization across our Appalachian region.

### III. Assessment of Appalachia Pennsylvania

Fifty-two of our sixty-seven counties are located within the Appalachian Region. It is a region dominated in many respects by one large central city of national prominence, Pittsburgh, but also contains much smaller communities and rural areas in varying degrees of distress. While Pittsburgh and to a lesser extent, cities such as Erie, Johnstown, Altoona, and Wilkes-Barre/Scranton continue to adjust to significant declines in what were once major industries—(e.g. coal and iron and steel production), many of the smaller communities are still struggling to identify and develop an economic structure that will hopefully provide the vibrancy needed to provide good jobs, physical infrastructure, and social structure in order to sustain growth and entrepreneurial development.

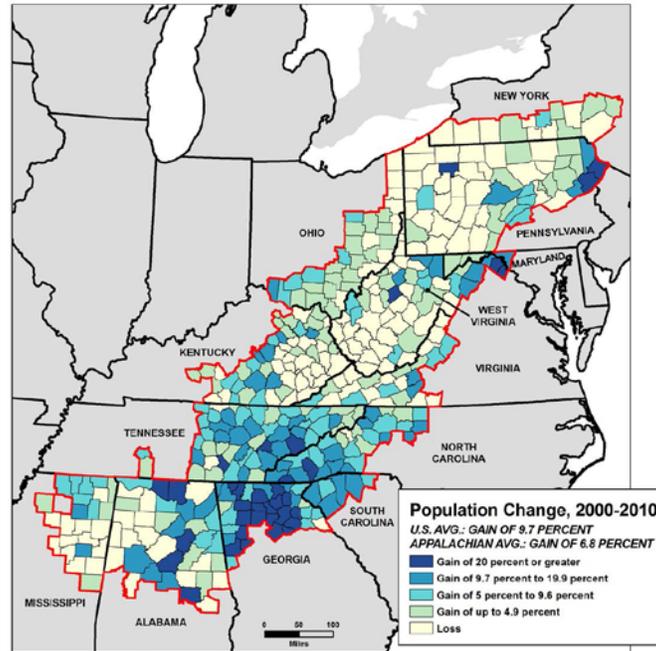
In Pennsylvania, rural counties nearly mirror the counties designated as part of Appalachia. A key partner in our work to improve the conditions throughout Appalachia is the Center for Rural Pennsylvania. In 2003, the Center for Rural Pennsylvania adopted a definition of rural and urban based on population density. Population density is calculated by dividing the total population of a specific area by the total number of square land miles of that area. According to the 2010 Census, the population of Pennsylvania is 12,702,379 and the number of square miles of land in Pennsylvania is 44,743. Therefore, the population density is 284 persons per square mile. According to the Center’s definition, Pennsylvania has 48 rural counties and 19 urban counties. In 2010, nearly 3.5 million residents, or 27 percent of the state’s 12.7 million residents, lived in a rural county.

#### Rural Pennsylvania Counties



## Demographics

- U.S. Census Bureau data show that during the 2000s, Pennsylvania's Appalachian areas lost more than 27,000 residents (-.5%). Only one other Appalachian state, New York, experienced a loss of population within its ARC region. In comparison, Appalachian Georgia grew by more than 725,000 residents – an increase of nearly 33%. Twenty nine Appalachian PA counties lost population during the 2000s.
- Census data indicates the entire Appalachian region grew by 6.8% in population while Pennsylvania's 52 Appalachian counties experienced an overall decline of .5%.
- Appalachian Pennsylvania's per capita income is \$35,901 in comparison to the national average of \$40,166.
- Appalachian Pennsylvania's three year average unemployment rate (6.2%) compares favorably to the nation's 6.6% during the same period. In addition, Appalachian Pennsylvania's poverty rate of 12.7% is smaller than the national average of 13.5%.
- 82% of Appalachian PA's citizens have completed high school and 19.1% are college graduates. This compares to 80.4% and 24.4% nationwide.
- From 2000 to 2010, rural Pennsylvania became more racially diverse. In 2000, there were approximately 157,200 residents, or 5 percent of the total population, who were non-white and/or Hispanic. In 2010, 260,300 rural residents, or 8 percent of the total population, were non-white and/or Hispanic.



Map Title: Population Change in the Appalachian Region, 2000-2010  
Data Sources: U.S. Census Bureau, 2000 and 2010 Decennial Censuses.

### **Households and Families**

- In 2005-2009, rural Pennsylvania had 1.4 million households: 54 percent were married couple households; 27 percent were single person households; 8 percent were single parent households; and 11 percent were other types of living arrangements.
- Twenty-eight percent of rural households had children under 18 years old in 2005-2009.
- In 2005-2009, rural households had 2.4 members. In 1960, there was an average of 3.3 people per household.

### **Income**

- The average household income in rural Pennsylvania was \$54,840 in 2005-2009. Among rural households, 41 percent had incomes below \$35,000 and 12 percent had incomes of \$100,000 or more.
- In 2009, per capita personal income in rural Pennsylvania counties was \$32,545, or \$10,483 less than in urban counties. This gap has more than doubled since 1970, when the inflation-adjusted, rural-urban income gap was \$4,900.
- Rural Pennsylvania is becoming increasingly dependent on unearned income. In 2009, about 41 percent of total personal income came from unearned sources, such as interest, dividends and rent, and from government transfer payments, like Social Security and unemployment compensation. In 1970, these sources accounted for 24 percent of the total.
- In June 2010, about 13 percent of rural residents were eligible to participate in the federal Supplemental Nutrition Assistance Program or SNAP (formerly known as food stamps); about 1 percent received cash assistance from programs like Temporary Assistance for Needy Families (TANF); and about 17 percent were eligible to be enrolled in Medicaid (Medical Assistance). (*Pennsylvania Department of Public Welfare*)

### **Businesses and Employment**

- In the second quarter of 2010, rural Pennsylvania had an average of 84,669 employers, or 24 employers for every 1,000 rural residents. From the second quarter of 2008 to the second quarter of 2010, the number of rural employers decreased less than 1 percent. (*Pennsylvania Department of Labor and Industry*)
- In 2008, 52 percent of rural Pennsylvania businesses had fewer than five employees. From 2000 to 2008, the number of these small businesses declined 2 percent. (*U.S. Census Bureau*)
- In the second quarter of 2010, there was an average of 1.26 million people employed in rural Pennsylvania. From second quarter of 2008 to 2010, there was a decrease of 41,075 employees, or 3 percent. In urban counties, 4.17 million people were

employed. From 2008 to 2010, the number of employed persons decreased by 161,857 employees, or 4 percent. (*Pennsylvania Department of Labor and Industry*)

- In 2010 the unemployment rate in rural Pennsylvania was 9.0 percent. The urban rate was 8.5 percent. (*Pennsylvania Department of Labor and Industry*)

### **Health Care**

- Rural counties have fewer primary care physicians than urban counties. In 2008, there was one rural primary care physician for every 1,501 residents. In urban counties, there was one primary care physician for every 981 residents. (*Pennsylvania Department of Health*)
- Along with fewer primary care physicians, rural counties also have fewer dentists. In 2009, there was one practicing dentist for every 2,662 residents. In urban counties, there was one dentist for every 1,814 residents. (*Pennsylvania Department of Health*)
- In 2008-2009, there were 69 general acute care hospitals, with a total of 8,050 beds, in rural Pennsylvania. In seven rural counties, there were no hospitals. On average, there are 2.35 hospital beds for every 1,000 rural residents. There are 2.8 hospital beds for every 1,000 urban residents. (*Pennsylvania Department of Health*)
- In 2007, an estimated 14 percent of rural residents under 65 years old did not have health care insurance. An estimated 11 percent of those under age 65 in urban counties did not have health care insurance. (*U.S. Census Bureau's Small Area Health Insurance Estimates*)

### **Education**

- In 2005-2009, 18 percent of rural Pennsylvanians who were 25 years old and older had a bachelor's degree or higher compared to 29 percent of urban Pennsylvanians of the same age. Fourteen percent of rural and 13 percent of urban residents did not have a high school diploma. (*U.S. Census Bureau's American Community Survey*)
- In the 2009-2010 academic year, an estimated 421,700 students were enrolled in Pennsylvania's 235 rural school districts. From 2006 to 2010, the number of rural students decreased 6 percent. Enrollment projections from 2010 to 2020 show that total enrollment in rural schools will decline 4 percent. (*Pennsylvania Department of Education*)
- In 2008-2009, rural school districts spent an average of \$12,463 per student, an increase of 29 percent from 2000. Urban school districts spent an average of \$13,145 per student, an increase of 27 percent from the 2000. (*Pennsylvania Department of Education*)

### **Distressed Designation and County Economic Status**

The Appalachian Regional Commission (ARC) uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. The system involves the creation of a national index of county economic status through a

comparison of each county's averages for three economic indicators—three-year average unemployment rate, per capita market income, and poverty rate—with national averages. The resulting values are summed and averaged to create a composite index value for each county. Each county in the nation is then ranked, based on its composite index value, with higher values indicating higher levels of distress.

### **Distressed and At-Risk Counties**

Distressed counties are the most economically depressed counties. They rank in the worst 10 percent of the nation's counties.

Currently, Pennsylvania has no distressed counties as defined by ARC. However, Pennsylvania does have a significant number of citizens living in distress. According to recent ARC data, Pennsylvania has the second highest number of distressed areas (124) of any Appalachian state and the seventh highest number of citizens (365,767) living in economic distress

Forest County is now considered “at-risk”. At-Risk counties are those at risk of becoming economically distressed. They rank between the worst 10 percent and 25 percent of the nation's counties. Pennsylvania’s record shows commitment to providing special assistance to these counties, so that their residents are better able to address problems, realize opportunities and effectively participate in setting the course of their future development.

### **Attainment County Designation**

Attainment counties are the economically strongest counties. Counties ranking in the best 10 percent of the nation's counties are classified attainment. Pennsylvania has no counties classified as Attainment.

### **Competitive and Transitional County Designations**

Transitional counties are those transitioning between strong and weak economies. They make up the largest economic status designation. Transitional counties rank between the worst 25 percent and the best 25 percent of the nation's counties.

As of the date of this Plan, the majority of Pennsylvania’s ARC counties (46) are designation as transitional counties: Armstrong, Beaver, Bedford, Blair, Bradford, Cambria, Cameron, Carbon, Centre, Clarion, Clearfield, Clinton, Columbia, Crawford, Elk, Erie, Fulton, Huntingdon, Indiana, Jefferson, Juniata, Lackawanna, Lawrence, Luzerne, Lycoming, McKean, Mercer, Mifflin, Monroe, Northumberland, Perry, Pike, Potter, Schuylkill, Snyder, Somerset, Sullivan, Susquehanna, Tioga, Union, Venango, Warren, Washington, Wayne, Westmoreland, and Wyoming.

Competitive counties are those that are able to compete in the national economy but are not in the highest 10 percent of the nation's counties. Counties ranking between the best 10 percent and 25 percent of the nation's counties are classified competitive.

Allegheny, Butler, Montour, Washington and Westmoreland counties are Pennsylvania's competitive counties.

### **Pennsylvania's Appalachian Development Highway System**

The purpose of the ADHS is to provide a highway system which, in conjunction with the Interstate System and other Federal –aid highways in the Appalachian region, will open up an area or areas with a developmental potential where commerce and communication have been inhibited by lack of adequate access. In Pennsylvania, the 551.5-mile Appalachia Development Highway System consists of seven routes, identified as Corridors M (US 22), N (US 219), O (US 220/I-99), O-1 (US 322), P (US 220/I-180), P-1 (Central Susquehanna Valley Thruway), T (I-86), U and U-1 (US 15). It should be noted that portions of Corridors O, P and U will be a part of future I-99 which is under development. This route is considered a vital north/south corridor that responds to the increased commercial traffic and development opportunities arising from the North American Free Trade Agreement.

All Appalachian corridor project needs in Pennsylvania are developed in the identical manner as regular federal projects, through an integrated and consensus reaching programming process which involves input from Metropolitan Planning Organizations, Rural Planning Organizations, State Transportation Commission, elected officials, the Governor's Office and the general public. Project need is based largely on levels of traffic, safety concerns and economic development initiatives. Once consensus is reached within Pennsylvania, on the need for a project, the project is submitted to the Appalachian Regional Commission for approval if an alignment change is necessary. If an alignment change is not necessary, available ADHS funds are programmed based on project readiness, schedule, and financial constraints including the availability of matching funds.

After receiving proposed alignment changes to the ADHS the Commission will review and approve proposed changes to the ADHS that open up an area or areas for development inhibited by lack of access while maintaining connectivity to the Interstate System. Alignment Changes must be made within the ADHS mileage constraints set by Congress.

Every Appalachian Development Highway System project must be detailed in the Cost to Complete Estimate and approved by ARC. The Cost to Complete Estimate is required by ARC and the Federal Highway Administration every five years. The most recent estimate was completed in 2007.

Today, construction is ongoing or will soon start on Corridor U (US 15, Lycoming County) and Corridor M (US 22 in Westmoreland County) Furthermore, one entire corridor of the ADHS System in the Commonwealth is complete: Corridor T in Erie County.

The Commonwealth's portion of the Appalachian Development Highway System is estimated to cost more than \$2.7 billion to complete, based on the 2007 Cost to Complete Estimate. Pennsylvania will continue to utilize ADHS funds to meet the challenge of completing the ADHS System which coincides with the state's efforts to ensure economic stability in the Appalachian Region of Pennsylvania.

#### **IV. State Goals and Initiatives**

Pennsylvania's Appalachian communities are working to attract and retain new businesses, create new job opportunities and improve their overall quality of life. The Commonwealth's plan for continued development of our Appalachian region integrates tools for both community and economic development. Our goals and objectives remain closely aligned with the four established ARC goals.

Creating and maintaining an environment in which good, family-sustaining jobs can grow is one of Governor Corbett's top priorities for Appalachian Pennsylvania. The administration is determined to revitalize Pennsylvania's economy and restore the commonwealth's position in the global marketplace through innovation, improved job creation and 21st Century workforce training.

Pennsylvania is blessed with unrivalled resources. We are home to the second largest energy resource field in the world with our abundant coal, natural gas, oil and timber. Our agriculture, established manufacturing base and work ethic set Pennsylvania apart from other states. Every region of Pennsylvania boasts a dynamic mix of major corporations, small businesses, and emerging industries such as biotech and life sciences. Combine all of this with our world class, higher education institutions, and our proximity to close to one-half of our nation's population and the possibilities for Pennsylvania are limitless.

The tenants of this plan are:

- Expand Pennsylvania's Economy Through Innovation
- Reform Pennsylvania's Jobs Climate
- Develop a World-class Workforce
- Grow Small Business in Pennsylvania
- Expand Pennsylvania Worldwide

The following ARC goals contain the major areas of emphasis for the current PA State Plan with particular relevance to the region and describe complimentary state, local and federal programs designed to leverage ARC resources.

## ***Goal 1 – Increase Job Opportunities and Per Capita Income in Appalachia to Reach Parity with the Nation***

### **Innovation through Collaboration & Growth Capital**

Pennsylvania can become a world leader in accelerating innovation through collaboration. Whether it is advanced manufacturing, information technology or biotechnology, Pennsylvania will attract the best businesses and entrepreneurs by having the shortest time from idea to market launch of any state in the nation and region in the world.

- **Discovered in PA – Developed in PA.** Pennsylvania has world-class research in several major areas including life sciences, robotics, nanotechnology, energy, advanced materials and manufacturing and information technologies. University-based research and development needs to be better leveraged into commercial opportunities to move new ideas from the lab to the marketplace. “Discovered in PA – Developed in PA,” will unlock the full power of innovation within the higher education community with a focus on best practices. With more than 600+ university spin-outs created each year, the commonwealth must provide sustainable support to continue this invaluable momentum.
- **Grow Venture Capital Investments.** Often the first \$500,000 of seed capital is the hardest to raise for any start-up company, and Pennsylvania’s lack of early stage capital hampers entrepreneurial innovation and job growth. Pennsylvania must leverage opportunities for new growth by encouraging and stimulating increased access to capital for entrepreneurs through investment from venture capitalists and angel investors in the commonwealth. Well-vetted startups, such as those from the Life Science Greenhouses and the Ben Franklin Partners can often take the seed capital and move to the next level. This includes raising federal Small Business Innovation Research (SBIR) funding, angel funding and when appropriate, early-stage venture funds to launch new companies in Pennsylvania. Working with the Ben Franklin Partners and Life Science Greenhouses, PA will promote programs that encourage and enhance federal SBIR funds via a competitive matching program.
- **Institutional Leverage.** Pennsylvania is home to 185 higher education institutions and nearly 5,000 philanthropic endowments and foundations. The next decade will be marked by significant technological changes – new materials, green energy sources and technologies, personalized medicines, telecom, information technology, new industrial processes and significant advances in computing. PA will work with higher education and philanthropic organizations to ensure that we are prepared to not only capitalize and support these changes, but also to lead them.

## **Partnerships for Regional Economic Performance**

The Partnerships for Regional Economic Performance (PREP) is designed to encourage regional coordination of economic development efforts, yielding superior customer service to the business community and a comprehensive, efficient, statewide economic delivery strategy.

A consortia of economic development service providers will develop formal partnership agreements, or otherwise create a coordinated and performance-based service delivery system that ensures each inquiry or lead from a business or potential entrepreneur is referred to, and acted upon expeditiously by, the appropriate service provider(s) in the region.

Each PREP region and its partner will work to accomplish the following: foster regional economic development partnerships; establish a coordinated approach to delivery of services with the client as the focus; incentivize strategic service delivery and support innovative cooperative efforts such as co-location, shared client management, customer feedback and rapid response/referral systems; and foster local feedback via regional public/private advisory boards to ensure that the toolkit of provided services match the needs of regional business and entrepreneurs.

Partner organizations will deliver a wide array of coordinated business development services designed to increase and strengthen the capacity of businesses to compete in the global economy and to encourage the creation of new businesses.

Services will include comprehensive technical assistance to key business sectors including manufacturers, retailers, distributor, tourism/hospitality, technology, healthcare, etc. Assistance will include but not be limited to, market development and expansion; business financing; entrepreneurial development; business management, economic development marketing; real estate development and site selection.

Individual PREP partners will work in concert to provide services, and demonstrate impacts, that benefit the entire region's business community. The network and its advisory board will regularly evaluate the needs of its client base and adjust its toolbox of service and network structure to meet the economic development demands of the region. Each organization will be accountable to the network partnership regardless of their status as a direct grantee or subcontractor and be expected to collect and document program and process impacts.

Pennsylvania's Local Development Districts (LDDs) will be core partners in the PREP framework and deliver a variety of technical assistance services as part of the network activities.

## **Entrepreneurship**

To build entrepreneurial strength throughout all of its Appalachian counties and encourage development of more homegrown businesses, Pennsylvania is providing assistance through networks of private and public organizations serving entrepreneurs and small businesses.

ARC resources will focus on promoting entrepreneurial development through technical assistance and training. Potential entrepreneurs will be challenged to consider the benefits of small business ownership and young people will be encouraged to consider entrepreneurship as a future vocation.

### **Expanding PA Worldwide**

Expanding Pennsylvania's commercial presence throughout the world is an important part of revitalizing our economy. It creates jobs, boosts revenues and positions the commonwealth as a global leader. More than 12,000 Pennsylvania companies sell their goods and services across international borders with total exports at more than \$34 billion, making Pennsylvania the 11th largest exporting state. Our leading export sectors include chemicals, machinery, primary metal manufacturing, transportation equipment, and computer and electronic products.

Governor Corbett believes that we must continue to grow our international presence and open new markets by expanding both our exports of goods and services and direct investment into the commonwealth. At a time when our economy is recovering from the most recent economic downturn, these developments present the opportunity to increase job growth in existing industry sectors while building up new and emerging industries. Export-related jobs in Pennsylvania more than doubled from 1992-2008 – going from 10.1 percent to 21.5 percent of all jobs. For decades, Pennsylvania has been a worldwide leader in manufacturing. From steel to locomotives, the commonwealth has continued to lead the nation and the world as an exporter, with Pennsylvania being the 18th largest economy in the world with a gross domestic product of \$553 billion. In 2008, exports comprised nearly eight percent of the state's gross domestic product. Twelve percent of Pennsylvania's manufacturing employment is through international firms – and the United Kingdom, Germany and Japan lead other countries in their investments in Pennsylvania.

### **Grow Pennsylvania's Ports and Intermodal Assets**

Governor Corbett believes that Pennsylvania's intermodal assets are critical to our economic vitality. Pennsylvania's ports serve as one of our gateways to the world and as major distribution centers for import and export. The commonwealth has more railroads than any other state, ranking fifth among states in total rail miles, and we are home to 15 commercial and 106 general aviation airports. PennDOT and DCED will ensure that the commonwealth's international trade efforts and investments are coordinated and optimized to enhance the capabilities and capacities of our intermodal system for maximum commercial return to the commonwealth.

- Improve our intermodal system to carry goods and services to and from the ports to increase both imports and exports.
- Market the ports, rail and air domestically, to Pennsylvania businesses and manufacturers and also internationally through the commonwealth's foreign trade offices.

### **Enhance Existing Infrastructure of the PA Office of International Business Development (OIBD)**

Cross industry sector and cross region collaboration are critical to growing Pennsylvania's economic presence throughout the world and making job creation a top priority. The OIBD, leveraging its regional export network and overseas representative offices with support from local and regional economic development partners, has a unique opportunity to engage and encourage international business opportunities. PA will support the efforts of the OIBD, focusing on job growth in Pennsylvania through outreach to small and mid-sized companies and targeted recruitment of large employers.

### **Develop Strategic International Alliances**

PA will develop strategic alliances with partner countries/regions around the world that are identified as growth hubs or emerging markets and develop complementary trade relationships with Pennsylvania. These alliances will focus on growing Pennsylvania's export of both goods and services. It also will target both supply and demand side benefits as part of any partnerships.

### **Attract International Companies to Create Jobs**

Engaging in the global economy means there are many opportunities for Pennsylvania to attract world-class companies from across the globe. Pennsylvania's strengths in workforce, infrastructure and strategic location make the commonwealth an ideal location for international companies looking to set up or expand operations in the United States. The job creation that follows from investments made by international companies will help to stabilize the economy and bring in new resources. To further these types of opportunities, Governor Corbett will work with the OIBD and Team Pennsylvania to promote Pennsylvania's strengths as a compelling business location for international companies.

### **Encourage Expansion of "Meds & Eds" International Outreach**

Pennsylvania's medical and educational institutions are among the best in the world. They are large employers, leaders in research and development and attract students and patients from around the world. Many of these institutions already have a global presence while others are working to expand their efforts and recruitment opportunities. PA will form an alliance of medical and educational institutions to encourage the expansion of their international outreach and harness economic growth opportunity for Pennsylvania.

## ***Goal 2 – Strengthen the Capacity of the People of Appalachia to Compete in the Global Economy***

Nothing is more critical to ensuring the economic vitality of Pennsylvania and to securing good-paying jobs for Pennsylvania families than the development of an educated workforce that meets the demands of the marketplace. When company executives and economic development professionals discuss what it takes to attract and retain businesses in a region, the list includes a strong infrastructure, the availability of energy and natural resources, an equitable tax and regulatory climate, and an educated and trained workforce.

Most often, it is the availability of skilled workers that becomes the deciding factor in the location and growth of industry. If Pennsylvania is to reclaim its place as a leader in our global economy, we must do a better job of preparing our workforce for the careers of the future and retaining our young talented workforce that is being educated and trained in Pennsylvania.

PA will focus on economic growth by eliminating waste and improving performance of state agencies; strengthening regional workforce development initiatives; aligning education and training with marketplace demands; maximizing the potential of Pennsylvania's diverse educational institutions; and retaining and recruiting college graduates back to Pennsylvania.

### **Aligning Education with Opportunity**

Under the current federal administration, emphasis has been placed on the *supply of labor*, which is training workers for the jobs they want, often whether or not those jobs are available. For example, it is estimated that each year, Pennsylvania colleges and universities graduate an excess of 12,000 new teachers compared to several thousand actual openings — making the commonwealth one of the top exporters of trained educators. Emphasis must instead be placed on the *demand for labor* and preparing workers for jobs that are currently available in Pennsylvania. This will be done by focusing the efforts of the commonwealth on occupations that are in demand for the industries critical to our statewide economy as well as educating workers with a broad knowledge in a needed field – allowing flexibility to find personal interest in a career while providing immediate opportunity in the workforce.

Workforce development is a continuous process because the needs of industry are constantly evolving. With an ever-changing economy, Pennsylvania must provide opportunities for post-secondary and continuing education programs. In order to be successful at providing a vibrant workforce, business communities must coordinate efforts with local high schools, community colleges, apprenticeships, post-secondary institutions and Workforce Investment Boards to meet the demands of Pennsylvania's diverse regional economies.

The Corbett Administration will work to change public perception regarding job-focused education and training for the 21st Century economy. PA will help parents and students

understand that college is an important option, but not the only option for success. PA will work to elevate the status of our Career Technical Centers, helping the public to understand that CTCs provide outstanding educational opportunities in rewarding fields for which there are strong employment demands. Two-plus-two-plus-two or tech prep programs that couple CTC and community college education with “real world” placements are an ideal vehicle for creating a 21st century workforce.

Pennsylvania is committed to working to connect the education and business communities to identify the jobs that are currently needed and prepare new and incumbent workers for these opportunities.

- Facilitate communication. Working with the WIBs, PA will facilitate regular communication between government, educators and businesses to determine in-demand jobs, maximizing the availability of skilled workers for businesses and family-sustaining jobs for workers.
- Maintain Industry Partnerships. Governor Corbett will maintain the network of Industry Partnerships that have been established in the commonwealth as intermediaries to assure that existing employees have the skills that allow their employers to remain competitive in the global marketplace.
- Support manufacturing growth through education. Pennsylvania will support and advance the agenda of the Pennsylvania Center for Advanced Manufacturing Careers.
- Encourage broad educational opportunities. Pennsylvania needs to emphasize educating workers with a *broad* knowledge in a needed field to ensure that workers are fully prepared to fill a variety of positions, thereby increasing job opportunity. Governor Corbett is committed to achieving that goal and facilitating efforts to guide workers and students toward a career that is immediately available to them in Pennsylvania while still tailored to their specific interests.
- Grow the Education Improvement Tax Credit. Governor Corbett believes that we need to improve educational opportunities and choices for students. The Educational Improvement Tax Credit (EITC) program benefits children – Pre-K through 12th grade – in public and private schools. To date, the EITC has provided more than 45,000 scholarships and hundreds of programs for public school students to pursue educational goals and advanced learning opportunities.

### **Maximizing Opportunities through Community Colleges & Alternative Educational Institutions**

Pennsylvania is blessed with an abundance of world-class colleges and universities to train the leaders of the future. However, not all good-paying jobs require an undergraduate or graduate degree. In fact, some of the largest industries that exist in Pennsylvania, such as manufacturing, transportation and energy, offer high paying jobs that do not require a four-year college education. For example, a locomotive engineer earns an average of \$56,157 per year. This is a family-sustaining salary in an industry that will continue to prosper in Pennsylvania.

About one-quarter of today's career's require four years or more of college, while approximately one-quarter of today's job opportunities are available to "unskilled" labor with no more than a high school diploma. In line with these numbers, just under 25 percent of Pennsylvania's adult population holds a four-year college degree or higher, but 50 percent of Pennsylvania's population is "unskilled" – with two job-seekers competing for every one "unskilled" position. Many young people begin college, but fail to finish a four-year degree. They have squandered thousands of dollars and amassed large debts. Public resources are also lost.

Community colleges, career and technical schools and other post-secondary training programs offer skill training that provide important job training opportunities for Pennsylvanians seeking to enter the "skilled" workforce. These opportunities bridge the gap between high school and a four-year college program. They offer specialization or certification in a field beyond a high school degree, but without the cost or time commitment of college. Jobs that require an associate's degree such as a dental hygienist or registered nurse have average salaries above \$50,000. A skilled welder or technician can often earn salaries far higher than those available to a liberal arts graduate.

Moreover, the lack of a "skilled" workforce is a competitive disadvantage to Pennsylvania. The commonwealth's economy cannot grow and prosper if Pennsylvania employers cannot find the skilled workers they so desperately need.

Pennsylvania will ensure that these important education institutions receive funding to maximize workforce development resources across the state:

- Recruit students into priority career paths.
- Identify existing capital funding for community colleges.
- Ensure better access to financial aid.

### **Ensuring Opportunities for the Entire Workforce: Drop Out Reengagement**

Governor Corbett understands that Pennsylvania's workforce development program can only be successful if it takes care of all workers. Today in Pennsylvania there are almost 120,000 young people, ages 16-24, who have dropped out of high school and are virtually unemployable. This is a real problem across the entire Appalachian region. They rely heavily on societal resources – many in social services, community mental health and corrections. Governor Corbett believes this is a critical segment of our population that needs to be re-engaged and brought back into the workforce.

- Utilize Career and Technical Centers. :PA will create incentives for Career and Technical Centers to develop and offer reengagement programs that blend academics, occupational skills and access to part-time employment.

- Support ABLE. PA will support Adult Basic and Literacy Education (ABLE) programs to enhance their capacity to meet the needs of high school dropouts by providing additional opportunities through the Distance Learning Project and GED programs to incorporate transitions to postsecondary education.
- Institute recovery-focused programs. PA will redirect existing funding to be used for the creation of small, recovery-focused programs for over-age and under-credited dropouts – including the use of charter and alternative schools.
- Addressing the needs of specific populations. Create incentives for dropout re-engagement programs to increase the education achievement levels and address the needs of specific populations who drop out of high school at disproportionately high rates. This includes youth aging out of foster care, pregnant/parenting teens, juvenile offenders and English language learners.

### **Recruiting College Graduates Back to Pennsylvania**

Each year Pennsylvania colleges and universities produce some of the most qualified workers in the nation, but 81 percent of these graduates leave the state after earning a degree – and nearly 25 percent of native Pennsylvania graduates ultimately leave the state to seek employment. The problem is not solely the lack of jobs. In fact, this annual exodus has left 20,000 high-tech jobs in Pennsylvania unfilled. Part of the problem is the lack of networks and resources that causes workers to feel as though Pennsylvania does not have the same opportunities and advantages as other states.

Creating such networks and resources does not need to start from scratch. The school to career network in the commonwealth includes the *Pennsylvania CareerLink* and the Youth Councils of local Workforce Investment Boards.

However, this network must expand to address more than vocational issues. States such as North Carolina and California heavily recruit young workers through campaigns and promotions that portray a desirable lifestyle. It is a growing misconception that Pennsylvania cannot provide these same amenities. An educational campaign will serve to both dispel these stereotypes and place Pennsylvania above the other states competing for educated workers.

PA will work to create the adequate networks and resources needed to recruit educated workers to return to Pennsylvania and stay in Pennsylvania:

- Expand the “school to career” network. PA will work to expand the use of *Pennsylvania CareerLink* to incorporate a school to career network within the commonwealth to include employers and local economic development entities. The Commonwealth will work with business organizations across the state to promote employer use of this network when seeking workers. The network also will work

with high schools, colleges, community colleges and vocational schools to teach students how to use this network before entering the workforce.

- Conduct worker recruitment outreach. Utilizing social networking and new media, PA will conduct an educational campaign to recruit workers to stay and work in Pennsylvania.
- Encourage Pennsylvania jobs. Tom Corbett will work with guidance counselors and tech councils to apprise students of the job opportunities in Pennsylvania.

### **Governor's Center for Local Government Services**

Provides year-round training opportunities for local government officials in the following areas:

- General government administration
- Finance
- Management
- Community/Regional planning and zoning
- Community and economic development

Courses are designed to keep municipal officials current on new laws and legislative requirements and enhance their ability to govern more effectively. Training is provided through contracted municipal training organizations such as the Pennsylvania State Association of Township Supervisors.

### **Civic Capacity Development**

Utilizing the successful model developed under the Appalachian Community Learning Program (ACLP), Pennsylvania will encourage local citizens and community leaders to collaborate on local projects for the purpose of developing the know-how and momentum needed to effectively complete small and large community development projects. The emphasis will be on those small Appalachian communities that historically have not developed the internal civic capacity to identify needs, encourage citizen involvement and identify the means to successfully address those needs.

### **Leadership Development**

Pennsylvania will continue to support local and regionally-based leadership development programs to encourage cooperation and collaboration as well as strategic planning and information sharing.

State-related organizations such as the Center for Rural Pennsylvania, as well as federal agencies such as the USDA Rural Development Agency will work continue to work with Appalachian communities to increase their awareness of, and capacity to access, all forms of resources and funding assistance.

## **Health Care**

Throughout Appalachia, there continues to be a shortage of medical practitioners in rural and remote areas, and in particular, physicians with the necessary skills and knowledge to work effectively and comfortably in these rural areas. Rural health care problems have been studied and discussed in great detail both within the state of Pennsylvania and across the nation. The common themes studied include lack of funding for health care systems, lack of medical training and support for doctors already practicing in rural areas, little encouragement and recruitment for new rural doctors and the dilemma of dealing with uninsured community members.

Pennsylvania has had much success with the J-1 Visa program. The essential focus of the J-1 program is the placement of foreign doctors at practice sites in Appalachia that are designated by the U.S. Department of Health and Human Services as Health Professional Shortage Areas (HPSAs) and that have been unable to recruit American physicians to meet this need. J-1 doctors placed by the Pennsylvania Department of Health have come from 39 countries, including Canada, England, Czech Republic, Germany and others.

Pennsylvania will also encourage the integration of health care delivery systems through cooperative efforts such as telemedicine projects utilizing Internet-based tools.

Pennsylvania will continue to aggressively explore ways to reduce the rising cost of medical malpractice costs as well as the costs to insure our citizens.

### ***Goal 3 – Develop and Improve Appalachia’s Infrastructure to Make the Region Economically Competitive***

#### **Infrastructure Across Industry Sectors**

Pennsylvania is blessed with existing and growing industries that span all sectors of the economy. From energy to transportation to agriculture, Pennsylvania must meet the infrastructure needs of all industries to ensure maximum job growth and economic development opportunities.

- **Energy.** Pennsylvania is home to the second largest energy resource field in the world with our abundant coal, natural gas, oil and timber and our alternative energy sources such as wind, solar, nuclear, geothermal and hydroelectric facilities. It is time to harness our energy potential to reduce our dependence on foreign oil and make energy affordable for all Pennsylvanians. PA will blend our diverse portfolio of energy resources with a common-sense environmental policy that will help to reduce pollution and preserve our open spaces. As we work to grow Pennsylvania’s energy resources, such as the Marcellus Shale, PA will work to expand our

infrastructure to ensure that our energy resources can get to market, allowing the state to compete in the global marketplace.

- **Transportation.** Our roads, rails and airports not only move millions of people each day to work, school and home, but they also are our link to carrying Pennsylvania's goods and services within the commonwealth and to the rest of the world. PA will maintain our infrastructure and planning for the future through a well-balanced program of design, construction and maintenance.
- **Agriculture.** Agriculture is one of the state's top industries, and Pennsylvania's farms are a cornerstone of the commonwealth's economic prosperity. PA will work to support the infrastructure needs of Pennsylvania's farmers to ensure the delivery of their goods to market not only in Pennsylvania, but across the world through a solid transportation network and superior information technology.
- **Manufacturing.** Manufacturing in Pennsylvania is a core component of Pennsylvania's economic engine. Whether it is traditional manufacturing or high-tech/advanced manufacturing, it all is critical to the achievement and success of Pennsylvania's economy and growth. PA must have in place an infrastructure – from a knowledge-transfer network, to high tech services, to roads and intermodal transportation – to improve the reach of Pennsylvania's manufacturing base. Included are the basics of economic development such as business incubators, multi-tenant facilities and modern industrial parks.
- **Water & Sewer.** Having reliable water delivery and wastewater infrastructure is a critical component of promoting economic development. Pennsylvania draws its water from resources including more than 83,000 miles of waterways, including more than 100 lakes and nearly 400 rivers. A unique system of underground aquifers and natural wetlands supplement the commonwealth's ability to provide abundant potable water to serve both residential and industrial needs. With over 1,000 businesses having current state permits to operate under the discharge elimination system, Pennsylvania is prepared to act as a partner with entrepreneurs to serve water delivery and elimination needs while safeguarding the commonwealth's environmental quality. Pennsylvania Infrastructure Investment Authority (PENNVEST) provides critical funding and programs to support Pennsylvania's water and wastewater systems, and will partner with local governments to ensure that their infrastructure needs are being met. Responsible stewardship of Pennsylvania's water resources will be necessary to preserve our quality of life and continue to provide ample delivery capacity for Pennsylvania's business community.

Other state resources will provide grants and low-interest loan financing for public and private infrastructure improvements, plus funding to create or preserve jobs. The state will also continue to partner with key federal partners such as the Economic Development Administration and the U. S. Department of Agriculture – Rural Development, to deliver vital infrastructure to Appalachian Pennsylvania.

These projects not only contribute to improving Pennsylvania's environment and the health of its people, they also provide opportunities for economic growth and jobs for

Pennsylvania's workers. The Pennsylvania ARC program will invest in projects that compliment the key infrastructure programs of the Corbett Administration. These include:

### **Sustainability/Green Infrastructure**

Pennsylvania must be a global leader in sustainability by driving green solutions across all sectors, including healthcare, agriculture, transportation, energy, technology, infrastructure and government for the social and economic benefit of Pennsylvanians. Governor Corbett believes this will encourage not only cost-savings, but also job growth within industries and companies that value sustainability and reduced energy costs as part of their business model. PA will:

- Encourage investment and innovation in low carbon infrastructure, such as smart grid, natural gas, renewable, nuclear, and biomass to allow new and existing business to operate with a lower carbon footprint and make them more competitive in the global economy.
- Focus on Pennsylvania's historic core communities as "smart cities" and "smart towns" with an emphasis on brownfield redevelopment, mixed-use neighborhoods, walkability, and other infrastructure investments to reinvigorate traditional cities and towns with new job growth and opportunities.
- ARC-funded infrastructure applications will include a discussion of energy conservation and efficiency measures incorporated into both the design and construction portion of the project.

### **Keystone Communities**

The new Keystone Communities initiative assists Pennsylvania's communities in achieving revitalization. The program designates and funds communities that are implementing Main Street, Elm Street, Enterprise Zone efforts or other community development efforts by supporting physical improvements to designated and/or other communities that are undertaking revitalization activities within the community. This Program consolidates the former New Communities, Housing and Redevelopment Assistance and Pennsylvania Accessible Housing programs.

Components include:

- Designation and implementation:
- Keystone Main Streets: Funding and technical assistance for a community's downtown revitalization.
- Keystone Elm Streets: Funding and technical assistance for residential and mixed use areas in proximity to central business district.
- Keystone Enterprise Zones: Funding and technical assistance for disadvantaged industrial/manufacturing and business sites.
- Keystone Communities: Designation and potential access to funding and Neighborhood Assistance tax credits.

## **Telecommunications**

For Pennsylvania to be a global leader and a top performing state, we must embrace innovation in our economy to attract broad industry sectors and new jobs. Pennsylvania is determined to build the foundation for innovation that will put Pennsylvania at a world class level, allowing us to compete with leading regions in the world – like the Silicon Valley, Boston and east Asia. Pennsylvania has the opportunity to embrace public-private sector collaboration; harness higher education and a broad base of R&D disciplines; grow entrepreneurial support; and incorporate sustainability and green infrastructure into all sectors. The following is Governor Corbett’s vision to elevate innovation in Pennsylvania’s economy to support 21st Century job growth.

### **Broadband access is a key to economic growth**

The United States is currently ranked 28th globally in broadband speeds, and Pennsylvania ranks in the middle of the pack among all 50 states. Pennsylvania will be a leader in rolling out a fiber and wireless 4G broadband infrastructure to compete at the global level to drive innovation and competitiveness. By doing this, brand new applications and services in areas such as energy, healthcare, R&D collaboration, scientific development, education and industrial management that drive economic value can be developed. Our plan is to:

- Focus on an integrated statewide broadband strategy that leverages both public and private investment to make best use of state level assets – towers, access points and government networks.
- Partner with network providers and technology vendors to build out and use Pennsylvania as the success case. We must also build an innovation ecosystem around wireless/broadband application development that includes major technology players in state.
- Make sure spectrum policy at the state level supports broadband leadership. Even though spectrum policy is typically national, Pennsylvania can encourage shared use of public safety and TV channels as well as “whitespace” bands that leverage new technologies to manage interference. PA also will identify opportunities to expand commercial use of the statewide radio network into rural communities in Pennsylvania and fight for regulations and procedures at the FCC that enhance Pennsylvania’s broadband competitiveness.
- Ensure that state government becomes a world class example of “anywhere” government utilizing this new infrastructure for everything from mobile/new media communications to tele-presence interactions to save both cost and energy.

## ***Goal 4 – Build the Appalachian Development Highway System to Reduce Appalachia’s Isolation***

Pennsylvania will continue to ensure that all Appalachian corridor project needs are developed in the identical manner as regular federal projects, through an integrated and consensus reaching programming process which involves input from Metropolitan Planning Organizations, Rural Planning Organizations, State Transportation Commission, elected officials, the Governor’s Office and the general public. Project need is based largely on levels of traffic, safety concerns and economic development initiatives. Once consensus is reached on the need for a project, ADHS funds are programmed based on project readiness, schedule and financial constraints.

Through effective coordination with our Department of Transportation and local and regional partners, PA will promote the on-schedule completion of the ADHS.

Pennsylvania will continue to place importance on those projects and initiatives which have significant impact on areas directly or indirectly impacted by the ADHS. This will be done through ongoing education and outreach to help communities and economic development professionals become more aware of the economic value of the ADHS and the opportunities to leverage projects in close proximity.

## **V. Pennsylvania’s Appalachian Organization**

Pennsylvania’s Department of Community and Economic Development (DCED) administers the ARC program. The Appalachian Development Center (ADC) is based within the Department’s Office of Community Affairs and Development. The Department’s Executive Deputy Secretary serves as the Governor’s Alternate to the ARC and oversees the operation of the ARC program. The Center is also responsible for activities and services provided by Pennsylvania’s seven Local Development Districts (LDDs).

The ADC is responsible for coordinating ARC-related projects with other state and federal offices such as the PA Department of Transportation, PA Department of Environmental Protection, PA Department of Labor and Industry, U.S. Department of Agriculture – Rural Development, Economic Development Administration, Small Business Development Centers, Community Action Agencies, and the Department of Housing and Urban Development.

Generally, ARC projects are generated from one of the seven LDDs. The Districts provide a local venue for communities and citizens to submit applications for community and economic development projects. The LDD board members prioritize these projects and

submit their recommendations to the Department of Community and Economic Development. Projects submitted to ARC for funding are selected on the basis of local endorsement and adherence to the goals and objectives established by Governor Corbett.

When evaluating and selecting projects for ARC assistance, Pennsylvania seeks projects that:

- Enhance new business start-ups and job creation;
- Improve the entrepreneurial vitality of the state;
- Support targeted community investment,
- Demonstrate readiness to proceed; and
- Reflect a geographical distribution of ARC funds.

In addition, the ADC staff analyzes the relative need of each project applicant to determine the available financial resources. This is accomplished via site visits and interviews with appropriate members of the project team. The ADC also seeks input from central and regional Commonwealth staff, along with other public and private funding partners before making final recommendations.

### **Conclusion**

Pennsylvania remains committed to providing Appalachian citizens and communities with the resources needed to promote self-sustaining economic development. As a partner with the ARC, the Commonwealth will invest our own time, energy and dollars to leverage the federal resources of the Commission. Together, Pennsylvania and ARC can make a difference in the quality of life of our neediest citizens and the communities in which they live, work and play.