

Blair County 2030

“Affecting Change for a Sustainable Blair County Economy”

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February 2007

EXECUTIVE SUMMARY

ABCD Corporation's core services focus on the creation, preservation and continuation of sustainable wealth generating employment opportunities. ABCD works to achieve that core mission by leveraging our highest-value regional assets through public and private investment partnerships.

This paper was prepared in response to inquiries from community stakeholders throughout Blair County, Pennsylvania, regarding the condition and direction of the regional economy. It attempts to summarize some (but not all) of the issues and strategies affecting Blair County's economic growth. This paper is intended to serve as a broad discussion piece framing those critical issues and subsequent actions within a global context. It offers one perspective based on practical observations, independent consultant reviews, and industry trends.

Pennsylvania, like the country as a whole, is constantly evaluating its government sponsored programs, services, and infrastructure priorities, to better ensure that the Commonwealth's limited resources are allocated in ways that enable the highest and most sustainable economic development outcomes for a modern economy. New measures and expectations are being developed at the state and national level which pose new challenges and opportunities for local government leaders and economic developers.

In order for communities to access and leverage state funding with private investment, it is clear that communities must develop and follow comprehensive planning processes, adopt manage growth strategies supported by logical zoning ordinances, seek infill opportunities, and effectively target high-value wealth-generating industry sectors that can be adequately accommodated by a region's development capacity. Energy conservation, efficient land use, redevelopment of our urban centers and the effective serviceability of a local tax base are increasingly the guiding principles for both public and private investment.

This paper summarizes some goals, issues and challenges impacting economic development strategies in Blair County. Some initiatives can be objectively measured. But while economists and politicians often cite the number of jobs created or retained, the measures most often referenced by the community at-large are anecdotal in nature. They take the form of answers to commonly asked questions such as: "How do I feel about my community and its future? Can my children obtain a job, have a career and raise a family in a particular area? Will I, can I or should I stay in this area throughout my career?"

This document contains eight sections or "white papers" designed to inform and stimulate conversation among key stakeholders. They include:

- 1. The Population Factor*
- 2. Economic Development As Community Development: A Return on Perception*
- 3. Role of the Research University: The New Value Proposition*
- 4. Secondary Education and the "Gold Collar" Worker*
- 5. Workforce vs. the Workplace*
- 6. Building Entrepreneurial Capacity*
- 7. Human Infrastructure Development*
- 8. Effective Governance Delivery for Competitive Economic Development*

Each of these topics is equally weighted, interconnected and critically important to our region's success. Ultimately we hope this document will contribute to a larger dialogue to help ensure Blair County's competitive economic development position in a changing, competitive and global economic climate.

EXECUTIVE
SUMMARY

BACKGROUND

This paper was prepared in response to inquiries from community stakeholders throughout Blair County, Pennsylvania, regarding the condition and direction of the regional economy. It attempts to summarize some (but not all) of the issues impacting and strategies affecting Blair County's future economic growth. This paper is intended to serve as a broad discussion piece framing those critical issues and subsequent actions within a global context. It offers one perspective based on practical observations, independent consultant reviews, and industry input. It should be read in that context.

WHO WE ARE

The Altoona Blair County Development (ABCD) Corporation is a private, non-profit certified development corporation. Unlike some states where local government and economic development services are administered at a county-level, Pennsylvania's are delivered through thousands of small municipal units such as townships and boroughs. In lieu of a formal county level system, organizations similar to ABCD Corporation have been formed to serve as economic development agents for their respective counties and regions. ABCD Corporation administers public and private financing programs for eligible businesses expanding, starting-up or relocating in Blair County. ABCD owns and manages several business parks throughout Blair County and markets the region to site-selection consultants, real-estate developers, corporate and industrial expansion divisions, and entrepreneurs at a global level.

CONTEXT

Economic development is increasingly a complex and inexact science. Numerous issues impact development strategies at all levels. Some are unique to a region. Others are defined at a global level. All are of interest to the community's leaders, engaged residents, media representatives and business owners.

At its most basic level, modern economic development is the process of wealth creation. That process is measured within a statistically relevant, often a geographically defined region, and commonly referred to as "the economy." The limited resources dedicated to this process are intended to support strategies and activities that result in the most sustainable wealth generating outcomes, both in terms of employment opportunities generated and infrastructure investments made.

Economic development organizations are regarded as the "primary agent" charged with developing, facilitating and administering those strategies while working to ensure a public policy environment that accelerates the creation of new wealth. Their core activities enable support organizations and industry sectors to prosper. The health services sector, recreation, education and retail are a few of the support industries and services that rely on the amount of new wealth an economy generates.

BACKGROUND
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THE CHANGING ECONOMIC DEVELOPMENT LANDSCAPE

Economic development strategies have been changing dramatically across the country. Leading indicators of this change were most recognizable during the mid-1970s as the redevelopment of many of America's major urban cores and the "gentrification" of their associated city-neighborhoods occurred. New knowledge-centric businesses and highly educated residents returned to the cities as the demand for new-urban living and lifestyles grew. Other indicators of this change included the rise and reliance of information-communication technologies which enabled and accelerated the offshoring of hundreds of thousands of manufacturing jobs. Rural America, along with hundreds of smaller "micropolitans" did not begin to experience a significant quantifiable impact of this shift until the late 1980s continuing into the early 21st century.

Since then, many smaller cities and communities have been faced with a sudden and exponential decrease in traditional (low to mid skill or specialized skilled) commodity-based manufacturing jobs. Those large volume producing businesses that survived were often defined as slow-to-innovate legacy industries. Rural regions and small cities have been struggling to competitively position their programmatic assets, infrastructure and operational strategies within the context of a global economy increasingly dependent upon "knowledge-centric" jobs and workers across all industry sectors.

This modern reliance on knowledge-value propositions and intellectual supply chains across all industry sectors has created abundant new wealth generating opportunities. Capturing and retaining these opportunities poses unique challenges for economic developers and the discrete regions they represent. Strategic alignments must occur among a region's financial resources, economic development incentives, infrastructure priorities and development capacity. A constant examination and reinvention of those alignments and capacities is equally important.

Low Cost vs. High Value

"Industrial-era" economic development was often defined by a utilitarian approach relying on site factors such as large parcels of developable land, acquisition incentives, access to raw materials, functional building designs and construction materials. These traditional sites and projects mainly required water, sewer, and highway or rail access. Metrics measuring the economic impact of these projects were based primarily on overall job creation numbers, population growth and number of acres developed.

Significant shifts in the world economy have greatly impacted this traditional model. These changes include the rise of wealth generat-

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ing "knowledge-driven" business operations, proliferation of smaller, publicly traded companies, greater reliance on just-in-time precision manufacturing, converging business servicing sectors, and robust "enabling" information technology applications supported by global communication networks. As a result, competitive economic development operational cultures have also changed.

This modern context has caused a true convergence of economic and community development into a commonly accepted single operational function for economic development organizations nation-wide. While some traditional factors and financial incentives will always be important to certain projects and industry sectors, a statistically relevant portion of the wealth creating and sustainable job opportunities pose

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new demands.

Increasingly these wealth generating industry sectors seek infill projects promoting vertically developed mix-use retail, office and market-rate housing stock. They demand transit-friendly connections, “walkable” neighborhoods and open gathering spaces. They value communities that offer or are attracting diverse cultural opportunities, people, ages, and incomes through tolerant and progressive public policies.

Phil Schneider, Partner of Deloitte Consulting’s Global Expansion Group, notes that *“while quality of place and cultural opportunities are less important for low pay mid-scale manufacturers, they rise in importance for higher technologies, service operations, research and development operations and corporate headquarters.”*

This reality directly reflects the new demands of the knowledge-based businesses and workers. The metrics that guide modern economic development activities focus more on wealth creation rather than job creation in-and-of-itself. As both modern employees and businesses choose attractive, high-value technology equipped locations, quality-of-place is now equally if not more important than the simple utility-of-location.

Those representing modern wealth generating opportunities will place more of an emphasis on the overall value a community can offer rather than only emphasizing wages and operational costs. Example: if a location is monetarily cost effective, but the company feels it will have difficulty finding or attracting talented knowledge workers, the overall value of that location may be too low and thus not worth the potential workforce limitations. A study commissioned by the California State University Fresno in April of 2006 entitled *The Innovation Economy Agenda* notes:

The metrics that guide modern economic development activities focus more on wealth creation rather than job creation in-and-of-itself.

In regions where low costs and commodity production are the primary drivers of growth...Reliance upon low costs puts continuous pressure on wages to maintain industry competitiveness, resulting in a “race to the bottom” to secure every cheaper prices on goods and services. In value-based development, wage growth and cost increases is often a sign of competitiveness built on innovation.

In the context of wealth generating economic development, land-use guidelines and zoning are also more favorably regarded than with the traditional economic development model. Example: if a region or community has few land-use planning requirements and thus cannot ensure the ideal use or outcome continuity for a site, building or surrounding locations, then a business, especially those that are publicly traded (therefore a high sensitivity to corporate share holder integrity) may not consider that location worth the long-term financial risk despite the lower front-end cost and incentives offered.

New wealth generating metrics also now include changes in aggregate payroll, education attainment levels, amount of dollars invested in research and development, real-estate values, and redevelopment investment levels. As a result, economic development organizations are increasingly engaged in projects and programs that support the enhancement of their respective community’s asset base and image including housing, recreation, culture, transportation options and educational resources. The modern model increasingly requires economic developers to engage in local zoning hearing board debates, housing issues, architectural designs, and managed or “smart” growth strategy development.

If sustained wealth generation is the goal of a community, then recognizing the difference between value-based development and development based simply on low cost is important. Economic development as community development is critical in building and administering a successful wealth generating economic development strategy.

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INTRODUCTION - “ACHIEVING EXCELLENCE”

This paper summarizes some goals, issues and challenges impacting economic development strategies in Blair County. Some initiatives can be objectively measured. But while economists and politicians often cite the number of jobs created or retained, total dollar amount invested or number of new businesses registered, the measures most often referenced are anecdotal in nature. They take the form of answers to commonly asked questions such as: “How do I feel about my community and its future? Can my children obtain a job, have a career and raise a family in a particular area? Will I, can I or should I stay in this area throughout my career?”

The answers to these questions form a personal measure for residents and visitors alike. They recall a “sense-of-place” which is reflected in the people, culture, physical appearance, media reports, business types, educational system and resources. A comparison is then made against other areas of the country and fairly or unfairly, an impression results.

ABCD Corporation’s objective is not only to achieve operationally defined goals such as jobs created and retained, but also to ensure

that Blair County’s physical assets and public policies are aligned with nationally competitive and growing communities. ABCD Corporation’s staff works to ensure that our community’s expectations, policies and long-term plans are aligned with economically vital communities that have demonstrated success. They seek progressive models and best practices and work to adapt them to our unique condition. The most effective policies and programs are proactive accommodating change while planning for long-term outcomes.

It is critical that the community at-large senses a positive direction for future Blair County resident generations. Without a sustainable economic base, a growing yet managed population, and fully engage corporate and educational community, no part of a community or its economy is sustainable. Our goal in considering these strategies and action plans is to envision Blair County in 2030 and beyond and to ask the guiding questions; “What will this community do better than any other community in the nation and the world? How will we achieve excellence?”

ECONOMIC OUTCOMES, TARGETED INDUSTRIES AND SECTOR ANALYSIS

Economic Outcomes

Despite several manufacturing industry closures between 2000 and 2005, Blair County’s economy has proven to be resilient and diversified. ABCD Corporation’s overall expansion project volume also remained robust during that same period and has steadily risen in each subsequent year. Credit is given to the region’s remaining manufacturers, wholesale trade industry, and transportation and logis-

tics firms that experienced market upswings during that same period. Industrial workers dislocated by the initial downsizing trends often found employment with those regionally expanding firms while others took advantage of both national relocation or retirement options. Still others chose to enter publicly sponsored retraining programs to prepare for an entirely new career path. Among the most attractive from both an employment and wage perspective were found in a growing regional health services industry.

INTRODUCTION,
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OUTCOMES

From 2001 through 2005, ABCD Corporation has serviced more than 145 client projects representing \$550 million in total investment. These projects committed to create 3,345 jobs while retaining 3,542. During this period, Blair County has realized an estimated net total payroll increase of 13.2 percent or \$205 million, slightly above the regional average of 12.8 percent. These projects and outcomes reflect the diverse business sectors operating within the region.

Targeted Industries:

Since 2001, ABCD Corporation has conducted a series of studies designed to determine the best course of action relative to our current and future-focused economic development goals and objectives. Staff drew upon both internal analysis and external studies. Research was performed for the region through IBM Global Consultants, The Brookings Institute and regionally through the Southern Alleghenies Planning and Development Commission. Internal studies were conducted by Delta Development, Synergy Real Estate, Deloitte & Touche, and Van Landingham Consulting. ABCD Corporation also continues to participate in both the update process to the Blair County Comprehensive Plan, the Alleghenies Comprehensive Economic Development Strategy (CEDS) and Planning Advisory Committee (PAC). These documents and processes continue to serve as resources for our strategic planning and activity development.

Part of these analyses included a targeted industry projection. Broad industry sectors as well as converging industries were identified as viable “targets” for operational resource allocation. They currently include:

1. Advanced Precision Manufacturing & Materials Related
2. Life Sciences / Health Services
3. Technology
4. Professional/Business Services
5. JIT Transportation/Logistics & Warehousing

Sub-sectors identified within each targeted area include:

- 1.1 Medical Device and Equipment
- 1.2 Powdered Metals / Metal Fabrication / Paper / Plastics / Coatings / Glass / Ceramics
- 1.3 Agro-Food Producers
- 1.4 Recreational Equipment & Vehicles
- 1.5 Printing / Mailing

- 2.1 Health Services / Short & Long Term Care
- 2.2 Health Care Information Management / Tele-Health
- 2.3 Drug / Equipment Testing
- 3.1 Next Generation Electronics
- 3.2 Sustainable Energy /Hydrogen/Wind/Solar/Bio-energy
- 3.3 Communication / Digital Printing and Storage
- 3.4 Recycling Technologies / Operations Support

- 4.1 Regional Headquarters / Co-located Sites / Security
- 4.2 In-Bound Call Centers / Customer Relations
- 4.3 Back Office Financial Services / Management and Administrative
- 4.4 Security Logistics Management

- 5.1 Perishable/Frozen Foods
- 5.2 Light Freight / Regional Overnights / Air Logistics
- 5.3 Recycling Logistics Operations
- 5.4 Security Logistics Operations

TARGETED INDUSTRIES

ABCD Corporation’s marketing and business outreach programs place special emphasis on these primary industry sectors. We also incorporate a future-focused approach based on levels of existing (even if limited) local presence. These future-focused industries include pure research and development firms, information technology consulting, and customized software development.

While ABCD staff targets these industries at both a national and international level, greater emphasis is placed on the Washington, D.C. metro area. Insular spin-out or expansion opportunities can also be found within the research and development, administration and financial divisions of existing regional firms. Given the common physical demands and office space requirements, national models have demonstrated that these existing component operations can serve to accelerate redevelopment efforts within central business districts.

Industry Sector Analysis

Recent data from the Pennsylvania Department of Labor and Industry show that Blair County out-performed the other counties in the I-99 Region and the Commonwealth in job generation during the period from 2001 through 2005. There were 1,541 new jobs created in the County. This was an increase of 2.7 percent over the 2001 total. Employment in the state grew by just 0.5 percent while Centre County added 1.7 percent and Bedford County lost -9.4 percent. The employment growth placed Blair 24th among the 67 counties in Pennsylvania in the percentage of employment gained.

One measure of the success of an economy is its ability to generate wealth. A common metric for this is the change in aggregate income. Blair did not fare as well in wealth generation. During the period the aggregate wage bill in Pennsylvania increased by 13.4 percent. Blair’s total wages paid increased by 13.2 percent. The average per employee wage in the state increased by 13.4 percent compared to just 10.3 percent for the County. Blair ranked 31st in wealth generation and 50th in wage change per employee. Overall, Regional wages increased slightly slower than the state’s average and slightly faster

than Blair’s. The average regional wage increased by 11.9 percent per employee. The average Centre County wage increased by 13.9 percent and the average Bedford wage increased by 7.5 percent. The wage-bill for the I-99 Region increased by 12.8 percent.

Total Employment and Wages: 2001 to 2005

The average per employee wage in the state increased by 13.4 percent compared to just 10.3 percent for the County. Blair ranked 31st in wealth generation and 50th in wage change per employee.

Metric	Blair Co.	PA	Blair % of PA
Employment '05	59,486	5,552,388	1.1
Employ. % of Total	100	100	1.1
% Change in Employ.	2.7	0.0	
Average Wages '05	\$29,640	\$39,676	74.7
% Change Avg. Wage	10.3	13.4	76.9
Sector Wages Paid	\$1,763M	\$220,296M	0.8
Sec. Wage as % Total	100	100	1.0
% Change in Sec. Wage	13.2	13.4	98.6

The four largest sectors in the Blair County economy in 2005 were *Health Care and Social Services, Retail Trade, Government, and Manufacturing*. Between them, these four sectors employed 35,044 workers, almost 59 percent of the 59,486 total. (The Department of Labor and Industry employment figures do not include railroad, post-office, or self-employment). In terms of their total contribution to the aggregate income of the economy, the order of the four sectors is different. *Health Care and Social Services* paid 18.4 percent of total wages.

INDUSTRY ANALYSIS

Manufacturing contributed 17.6 percent; Government paid 17.3 percent and *Retail Trade* just 9.7 percent. During the 2001 through 2005 period the four sectors also had very different performance statistics. *Health Care and Social Services* continues to be the largest employment sector in Blair County. In 2005 it had 9,620 workers, up 8.7 percent over 2001. Health sector employment was over 16 percent of all employment. The average wage was \$33,696, up by 15.7 percent. In comparison to the Commonwealth, the health sector's performance in Blair was about average. Pennsylvania added 9.1 percent in employment and 15.4 percent in per employee wages. In the Region health care employment grew by 11.0 percent and wages by 15.9 percent. Total wages paid increased by 25.9 percent in Pennsylvania and 25.8 percent in Blair.

Health Care and Social Services: 2001 to 2005

Health Care and Social Services continues to be the largest employment sector in Blair County. In 2005 it had 9,620 workers, up 8.7 percent over 2001. Health sector employment was over 16 percent of all employment.

Metric	Blair Co.	PA	Blair % of PA
Employment '05	9,620	800,797	1.1
Employ. % of Total	16.1	14.4	1.1
% Change in Employ.	8.7	9.1	95.6
Average Wages '05	\$33,696	\$36,972	91.1
% Change Avg. Wage	15.7	15.4	101.9
Sector Wages Paid	\$324.2M	\$29,607M	1.1
Sec. Wage as % Total	18.4	13.4	137.3
% Change in Sec. Wage	25.8	25.9	99.6

Source: All tables in this section were derived from the ES-202 data from the Pennsylvania Department of Labor and Industry, 2001 and 2005.

Retail Trade is now the second largest sector in the County with 8,616 employees in 2005, or 14.5 percent of total employment. This was an increase of 4.1 percent over 2001. Pennsylvania saw a decline in retail employment of 1.6 percent. The average wage in the County increased by 9.5 percent to \$19,812. In the state the average wage grew by 9.1 percent. Total wages paid in the retail sector increased by 7.4 percent in Pennsylvania and 14.0 percent in Blair. Hence, compared to the state, the sector was healthy. Retail employment in Centre County grew by 4.4 percent and in Bedford by 7.6 percent. As a whole, the I-99 Region saw a total growth of 4.6 percent in employment. The average retail wage in the Region was \$19,314, an increase of 10.8 percent. The relatively low wages paid in the sector assured that the wage-bill would be a low percentage of the total. In Blair, total wages paid were just \$170.7 million in 2005, which was 9.7 percent of the total. In Pennsylvania the wage bill for retail was just 7.0 percent of total wages.

Retail Trade: 2001 to 2005

In Blair, total wages paid were just \$170.7 million in 2005, which was 9.7 percent of the total. In Pennsylvania the wage bill for retail was just 7.0 percent of total wages.

Metric	Blair Co.	PA	Blair % of PA
Employment '05	8,616	663,525	1.3
Employ. % of Total	14.5	11.9	122.8
% Change in Employ.	4.1	-1.6	
Average Wages '05	\$19,812	\$23,088	85.8
% Change Avg. Wage	9.5	9.1	104.4
Sector Wages Paid	\$170.7M	\$15,319M	1.1
Sec. Wage as % Total	9.7	7.0	138.6
% Change in Sec. Wage	14.0	7.4	189.2

INDUSTRY ANALYSIS

Government is the third largest sector in Blair County with 8,593 employees in 2005, 14.4 percent of the total. The sector grew by just 0.2 percent from 2001 to 2005. Wages increased by 8.8 percent to \$35,419. Pennsylvania saw an increase of 1.7 percent in employment. Wage growth in the state was 11.5 percent. The government sector grew by 3.6 percent in employment in the Region, much of that in Centre County, which had a 5.0 percent increase. The total wage paid by the government sector in Blair County was 17.1 percent of the total; however, wealth generation was low compared to the Commonwealth. Total wages paid increased by 13.5 percent in the Commonwealth compared to 9.1 percent in the County.

Government: 2001 to 2005

Wealth generation was low compared to the Commonwealth. Total wages paid increased by 13.5 percent in the Commonwealth compared to 9.1 percent in the County.

Metric	Blair Co.	PA	Blair % of PA
Employment '05	8,593	715,139	1.2
Employ. % of Total	14.4	12.9	111.6
% Change in Employ.	0.2	1.7	11.8
Average Wages '05	\$35,419	\$42,486	83.4
% Change Avg. Wage	8.8	11.5	73.9
Sector Wages Paid	\$304.3M	\$30,383M	1.0
Sec. Wage as % Total	17.1	13.8	123.9
% Change in Sec. Wage	9.1	13.5	67.4

Manufacturing has fallen to the fourth largest sector in Blair County with 8,215 employees in 2005. This was 13.8 percent of total employment. The sector lost 1,244 employees in the County between 2001 and 2005, 13.2 percent of the 2001 employment. Wages per employee increased by a respectable 11.2 percent. Compared to the

state Blair fared quite well. Manufacturing employment in Pennsylvania decreased by 17.1 percent. Average wages in the manufacturing sector in the state increased by 14.1 percent.

The I-99 Region was hit even harder by the loss of manufacturing employment. Bedford County lost 48.5 percent of its employment in the sector and Centre lost 38.0 percent. Overall manufacturing employment in the Region declined by 28.9 percent. In the Region per employee wages (for those who were still employed) gained 14.2 percent.

Despite the increase in per employee wages the total wage-bill in Blair County declined by 3.5 percent. Total wages in the manufacturing sector in Blair County still account for over \$5.9 million and make up 17.4 percent of all wages paid. The state's manufacturing wage bill declined by -5.4 percent compared to -3.5 percent in Blair.

Manufacturing: 2001 to 2005

The sector lost 1,244 employees in the County between 2001 and 2005, 13.2 percent of the 2001 employment. Wages per employee increased by a respectable 11.2 percent.

Metric	Blair Co.	PA	Blair % of PA
Employment '05	8,215	682,274	1.2
Employ. % of Total	13.8	12.3	121.2
% Change in Employ.	-13.9	-17.1	69.7
Average Wages '05	\$37,804	\$47,268	80.0
% Change Avg. Wage	11.2	14.6	79.4
Sector Wages Paid	\$310.6M	\$32,250M	1.0
Sec. Wage as % Total	17.6	14.6	120.5
% Change in Sec. Wage	-3.5	-5.4	64.8

INDUSTRY ANALYSIS

Overall, two of Blair County's largest sectors grew in employment (*Health Care and Retail*), while *Government* was essentially stagnant and *Manufacturing* lost a substantial number of workers. In fact, *Manufacturing* lost more employment than the other three gained. In wealth generation (or loss) Blair outperformed the state in *Manufacturing*, and *Retail*; it was essentially even in *Health*, and fell behind in *Government*.

No other sector in the Blair County economy had over 5,000 workers in 2005. The next largest sector was *Accommodations and Food Services*. This sector employed 4,637 workers in 2005, up 5.7 percent over 2001. However, wages paid in the sector (not including gratuities) were only 2.8 percent of total Blair County wages. In Pennsylvania the sector wage bill is just 2.5 percent of the total. The Commonwealth and the County were essentially even in the change in aggregate income. Total wages paid in the sector increased by 14.7 percent in Blair and 14.8 percent in Pennsylvania.

Although the next three sectors in the economy are much smaller in total employment than *Accommodations and Food Services* they all contribute substantially more to the aggregate wealth of the economy because they pay much higher wages. With 2,725 employees in 2005, the *Wholesale Trade* sector contributed 5.8 percent of total wages. The sector lost 263 employees from its 2001 total but wages per employee increased by 14.7 percent. The sector is of comparable importance to the state. In 2005, *Wholesale Trade* paid 5.9 percent of all wages. During the period the total wage bill of the sector in Blair increased by 4.6 percent; in the state it increased by 5.5 percent.

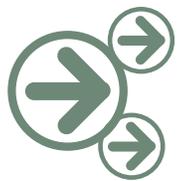
Construction is the next largest sector of employment with 2,702 workers in 2005. The sector contributed 4.7 percent of total wages. In Pennsylvania, the sector paid 5.2 percent of all wages. Sector

employment in the County increased by 3.5 percent and in the state by 1.7 percent. However, average wages per employee increased by just 6.5 percent in Blair compared to 12.2 percent in Pennsylvania. The contribution to wealth generation increased by 10.3 percent in the County and 14.1 percent in the state.

Transportation and Warehousing (even without railroad employment) pays a relatively high wage in Blair County. In 2005, the 2,667 workers in the sector were 4.5 percent of employment but earned 5.4 percent of total wages. In the Commonwealth, the sector's wage bill is just 3.2 percent of the total. Between 2001 and 2005, the sector gained 27.3 percent in Blair County employment (a total of 572 workers). Wages per employee also increased rapidly, by 21.9 percent. By contrast employment in the state increased just 3.9 percent and wages per employee gained just 6.4 percent. Wealth generation in the County was high. The total wage bill increased by 55.2 percent, best of all the sectors. Overall, total wages increased just 10.5 percent statewide.

Professional Services, although representing only 3.8 percent of the workforce, paid 4.7 percent of all wages in Blair County in 2005. *Professional Services* has been a high growth sector for the County in the recent past, with employment gains of 21.4 percent and per employee wage gains of 17.7 percent over the 2001 to 2005 period. The sector is still significantly under-represented in the County. In Pennsylvania the sector paid 8.8 percent of all wages in that year. Overall, the aggregate income of employees increased by 42.8 percent in the County and just 21.8 percent in the Commonwealth.

On the other side of the coin, the *Administrative Services and Waste Management* sector had 3.5 percent of total employment but paid just 1.9 percent of total wages. In Pennsylvania the sector pays 3.4



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ANALYSIS

percent of total wages. This sector also grew rapidly in employment but very slowly in wages per employee. Employment grew by 31.9 percent but wages by just 4.4 percent. The overall gain in total wages was 36.9 percent in Blair but just 12.3 percent in Pennsylvania.

Like *Administrative Services and Waste Management* the *Other Services* sector is a low pay activity. This sector, which includes a variety of services, from barbershops to repair services, had 2,011 employees in Blair County in 2005. This was 3.4 percent of employment but wages were just 2.0 percent of the total. In Pennsylvania, the sector paid 2.1 percent of total wages. Between 2001 and 2005 the aggregate wages of the sector increased by 25.6 percent in the County and just 16.9 percent in the state. Employment grew by 8.9 percent in the County and 3.3 percent in Pennsylvania.

Finance and Insurance had 1,468 employees in Blair in 2005. This was 2.5 percent of all employment; however, high wages per employee caused the sector to pay 3.4 percent of all wages. The sector is relatively more important to the state than the County; in 2005 the sector paid 7.5 percent of all wages. Employment in the County was stable between 2001 and 2005 but total wages paid increased by 10.0 percent. In Pennsylvania the sector lost 1.6 percent of its employment but wages per employee increased by 17.6 percent, which lead to an increase in total wages of 16.3 percent.

The *Information and Communications Services* sector has had a difficult time in both the County and the state in the past few years. The sector lost 23.5 percent of its employment in the County between 2001 and 2005 to 1,050 workers. In the state it lost 19.3 percent of its employment. In 2005 Information sector employees received 1.9 percent of all wages paid. In Pennsylvania the sector paid 2.6 percent of the total. Wages per employee gained 7.9 percent in the Common-

The Information and Communications Services sector has had a difficult time in both the County and the state in the past few years. The sector lost 23.5 percent of its employment in the County between 2001 and 2005 to 1,050 workers. In the state it lost 19.3 percent of its employment.

wealth but lost 5.6 percent in Blair. Overall wealth generation decreased by 12.9 percent in Pennsylvania and 26.6 percent in the County. In both cases this was the largest decrease in aggregate income of all sectors.

No other sector of employment had more than 1,000 employees in Blair County in 2005. The small sector with the greatest impact of the overall economy in Blair County in 2005 was *Management*. This sector, which includes all establishments whose primary activity is the management of other establishments, had just 0.9 percent of employment in the County but paid annual wages of almost \$58,000 per employee. Hence, the aggregate wage bill was 1.9 percent of the total. In Pennsylvania, *Management* paid 3.1 percent of total wages. The sector also grew rapidly in the Commonwealth while losing employment in the County. It grew by 52.0 percent in employment statewide but decreased by 12.5 percent in Blair. The overall contribution to the economy grew by 20.4 percent in the County but 93.5 percent in Pennsylvania.

The sectors with the least impact on the Blair County economy in 2005 all had total wages that were less than 1.0 percent of the overall aggregate income. They were:

- *Agriculture* (not including self-employed family farmers) with just 0.2 percent of total wages and 0.4 percent of employment;
- *Mining* with 0.3 percent of total wages and 0.2 percent of employment; *Education* with 0.5 percent of wages and 0.7 percent of employment;
- *Arts, Entertainment and Recreation* with 0.5 percent of the total wage bill and 1.4 percent of employment;
- *Education Services* (not including public sector employees) with 0.5 percent of wages and 0.7 percent of workers;
- *Real Estate and Rental and Leasing* with 0.6 percent of wages and 0.7 percent of workers;
- *Utilities* with 0.7 percent of wages and 0.3 percent of employment.

Of these only *Agriculture* and *Education Services* had rapid growth in wealth generation between 2001 and 2005. *Education Services* saw its wage bill increase by 49.7 percent and *Agriculture* had an increase of 37.0 percent. All of these sectors are under-represented in Blair County compared to the state.

Industry Sector Summary

Although Blair County grew in employment from 2001 and 2005, both absolutely and compared to Pennsylvania, relatively greater wage gains in the Commonwealth caused the total wealth generation of the County to lag behind the state. The County saw rapid aggregate income growth in the *Transportation and Warehousing* sector and in *Professional Services, Administrative Services* and *Waste Management, and Education Services*. Aggregate income fell in just three sectors, *Information and Communications Services, Manufacturing, and Utilities*.

Outreach Strategy and Expectations

ABCD Corporation staff will be administering an industry outreach strategy which allocates resources towards further developing sustainable, high-wage, wealth-generating employment opportunities within targeted industry sectors and their related sub-sectors. Special emphasis will be placed on those industry sectors that can be accommodated by the County and region's physical asset capacity. *Professional Services, Health Services, and Education* rank high among the targeted sectors along with Precision/Advanced Manufacturers. While smaller and more specialized Transportation and Warehousing industry sectors will remain an industry target, the County is challenged to offer larger contiguous developable land tracts which are attractive to larger national interests within this sector.

The most significant and applicable development capacity given the targeted industries is found within Blair County's Urban Centers where infill projects and redevelopment opportunities can accommodate

vertical building construction and mixed-use town-centers. Such areas can attract professional, technical and business administrative operations. ABCD Corporation will seek partners within our existing corporate base to assist in the redevelopment of our urban centers. This can be accomplished by establishing both existing and new corporate headquarter locations within the urban center and leveraging investment for modern urban housing and retail establishments.

ABCD Corporation expects this new wealth generating model will be fueled by smaller business operations most often sourced as entrepreneurial start-ups, business spin-outs, and expansion of existing businesses. They will likely be characterized by employing fewer employees than in the past, but at higher wages and with an ever increasing demand on education. While new opportunities may at times be generated by nationally sourced relocations or expansions, those will likely be limited in number and frequency.

Further, it is important to recognize the fluid and changing nature of the jobs themselves. In the January–February 2007 edition of *LEADER Magazine*, this reality is captured in the following excerpt:

Corporations competing in a global marketplace require increasing flexibility in their employment strategies. Good jobs now come in many forms, including outsourced arrangements and various forms of contract employment. Yet, incentive programs in most states continue to be limited to "traditional full-time positions," under-valuing the impact of contract employees, and even creating potential defaults under incentive agreements when jobs are converted to less convention formats.

This condition impacts not only resident expectations of what is considered to be an economic win, but also traditional public financial and incentive programs offered to businesses and the related information gathered to measure outcomes.

THE STRATEGIC FRAMEWORK

In 2002, as Blair County and the central region of Pennsylvania were assessing the social and economic impact of several major industry closures, ABCD Corporation established a long-term operational strategy. Recognizing that adjusting our physical and policy conditions was a long-term proposition, ABCD Corporation launched a visioning and strategic discussion targeting the year 2030.

Four guiding principles were established to support an effective, long term operational and infrastructure capacity. They are: 1) attract, retain and develop sustainable wealth generating employment opportunities based on unique value propositions; 2) attract and retain the talent needed to fuel those opportunities; 3) establish a community culture that promotes entrepreneurship, creativity, resource preservation, technology innovation, tolerance and education; 4) aggressively encourage and facilitate the redevelopment of the County's urban centers, underutilized buildings and former industrial sites through sustainable smart growth principles; and 5) conduct ongoing information exchange and outreach initiatives among our key stakeholders to accurately convey and compare the competitive global landscape in which our region operates.

Based on both national consultant assessments and internal staff research, a strategic framework was established that would guide the development of our operational strategies in support of the guiding principles. The framework consists of three major components: 1) Objectives, 2) Metrics and 3) Activities. Together, these components form the strategic operational plan that addresses the issues and challenges currently impacting our ability to achieve our goals and objectives.



I. OBJECTIVES (1-10)

1. Grow our overall population toward optimal sustainability with an emphasis on attracting the 24 to 40 age cohort as a total percentage of population in Blair County;
2. Increase Blair County's percentage of advanced degree earners to better reflect national distribution (talent attraction);
3. Promote a mantra of life-long education and learning among our regional workforce critical to our future economic competitiveness;
4. Develop and maintain regional economic development partnerships with a particular emphasis on the I-99 regional corridor;
5. Promote an efficient, coordinated and enforceable government service and economic development delivery system regionally and state-wide;
6. Encourage coordinated, nationally competitive land-use planning strategies, principles and management between disparate municipalities;
7. Leverage our region's research university and related resources for economic development purposes and work to ensure competitive state investment in those universities directed toward economic development activities;
8. Ensure the diversity of design options, costs and physical integrity of our region's buildings and housing stock;
9. Direct resources, administrative support and establish land-use development priorities to support the highest wealth generating employment opportunities within sustainable industry sectors;
10. Actively support the redevelopment and sustainability of our urban core (City of Altoona) to include market-rate housing, recreational, retail, and workplace options by leveraging the core economic drivers including the Altoona Regional Health System and affiliates, Penn State Altoona, and the Altoona Area School District;

I. OBJECTIVES (11-18)

11. Encourage the use of both the Keystone Principles for Growth, Investment and Resource Conservation, as well as the Recommended Model Development Principles for Blair County, as key references for development within targeted growth zones;
12. Leverage the region's tourism assets for economic development, community development and environmental enhancement purposes;
13. Maintain and expand a diverse economy by building upon our sustainable and expanding high growth industry sectors including, health services, education, professional services and small advanced manufacturers;
14. Place priority emphasis on the maintenance of our current transportation infrastructure, and ensure that context sensitive design elements, multi-modal functions (transit/bike/pedestrian) be a part of all transportation projects to ensure continued resident use and attractiveness. Emphasis is also placed on strategic inter-modal infrastructure development to support rail, truck and air freight options.
15. Encourage product and process innovation and development among our legacy (existing) businesses through collaborative efforts (employee engagements);
16. Ensure that our technology infrastructure and capacity will continue to meet the demands of modern businesses and residents;
17. Facilitate avenues for global market reach and activity for all Blair County businesses;
18. Inform regional community leaders and other interested constituencies of national competitive economic development strategies, industry trends and best practices.

II. Sustainable Wealth Measures

In addition to ABCD Corporation's internal core annual measures of attainment, new external measures are being monitored to support the organization's longer term objectives. These will assist in measuring our region's capacity to compete within a modern global context. Some of the metrics increasingly used to measure a region's wealth generating activity and its capacity to sustain it over the long-term include:

II. SUSTAINABLE WEALTH MEASURES (all)

1. Change in aggregate payroll within high growth industry sectors;
2. New jobs created in relation to overall increases in payroll/wage;
3. Overall population growth;
4. Overall jobs created and retained;
5. Acreage developed and redeveloped;
6. Proportion of the population age 25 to 34;
7. Percentage of foreign born population;
8. Rate of in-migration of new residents;
9. Proportion of the population with bachelors degree or higher;
10. Proportion of the population employed in "creative core" occupations (scientists/designers/engineers);
11. Patent activity per capita;
12. Percentage of the population moving within the past five years;
13. Percentage of renters spending less than 35 percent of their income on housing costs;
14. Rate of increase in real-estate values;
15. Rate of personal income growth;
16. Level of capital investment in production equipment;
17. Number of new employer registration numbers;
18. Percentage change in real estate values.

III. Activities

Below are the primary programs, services and collaborative partnerships through which ABCD Corporation is either administering or participating to achieve our long-term economic development goals.

III. ACTIVITIES (all)

1. Alleghenies Tourism Council
2. Alleghenies Commission Planning Advisory Council (PAC)
3. Businesses and Schools Investing in Cooperative Solutions (BASICS Program)
4. Blair County Entrepreneurial Institute
5. Blair County Manufacturers Council
6. Blair County Life Sciences Council
7. Blair County Transportation and Logistics Council
8. Blair County Chamber of Commerce Legislative Action Committee and Transportation Committee
9. Blair Technology Council
10. Business Retention Program (BREP)
11. Downtown Reinvestment Program
12. Growth and Relationships of Young Professionals (GRYP)
13. Human Infrastructure Development Committee
14. I-99 Innovation Corridor Economic Development Alliance
15. I-99 Discovery District Program
16. I-99 Representative Advisory Council
17. I-99 Keystone Innovation Zone Program
18. I-99 Enterprise Zone Program
19. I-99 Talent Force Training Center of Excellence (Penn State Altoona)
20. International Economic Development Council
21. Leadership Blair County (Blair Chamber)
22. National Site Selector Networking and Outreach
23. Pennsylvania Economic Development Association
24. Visual Enhancement Committee
25. State Infrastructure Improvement and Building Enhancement Funds
26. State Business Expansion Financing Program Administration
27. The Winners Investment Group
28. The Southern Alleghenies Planning and Development Commission Regional Workforce Investment Board

Specific activities and initiatives take place within the context of each of these programs. They are managed through a variety of delivery mechanisms including industry consortia, educational workshops, targeted advertising, electronic communications, national conferences and forums, federal, state and local government testimony including municipal council presentations as well as media, public and university relations. Based on current activities and future trends, ABCD Corporation staff has also identified critical “gaps” to be addressed through direct investment, greater informational exchange and strategic partnerships. These gaps include:

- Need for robust revolving loan funds targeting urban core redevelopment and capacity expansion including non-traditional economic development roles such as housing, mix-use building projects and professional resident housing incentives;
- Need for additional funds to support regionally focused university and economic development partnerships designed to increase overall private direct investment and prospect deal flow related to business attraction, translational research, industrial research and commercialization activities;
- Need for government system reform to ensure effective continuity and greater efficiency of public service delivery, land-use planning and economic development program funding and resource dissemination.

ISSUE OUTLINE

So what will Blair County, its economy, resident base and physical infrastructure look like in the year 2030? What will Blair County do better than thousands of other community in order to compete for the limited wealth generating project opportunities that occur each year? Those are the serious questions that elected officials, business leaders and residents must begin to answer today. How we desire our community to appear and function in 2030 will depend upon how we address the challenges we face today and plan for the future. Will the plan be reactionary or proactive offering a long-term vision?

This document outlines a series of issues, challenges and strategies currently being addressed by ABCD Corporation. It contains eight sections or “white papers” designed to inform and stimulate conversation among key stakeholders.

They include:

1. **The Population Factor**
2. **Economic Development As Community Development: A Return on Perception**
3. **Role of the Research University: The New Value Proposition**
4. **Secondary Education and the “Gold Collar” Worker**
5. **Workforce vs. the Workplace**
6. **Building Entrepreneurial Capacity**
7. **Human Infrastructure Development**
8. **Effective Governance Delivery for Competitive Economic Development**

While these topics are in no particular order, each is interconnected and critically important to our region’s success. Economic development policies and programs consider all of these elements equally when being formulated and administered. Ultimately this document is intended to help ensure Blair County’s competitive economic development position in a changing, competitive and global economic climate.

#1 - THE POPULATION FACTOR

Few economic successes can be achieved without a dynamic population to sustain a vibrant economy. Population statistics are the most basic measure of a region’s economic condition. It is reflective of a community’s ability to accommodate current and future employment opportunities.

With that said, Blair County is facing a fundamental challenge. While Pennsylvania’s population is growing at a very slow rate (2 percent

between 1994 and 2004 as compared to a national rate of 11.6 percent during that same period), Blair County is actually losing its residency base. Blair County lost -1.1 percent of its total population between 1990 and 1999. The Center for Rural Pennsylvania projects Blair County will lose an additional -1.8 percent between 2000 and 2005 with those numbers compounded exponentially through 2010. And our region is aging rapidly. 18 to 25 percent of the population is now over

the age of 60.

Blair County is also out-migrating its younger educated population between the ages of 24 to 35 without a statistically relevant rate of in-migration. Given Blair County's current age distribution with significantly more residents turning 65 than those under 25 expected to remain, this trend will likely be magnified through the next 4 to 8 years. According to a Pennsylvania State University study, between March 1995 and March 1997 alone, Pennsylvania posted a "net migration loss of 13,500 labor force age adults with professional, executive and managerial occupational skills and an additional loss of 15,000 persons with technical, sales and administrative support expertise."



We must first find reasons not to move a company or business into a certain region. A growing population is reflective of the community as whole, its tax base, its education, its culture, and its infrastructure. A declining or stagnant population is likewise reflective of a region's condition and long-term outlook.

A national site-selector defined the site-selection process as a process of elimination, rather than inclusion. "We must first find reasons not to move a company or business into a certain region," he said. Site-selectors and real-estate consultants conducting an expansion search evaluate basic criteria prior to "short-listing" a state or region. Demographic information is a basic measure reviewed in every site search. "A growing population is reflective of the community as whole, its tax base, its education, its culture, and its infrastructure. A declining or stagnant population is likewise reflective of a region's condition and long-term outlook," he added.

ABCD Corporation recognizes that while people move to or from a region in-part based on employment opportunities, increasingly high-value knowledge based workers are choosing places to live based on

the quality or attractiveness of a place rather than solely for a specific job opportunity. This reality poses numerous additional considerations for economic developers. Some of those considerations are addressed throughout the following sections.

And the employment opportunities that a region does create must not only provide career development options vertically within organizations, but also offer potential horizontal movement between companies. Regions that provide multiple career development paths are more likely to attract and retain the highly mobile, educated and skilled professional workers.



If attracting high demand talent to regions like Blair County is an economic priority, then recognizing the changing face and expectations of our national and global citizenry is also important. They are diverse, representing many different ethnicities, cultures, life-styles, family-structures and working experiences. They are highly mobile moving frequently over their life-career. Many are choosing to remain single. And couples are often delaying having children until later in life, or in some cases not at all.

Studies have shown a strong correlation between higher educational attainment levels and interest in active, outdoor lifestyles. Individual sports such as cycling, trail running, skiing and other "eco-sports" are of growing interest among these cohorts. Cities, regions and economic development organizations in many parts of the country that align policy and infrastructure investments to meet these expectations are finding success in attracting new businesses and residents.

While business attraction efforts are ongoing, retention and expansion of existing firms represent almost 85 percent of all of ABCD Corporation's projects. Soon, based on the population trends, regions similar to central Pennsylvania could be at risk of impacting their existing firms'

ability to fuel economic expansion; the basis of economic growth to date. Federal political representation could also be negatively impacted.

The nation is expected to add more than 8.5 percent of its working age population through 2020 while Pennsylvania is expected to decrease that same cohort by 1 percent. Reversing these population trends, especially the diminishing young, highly educated cohorts, is the most critical challenge that must be overcome.

ABCD Corporation has launched several partnerships designed to build a competitive infrastructure and policy environment to include a modern diverse housing stock, well designed mixed-use and corporate buildings, progressive recreational amenities and public policies that promote tolerance and talent attraction in light of an expanding diverse global workforce and marketplace.

ABCD Corporation encourages all civic leaders and planners to determine their ideal sustainable capacity for future population growth within their respective communities, and target that capacity through a strategic land-use plan and long-term community vision.

The success of these efforts is dependent on how the issues outlined in this paper are addressed. They include the region's educational system, design elements and visual appeal, residential living options, cultural venues, financial programs, regulatory ease, planning processes, workforce availability, and infrastructure. We are confident that if fully implemented, strategies based on a long-term vision for our region will establish attractive, modern and wealth generating career opportunities for future generations.

#2 - ECONOMIC DEVELOPMENT AS COMMUNITY DEVELOPMENT: A RETURN ON PERCEPTION

Successful modern economic development strategies encompass all aspects of a community's asset base.

That base includes traditional infrastructure assets such as land, buildings, housing options, transportation systems and utility infrastructure. Just as critical are its cultural venues, recreational options, events programming, and educational resources.

When viewed holistically, these assets become part of the social and cultural fabric of a community and are reflected in its physical infrastructure, residents and real-estate value. Their form, function and condition, convey an immediate impression of a community. They create a "sense-of-place." They help form an opinion of the region's economic health, culture and civic pride. They contribute to a community's ability to attract business investment and new residents producing a "return on perception (ROP)."

From a modern economic development perspective, the analogy - "coal is to the mine as the knowledge worker is to a vibrant town center" - is applicable. In many respects, the rail yards of yesterday are today's public gathering/meeting places, pedestrian-friendly town centers, and communities that provide well designed mixed-use class-one housing and retail. They are the settings, both urban and rural, to which today's raw material, the knowledge-based worker, is attracted. It is through this "human-scaled infrastructure" combined with well planned functionality where interaction is promoted, ideas exchanged, careers advanced and new businesses launched.

Just as at the turn of the century, when infrastructure was constructed to extract raw material, which in-turn fueled the industrial revolution, well designed "context sensitive" infrastructure must also be in place to most effectively

accommodate knowledge-based industry and their employees. Communities that recognize that connection, plan for it and align their resources to develop it gain a competitive advantage in attracting the “raw material” to fuel business, sustain their tax base and effectively grow their economies.

Communities are redeveloping both their urban cores and suburban out-centers. Mix-use “lifestyle” centers are replacing traditional malls or strip shopping areas. Parking lots offer new opportunities for vertical housing construction and town-center build-around strategies. “Out of the Big Box” thinking is in direct response to a modern demand for more urban settings, place creation and live/work centers.

As modern industry works to ensure the highest levels of “corporate integrity” and “quality of place” for their employees, the level of a community’s commitment to smart growth strategies and visual enhancement translates directly into its ability to achieve economic success. It is important to note that modern standards for visual appeal and functionality are measured against nationally competitive communities, rather than a community’s own historically accepted standard.

In an effort to ensure that Blair County effectively plans to achieve a modern, competitive “best first impression” while enhancing real-estate value, ABCD Corporation is encouraging key Blair County constituencies who influence the planning process to adopt a long-term strategy for managed growth, image enhancement and infrastructure functionality. ABCD promotes the alignment of local planning policies, infrastructure design and use with national competitive standards. ABCD encourages municipalities and regional planning organizations to reference both the Keystone Principles for Growth and the Blair County Recommended Model Development Principles as a framework for future ordinance consideration and development proposals. We will also work closely with the Pennsylvania State Planning Board as well as the Southern Alleghenies Planning Advisory Committee to more greatly ensure the use of these important land-use guidelines.

Tools and Best Practices

Modern visual and functional elements can be influenced through a variety of actions, timeframes and cost. Some actions have a short-term focus and can be accomplished through regular maintenance while others require mid-term rehabilitation. Future focused improvements can be addressed through long-term strategic planning. Some of these visual, human infrastructure related elements include:

- Incorporating and maintaining green space/islands/trees/gardens
- Incorporating and improving signage to human scale/low profile/cooperative designs
- Incorporating pedestrian-friendly environment/sidewalks/crossings/signaling/curbing
- Traffic calming in parking lots and higher density intersections through green space/buffers/islands
- Incorporating themed/human scaled lighting where applicable
- Incorporating appropriate highway siding to safely accommodate biking/running routes
- Incorporating green space offset buffers along major retail/office centers
- Incorporating themed context sensitive storefront facades where applicable/possible
- Incorporating curb front retail with rear parking and docking when possible
- Installing logical welcome/gateway/signage delineators along major corridors
- Consideration of vertical footprint options where applicable
- Encourage through incentive based strategies private home owners to maintain and improve their structures including green space maintenance, especially along the identified high profile corridors

Action items can include:

- 1) Use of form-based zoning tools, development of policies, plans and resource alignment that incorporate new urban standards and functional human infrastructure where appropriate/volunteer architectural review committees;
- 2) Aggressive monitoring and maintenance of existing green space along the identified corridors;
- 3) Adopt a Highway Programs by civic and student groups should be encouraged;
- 4) Recognition of corporate and residential properties that exemplify modern visual standards;
- 5) Identify elements along gateway corridors for improvement and communicate those findings to appropriate oversight officials, agencies;
- 6) Identify and request infrastructure funding to support rehabilitation projects and improvements along these primary corridors;
- 7) Develop recommended themed façade designs, architectural features, lighting in cooperation with regional tourism agencies/organizations;
- 8) Use of the Recommended Model Development Principles for Blair County as a guide for future development and ordinance formation.

#3 - ROLE OF THE RESEARCH UNIVERSITY: THE NEW VALUE PROPOSITION

Traditional Clustering

Economic development strategies have historically been defined by specific industry clusters such as wood products, plastics, paper, metal, or information technology. This “end product” or service based “clustering” framework derives from a period when the national economy was structured on labor intensive manufacturing geographically dependent on the extraction and transportation of raw materials.

Industry clusters such as steel products, furniture manufacturers and textile operations were dependent on a continuous supply of coal, water, or crop. The ability to transport the final product cost-effectively by rail, water, road and air was also an important part of the formation of traditional industry clusters.

A region’s industry base in-turn was often reflective of its utility to extract, process, and transport a particular raw material or product. The industrial heritage of the City of Altoona and Blair County was defined by the railroad and the formidable Allegheny Front. Altoona’s valley along the base of the Allegheny front ideally served as the terminus for both rail maintenance and access to the rich coal region.

Rail was the primary transportation mode for raw material such as coal to fuel the steel mills in Pittsburgh. The Pennsylvania Railroad would then return the finished product to cities such as New York and Philadelphia for use in major construction projects.

Over time, heavy production operations became more automated. Foreign markets became more open and fluid leading to intense commodity-based competition. By

the mid 1960s in the United States, the intense demand for traditional raw materials through labor intensive methods began to diminish.

With the rise of foreign competition in steel production and the interstate highway system facilitating resident and commerce moves south and west to climates now chilled with the invention of air-conditioning, the mid-Atlantic region quickly earned the national “rust-belt” moniker which in many ways it is still attempting to shed.

Modern Knowledge Networks

While the economic development community may debate the benefits of an industry cluster approach as the strategic basis for modern economic development, referring to it as an “eggs-in-one-basket” strategy, it is true that industries generally tend to congregate in certain regions. But the reasons why they cluster and the nature of their “raw material” are now much different.

Whether it is a modern manufacturing business or information technology firm, today’s “raw material” is increasingly the “knowledge worker.” And regions that can supply, attract and retain these workers while offering the resources that support the enhancement of these businesses’ operational processes, are finding success in growing a broad-based “knowledge-networked” economy.

Industries themselves now are more broadly defined and interconnected. Almost all competitive industries identify themselves or aspects within their operation as “knowledge-based.” This includes manufacturers, warehousing and distribution. Distribution firms rely on complex information systems and integrated financial management packages. Precision manufacturers serving the life sciences industry demand highly skilled workers who understand the production process, business life-cycle and how their product can add value to the life sciences industry as whole.

Given these trends, our region and the country as a whole will find it difficult to compete with low to mid-skill repetitive production and technical support operations such as outbound call centers, digital form processing operations or common-language software development production.

Research and Development

Research and development is the essential component of a viable knowledge-networked economy. The Nation’s ability to provide advanced research and development through government and university resources across all industry sectors is a highly valued distinguishing feature of our national asset base. Innovative companies access our nation’s universities for product development, operational evaluations, and technology enhancements. Research, product development, prototyping and precision manufacturing operations represent areas for business growth in the United States.

Strategic Outreach and Business Development

The Altoona Blair County Development Corporation conducts activities related to the three levels of economic development: 1) Business Retention; 2) Business Attraction; and 3) Business Creation. While some activities impact all three, others are more closely associated to a particular level.

In light of the issues and trends outlined in this section, ABCD Corporation is working to position Blair County to further accommodate and build-upon its diverse industry sectors by leveraging high-value enabling technologies, research and a ready knowledge-based workforce through operational partnerships with Penn State University and Penn State Altoona College.

While the strategy recognizes Blair County’s current economic condition and industrial legacy, it is primarily a future-focused plan designed to leverage four core “enabling”

university research competencies for practical industry application and economic development. Those enabling research competencies at Penn State are:

1. **Materials Science**
2. **Life Sciences/Health Services**
3. **Information Sciences and Technology**
4. **Supply Chain Logistics / Transportation**

Each core research competency is outlined in the following sections. This summary identifies the research area, university attributes, product areas impacted by the research area and industry clusters that can/do utilize the research area.

Enabling Technology #1	MATERIALS SCIENCE
University Attributes	National leadership in materials research, development, and nano-scale applications
Example Product Areas	Powdered metals, polymers/plastics, metals, textile, bio/organic, coatings, micro-processing
Primary Industry Clusters	Advanced manufacturing, bio/medical devices, information technology, agriculture, telecommunications, computer related, life sciences

Materials Science impacts a broad spectrum of industry products, service sectors, and clusters. Penn State University's greatest research strength is Materials Science, which links virtually every field of science and engineering. Through the ABCD Corporation Economic Development Program, a primary activity will be to communicate the materials science research competency at Penn State with current regional industry, national industry considering relocation, as well as to explore opportunities within the university for new business to be generated based on current materials research findings and

activities. This research asset is unique to our region. Industry searching for ways to make products stronger, lighter, and/or safer provides Blair County and the I-99 Corridor with a competitive advantage. Materials can contribute to lowering cost of products and manufacturing techniques. Outreach to both existing and new industry will be executed through targeted workshops, industry tours at Penn State, national level industry trade shows, site selector networking, and through industry database development.

Materials science is an interdisciplinary field combining chemistry, physics, engineering, biology, and medicine. Materials science applications extend from low to high technology industries, such as Primary metals manufacturing, Powder metals, Heat resistant materials, Corrosion resistant materials, High strength materials, Blast resistant structures, Coatings, Electronics, Electro-optics, Electro-ceramics, Bio-medical materials, Fuel cells, Hydrogen storage, Smart materials, and Green manufacturing. Industries incorporating such production components will be researched and communicated with through ABCD Corporation's Economic Development Program.

Enabling Technology #2	LIFE SCIENCES/BIO TECH/HEALTH SERVICES
University Attributes	Interdisciplinary research in life sciences and medicine
Example Product Areas	Medical devices, medical procedures/research, pharmaceuticals, tele-health
Primary Industry Clusters	Pharma-manufacturing, agriculture, health services, advanced manufacturing

Penn State possesses major strengths in life sciences research. Areas of strength include: biomedical engineering, cancer biology, genetics, geriatrics and the biology of aging, neuroscience, disease, biochemistry, and nutrition science, among others. The Huck Institute for the Life Sciences was recently

created as the catalyst for interdisciplinary research and education in the life sciences at Penn State. The Huck Institute for Life Sciences, in partnership with these other interdisciplinary institutes, has created nearly 50 new interdisciplinary life sciences faculty positions at Penn State in the last five years.

Through the ABCD Corporation Economic Development program activities, staff will work to identify and develop key partnerships with staff and faculty within the Biotechnology and Life Sciences research areas at Penn State, with regional health service providers, private research firms, and applicable manufacturers. Relationships with regional life science firms including Sound Technologies, Restek, Exegyn, Lampire Biological Labs and Delta Health Technologies will be critical in leveraging the region’s life science strengths for additional job creation. Through these relationships, we intend to determine how the academic research can be applied to our regional health care providers and research operations. It is also the intent of ABCD Corporation’s Economic Development program to attract new business opportunities by demonstrating how this university research area can add value to a potential product, research activity, or service.

The health care industry is the largest employment sector in Blair County. The Altoona Regional Health System and its service provider network is the largest regional network between Harrisburg and Pittsburgh. The Altoona Regional is a class-one trauma center and specializes in cardio and neurological diagnostics and surgical procedures. Delta Health Technologies, a leading tele-health research and development firm, also has its corporate headquarters in Altoona. Pharmaceutical trials are a growing part of our region’s health-related activity. The region also offers product development, research and service opportunities focused on aging, home health care, obesity, and mental health.

Enabling Technology #3	INFORMATION SCIENCES AND TECHNOLOGY
University Attributes	Nationally-ranked information science and technology school
Example Product Areas	Software development, telecommunications systems and devices, management systems, computer hardware development, automated control processes, human resource development, electronic commerce, human/device interface, ergonomics
Primary Industry Clusters	Software/IT development, advanced manufacturing, telecommunications, transportation and distribution, health services, financial/business services

The Penn State School of Information Sciences and Technology (IST) was founded to build leaders for the digital global economy. Corporate experts advised Penn State to build a program that helps graduates become technologically skilled and also able to understand how technology can make a difference in business, government, social services, education, and many other fields. IST at Penn State encompasses computer science and engineering programs, focused on building hardware and software, as well as technological management applications for business. IST at Penn State thus addresses a range of knowledge and skills required to be a leader anywhere in the digital, global economy. IST research at Penn State spans a broad range of public and private sponsors, including the U.S. Government, the Commonwealth of Pennsylvania, companies, and granting agencies.

Through ABCD Corporation’s Economic Development Program activities, staff will work to connect IST with regional industry and business service providers. Our approach to this internationally recognized university asset is based on the fact that all industry sectors are integrating IST

(hardware, software, and people) into every level of their operations. This operational integration is “blurring” industry sectors traditionally defined by SIC or NAIC codes. An often-cited example of this integration is Sheetz Corporation, who functions as a retailer, a distribution company, and a software developer. The ability for a region to provide expertise in IST system support and innovation is a major asset in retaining, attracting, and growing new business opportunities.

Enabling Technology #4	SUPPLY CHAIN AND LOGISTICS
University Attributes	Nationally-ranked School of Supply Chain and Logistics – PSU Smeal College of Business
Example Product Areas	JIT, RFID, Distribution Strategies, Homeland Security, Information Management Systems, Supply Chain Systems, Redundant Strategies, Regional Logistics Operations (rail/truck/air freight)
Primary Industry Clusters	Software/IT development, advanced manufacturing, telecommunications, transportation and distribution, health services, financial/business services

Pennsylvania and Blair County in particular, has a rich history in our nation’s transportation development. With many firsts, including the interstate highway and modern rail freight industry, Blair County and the Commonwealth are true keystone locations in transportation logistics. This fact will be enhanced with the completion of Interstate 99.

It is important to recognize that most manufacturing businesses have a logistics component critical to their operations. This is especially true as smaller precision and specialty manufacturers addressing short term market needs and global customer demands. ABCD Corporation is working to link both programmatic support and in

demand infrastructure with a value proposition for regional logistics firms and manufacturers operating in Blair County and the I-99 Corridor. These efforts are being carried out in cooperation with Penn State University, Penn DOT, Blair Chamber’s Transportation Committee and Airport Authority.

Activities and Expectations

The economic growth and outcomes that will (and have) resulted from this effort appear much different than our previous industrial-type expansions. The majority of the growth will likely result from smaller specialized operations employing less than 100 and many more employing less than 25. But they will also provide higher paying positions supporting our overall wealth creating metrics. And they will be capital intensive, investing in machinery to support automation and research and development which is especially true for advanced manufacturers. Ideal locations can be both urban and rural, but many will likely be attracted to higher density, urban locations. ABCD Corporation’s operational goals and administrative activities are positioned to attract numerous, smaller, high paying, wealth generating businesses, rather than a few large industries which were more common during in traditional industrial-era.

ABCD Corporation’s marketing strategy/activities focus on long term and sustainable relationship building through individual outreach. It favors workshop sponsorship, conferences (travel) supported by targeted print and electronic information mediums, rather than mass advertising or direct mail. There are several specific programmatic efforts underway designed to accelerate economic “wins” through the partnership with Penn State University. ABCD Corporation staff has been assigned to each of the program efforts below. Together, these efforts and targeted industry outreach defines our core economic development strategy.

ISSUE OUTLINE
#3

- I-99 Innovation Corridor Regional Economic Development Alliance (Marketing)
 - I-99 Keystone Innovation Zone Program
 - KIZ Micro Grants
 - KIZ Tax Credit Program
 - Discovery @ Penn State
 - I-99 Discovery District Program
 - Alumni Development and Outreach Initiative
 - Executive Management Talent Attraction
 - Enhanced Deal Flow Generation / Direct Investment
 - Market Geographies emphasized include Washington, D.C./Baltimore metro and the New York City / Northeast Corridor region
 - Enhanced University Funding for Regional Economic Development Initiative
 - Regional Research Grant Partnerships
 - Industrial Research Office Interface / Commercialization

- Blair County Entrepreneurial Institute (Penn State Altoona/Ben Franklin Technology Partners)
 - I-99 Industry Micro-Research Grant Program
 - SBIR/STTR and Government Contracting Facilitation
 - Early Venture/Angel Capital Partnerships
 - Building PA Program / Site & Building Development
 - Industry Consortia Management
 - Transportation & Logistics
 - Manufacturing Council
 - Life Sciences Council
 - Technology Council



#4 - SECONDARY EDUCATION AND THE “GOLD COLLAR” WORKER

In 1999, through a partnership with the Blair Chamber of Commerce Leadership Blair County, ABCD Corporation helped organize and fund the BASICS Program (Businesses and Schools Investing in Cooperative Solutions). BASICS’ original design was to address a perceived shortage of a technically skilled industrial workforce within the region while assisting to fill positions not requiring a four-year college degree. The project’s mission evolved in light of the significant downsizing in traditional manufacturing and the subsequent increased demand for more highly skilled knowledge-based workers across all industry sectors.

ABCD Corporation is now examining and encouraging competitive, relevant and rigorous curriculum development within our secondary educational systems to enhance student workforce preparedness. Leading national organizations including the International Center for Leadership in Education and the Bill and Melinda Gates Foundation,

have led challenge grant programs and developed a model schools best practices program. These efforts look at the educational process within an economic development and global competitive context.

The knowledge-value economy demands a workforce contributing towards many divisions of a business operation - from production to

The gold collar model demands a high level of integrated conceptual thinking that must ultimately support a fundamental application or output of a businesses core product or service.

marketing and design. Workforce researchers have noted that within a competitive business operational model, there are no longer distinctions between “white collar” and “blue collar” workers. The best models accommodate a “gold collar” worker and workforce standard effectively merging production and management skill-sets.

International trends that deserve consideration and debate among school administrators, teachers and parents include:

ONE:

Integrated curriculum and courses of study supported by private industry partnerships

TWO:

Case study based learning methodologies

THREE:

Development and use of discrete student evaluation skills

(more next page)

ISSUE OUTLINE #4

The gold collar model demands a high level of integrated conceptual thinking that must ultimately support a fundamental application or output of a businesses core product or service.

In light of the knowledge-led economy and hyper global competition, secondary school systems nationally are recognizing that in many ways, administrative structures and course work remains within a 1950’s operational context. In light of a “gold collar” workforce reality, secondary schools are often not adequately aligned with the new demands of globally-based knowledge industries and workforce.

Silo course work, nationally mandated testing requirements and limited instructional hours are significant barriers to building new relevant and rigorous teaching and learning methodologies. The Organization for Economic Cooperation and Development reports that the United States ranks near the bottom in international rankings for total instructional school hours (time learning excluding lunch and recess) with 799 per year. South Korea ranks number one with 1,078 school hours per year.

Recognizing that secondary school systems are a critical component of a community’s asset base and their performance and capacity for innovation is evaluated by both businesses and future resident’s alike,

ABCD Corporation continues to encourage Blair County’s School Districts to develop a capacity for innovating teaching methodologies by incorporating national best practices where possible and applicable. International trends that deserve consideration and debate among school administrators, teachers and parents include:

- Integrated curriculum and courses of study supported by private industry partnerships;
- Case study based learning methodologies;
- Development and use of discrete student evaluation skills;
- Review of school calendars with consideration given to continuity of learning objectives;
- International language education at pre-school and elementary stages;
- Matriculation agreements with advanced degree institutions with an emphasis on precision and automated manufacturing techniques.

It is no longer satisfactory for schools to perform among the national averages. Highly successful regions of the country have demonstrated a strong correlation between their economic development capacity and their schools performing among the best in the world.

International trends that deserve consideration and debate among school administrators, teachers and parents include:
(continued from previous page)

FOUR:

Review of school calendars with consideration given to continuity of learning objectives

FIVE:

International language education at pre-school and elementary stages

SIX:

Matriculation agreements with advanced degree institutions with an emphasis on precision and automated manufacturing techniques

#5 - WORKFORCE VS. WORKPLACE

Traditional economic development efforts rarely equated the design and physical environment of the workplace with the development, attraction and retention of a talented workforce.

Work places and spaces were often built for utility and function supporting only the most basic elements required for the production and distribution of a particular product.

Modern operations are most often knowledge intensive requiring frequent interaction and communication among all members of a competitive businesses' workforce. As a result, the architectural design, layout and function of a building, campus and site, is considered not only a critical production or operational element, but also a workforce development priority. This new reality impacts all industry sectors including manufacturing.

Examples abound. The SegWay Corporation headquarters and manufacturing building located in Bedford, New Hampshire, has developed a class-one office facility that seamlessly integrates assembly with the design team and business operations. Assemblers are also designers, encouraged to contribute recommendations and other value-added conceptual ideas to the product and corporate operations as whole. Both the corporate culture and the workplace environment convey an integrative approach conducive to higher retention rates and exponential avenues for product development opportunities.

Cisco Corporation has developed a shared-campus and building approach effectively doing away with dedicated private office space which physically demonstrated a "top down" management and operational hierarchy. Mark Golan, Cisco Systems Vice President of Worldwide Real Estate and Workplace Resources, recently commented on their workplace philosophy in an interview with *Leader Magazine*.

"I am based in building 14. It is my office. I don't have an office or a cube. I am assigned to this building and to this environment. When I come in, I just think that this whole

space is my office, just as when I come home I think of the whole place as my home. That's the mindset that we have with this environment."

Cisco recognizes that where it houses its workforce and the form and function it builds to accommodate them is a direct reflection of their horizontally integrated corporate philosophy. Knowledge-based work environments across all industry sectors are more collaborative, mobile and open. Conveying that philosophy through the investment in a modern, class-one work environment instills confidence, respect and responsibility in their workforce.

It also makes efficient economic sense. "The standard work environment is enormously wasteful," says Golan. "The office cube environment is just misaligned with the needs of the worker today. Most studies show that almost 80 percent of the time in the office is spent in some form of collaboration. But traditionally designed office puts 70 percent of the assets into space that is designed to isolate people for individual work. That's a complete mismatch."

The workplace is now a critical workforce development tool in this modern global economy. A well planned, well designed class-one facility can convey a progressive corporate culture, enhance workforce retention and productivity, and help attract high-value workers in a very competitive global playing field. This fact applies to all industry sectors including advanced manufacturing. Some program activities and action items for consideration include:

- Redevelop older existing buildings to an occupant ready-open standard including façade improvements
- If redevelopment is not an option, rebuild within the historical design context of that location
- Choose vertical development over single story, especially in the urban center
- Leverage state funding programs that target building and site redevelopment

#6 - ENTREPRENEURIAL CAPACITY; BUILDING A CULTURE FOR INNOVATION

In the United States, 85 percent of all businesses are small businesses. All were built on and remain competitive through a constant process of innovation, reinvention and self reliance. Regions that cultivate and accommodate a business culture defined by invention, innovation and reinvention have found success in organically developing diverse and sustainable vibrant economies. Global market competition has placed an even greater demand for cities and regions to cultivate a true entrepreneurial culture.

Transitioning from a “company town” model to an “entrepreneurial town” is challenging. It requires the right mix of talent, idea generation, access to money and level of deal flow. A discussion of this complex mix and its implications for regions wishing to develop greater entrepreneurial activity was addressed by high-tech entrepreneur Paul Graham. Graham notes:

What does it take to make a silicon valley? What it takes is the right people. If you could get the right ten thousand people to move from Silicon Valley to Buffalo, Buffalo would become Silicon Valley. That's a striking departure from the past. Up till a couple decades ago, geography was destiny for cities. All great cities were located on waterways, because cities made money by trade, and water was the only economical way to ship. Now you could make a great city anywhere, if you could get the right people to move there. So the question of how to make a silicon valley becomes: who are the right people, and how do you get them to move?

I think you only need two kinds of people to create a technology hub: rich people and nerds. They're the limiting reagents in the reaction that produce start-ups, because they're the only ones present when startups get started. Everyone else will move...Towns have become startup hubs if and only if they have both rich people and nerds. Few startups happen in

Miami, for example, because although it's full of rich people, it has few nerds. It's not the kind of place nerds like.

The exciting thing is, all you need are the people. If you could attract a critical mass of nerds and investors to live somewhere, you could reproduce Silicon Valley. And both groups are highly mobile. They'll go where life is good. So what makes a place good to them?

What nerds like are other nerds. Smart people will go wherever other smart people are. And in particular to great universities. In theory there could be other ways to attract them, but so far universities seem to be indispensable. Within the US, there are no technology hubs without first-rate universities-- or at least, first-rate computer science departments.

So if you want to make a silicon valley, you not only need a university, but one of the top handful in the world. It has to be good enough to act as a magnet, drawing the best people from thousands of miles away. And that means it has to stand up to existing magnets like MIT and Stanford.

Graham's excerpt not only relates to the issue of developing an entrepreneurial culture, it also highlights the relevant linkage among all of the issues outlined in the paper to successful economic development. In an effort to build a greater capacity for entrepreneurship, ABCD Corporation has developed several initiatives and partnerships to ensure the essential ingredients exist.

The construction and operation of the Devorris Center for Business Development was designed to serve as a one-stop shop for business expansion activities in Blair County. Designed to facilitate idea generation and access to funding, the building has brought together several business development partners including The Blair County Chamber of Commerce, the Small Business Administration, The

Pennsylvania Technical Assistance Program, The Ben Franklin Technology Partners, St. Francis Small Business Development Center, a regional SCORE Chapter, The Blair Technology Council, the I-99 Executive Internship Council, The Capital Alliance Network, and The Winners Investment Network.

The Devorris Center has already proved to be a catalyst for economic growth. Since its development ABCD Corporation was involved in 125 major expansion projects totaling more than \$280 million in new investment. Those projects resulted in the creation of 250 jobs and the retention of 500 positions.

To address both the talent issue and increase deal flow, ABCD Corporation formed a functional partnership with Penn State University. With an expanding entrepreneurial curriculum at Penn State and Penn State Altoona, discussions between PSUA officials and ABCD staff focused on how these two assets, working together, could effectively produce a positive regional economic impact.

The Penn State Altoona Entrepreneurial Program

The philosophy behind Penn State Altoona's entrepreneurship program is unique. PSUA goes beyond the common conception of an entrepreneur as one who starts a small business to a more encompassing view that describes an entrepreneur as a person who can work entrepreneurially inside small, midsize, and large organizations. Entrepreneurship has as much to contribute to the success of established larger organizations as it does to new ventures.

General Electric Corporation is an example of one of the world's largest and most profitable companies, yet it has a history of innovation and has demonstrated the capacity to grow smaller entrepreneurial ventures into large businesses. An organization does not need to

be a new enterprise to be considered entrepreneurial. Penn State Altoona's entrepreneurship program is based upon an analysis of the top university entrepreneurship programs in the United States.

The purpose of the program is to prepare students for a variety of entrepreneurial careers from starting a new venture to working as an "intrepreneur" within larger organizations.

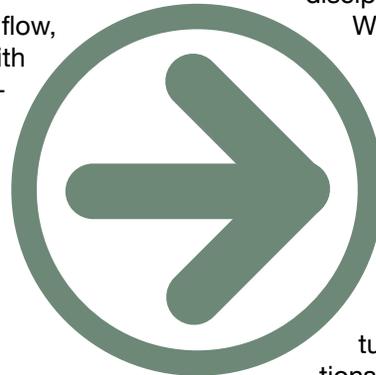
This innovative curriculum fosters entrepreneurial thinking and teaches students how to become successful entrepreneurs. It provides them with the special skills, mentoring, and the intellectual discipline necessary to grow into entrepreneurial leaders.

Whether a student is interested in eventually starting a new venture or leading an established larger organization, entrepreneurial thinking is essential for innovation and growth of companies.

The Entrepreneurial Program Goals focus on: 1) Entrepreneurial mind-set characterized by creativity, innovation, and persistence; 2) Insight into the entrepreneurial process in order to apply innovation to new ventures and larger organizations; 3) Ability to sense and grasp opportunities in the marketplace as well as in existing organizations; 4) Character, self-confidence, determination, and willingness to absorb uncertainty and take risks; 5) Leadership capabilities for challenging the status quo and creating something new; and 6) Interpersonal communications and teamwork skills.

The Entrepreneurial Institute

Together, ABCD Corporation and Penn State Altoona have established an Entrepreneurial Institute. The vision of the Entrepreneurial Institute is to serve as a formal "bridge" linking entrepreneurial learning and academic research with "real-world" business applications and experiences. The Institute is housed within



business applications and experiences. The Institute is housed within the Penn State Altoona Downtown Center complex.

While the Institute will offer faculty, business leaders and students across all disciplines with a unique business development network and resource, it will further serve as a formal “business idea incubator” through both its modern physical environment and shared access to academic and business resources. The Institute will be directed by experience research faculty and advised by business professionals. Students will be accepted into the institute based on academic record and research focus. A practical study emphasis will be developed through a series of elective workshops, independent studies, and night-classes offered by adjunct instructors including regional economic development officials, business leaders, and venture investors.

Additional services conducted through the Institute will likely include the monitoring of university-based intellectual property development and emerging technology research for possible business application. Such activities would be coordinated with Penn State’s Office of Technology Transfer and related applied research centers.

The Entrepreneurial Institute’s overall mission will be to grow and match “business ideas” with “business opportunities.” Based on a firm curriculum foundation already in place, the Institute will play a critical role in nurturing an environment that fosters the continued expansion and start-ups of small business in Blair County and along the I-99 Innovation Corridor.

#7 - HUMAN INFRASTRUCTURE DEVELOPMENT

Through each of the previous six issues outlined in this paper, a common theme has emerged. That theme is people. Without a quantifiable presence of talented individuals offering marketable, applicable skill-sets and participating in idea generation through competitive business operations, the implementation of wealth generating economic development strategies will likely prove difficult.

While numerous economic successes and evidence of its economic transition have been documented for Blair County and the regional economy, troubling population trends and indicators may pose significant challenges for sustained wealth producing economic growth.

In response to this trend, we have discussed several interconnected issues and how they relate to achieving ABCD Corporation’s economic development goals and objectives. Physical infrastructure, public policy, financial programs, access to capital and relevant

educational systems all play an important part. If constructed and implemented effectively, each can ultimately lead to attracting new residents with diverse capacities and the businesses in which they can gain employment.

We can envision future residents citing many reasons for choosing to be here. Some will come for career opportunities and others for recreation. While still more may find our region as a resourceful, intelligent and accommodating place to start a business. Similar to the resources that produce our roads, bridges and buildings, the people form the competitive Human Infrastructure critical to a sustainable knowledge-based economy.

As part of the earlier Population Issue summary, we recognized that if attracting high demand talent to regions like Blair County is an economic priority, then recognizing the

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changing face and expectations of our national and global citizenry is also important.

The United States Census Bureau projects a U.S. population in 2050 to exceed 420 million people. That represents a 49 percent growth rate from 2000 through 2050. The Hispanic and Asian population is expected to triple during that period while non-Hispanic Whites will represent less than half of the total population at that time. In short, America will increasingly be more diverse with much of the population gains attributed to immigration and children born to first generation foreign-born residents.

Recognizing this fact is important not only in preparing to attract new residents to regions like central Pennsylvania, but also from a competitive business perspective. The workforce is global. The modern business market and those who compete in it are global.

The benefit is clear for businesses to gain a better understanding of those with whom they may be working or to whom they are selling, and communities to understand the dynamics and opportunities a diverse population presents. Businesses can work to ensure their products meet consumer tastes while a region or town can work to ensure a welcoming and opening community culture. If that is accomplished, the more competitive and successful both will be.

While the business case for recognizing a diverse global consumer market can be more easily addressed and understood, the community and workforce preparedness issue is significantly more dynamic, organic and nuanced. The book *Rise of the Creative Class*, by Dr. Richard Florida, has gained international attention among community and economic developers. Florida has advanced a modern economic development perspective and related framework designed to benchmark regions and towns on their capacity to attract and retain high-value, knowledge based workers; or what he refers to as “the creative class.” The basis for his theory is that there exists a strong correlation between a city or region’s concentration of “creatives” and a region’s propensity for sustained wealth generating economic output. Florida writes:

...Creative class people especially are very selective, and shy away from places that do not reflect their values or allow them to validate who they are. But bringing people in is only the first step. Harnessing the talents of those who want to contribute to civic life, while they are there, is another. Although they may stay for only a few years, many have a lot to offer. If it takes several years for them to be accepted or connected, their potential may well be lost. Thus communities need to make it easier for people of all sorts to become involved. They essentially need to complement low barriers to entry with low barriers to effective participation. (Florida – *Rise of the Creative Class* p. 324)

In the summer of 2006, the International Economic Development Council Journal (IEDC Journal) proposed eight measures contributing to a formal creative class index. This composite index will be increasingly cited as a competitive measure of a community or region’s ability to accommodate wealth generating knowledge-based businesses generally demanding occupations associated as “creative.” The eight measures selected to reflect the attributes of the “Creative Class” are:

1. The proportion of the population aged 25 – 34
2. The percentage of the population who is foreign-born
3. The proportion of the adult population with a bachelors degree or higher
4. The proportion of the population in “super creative core” occupations – scientists, artists, designers, architects, engineers, writers etc...
5. The concentration of employment in technology sectors
6. Patent activity per capita over a ten year period
7. The percentage of the population moving within the past five years
8. The percentage of renters spending less than 35 percent of their income for housing costs

As we work towards our overall economic development objectives, ABCD Corporation will be monitoring these criteria within our local and regional context. Our Human Infrastructure “construction” activities will be administered through a variety of activities including public

policy analysis, media relations, educational workshop and outreach venues, standing committee formation, university research support and national best practice collection and review.

#8 - EFFECTIVE GOVERNANCE DELIVERY FOR COMPETITIVE ECONOMIC DEVELOPMENT

Finally, the method through which regions and communities administer governmental services impacts economic development strategies. Several examinations into Pennsylvania’s public service delivery system, which is managed through 2,630 local government entities, have suggested the need for a comprehensive evaluation and likely restructuring. Significant variations between municipalities relative to zoning, planning, tax collecting, infrastructure development and maintenance, school systems, and public safety functions, have demonstrated varying levels of operational inefficiencies. In addition, this fragmented condition often results in random and disparate land-use outcomes. These disparities can yield to a less favorable location analysis for higher value business operations seeking reliable service delivery, competitive taxing structures, and sites or buildings that ensure neighboring “like-uses” reflective of their corporate image. This is especially true for publicly traded companies sensitive to stock holder perceptions and relative traded value.

Many regions around the county that are experiencing favorable yet managed economic growth outcomes provide local government administration at a county level. Government mergers can yield many positive operational advantages. Business servicing and economic development organizations, such as the Pittsburgh High Technology Council (PHTC), recognize the advantages of government mergers. Steven Zylstra, president of the PHTC writes:

“From public works to police protection, merging services under a single governance structure will save costs and potentially improve service. In terms of lowering costs, a single government representing more people can enjoy much higher economies of scale when purchasing products and services. Lower operating costs should ultimately equate to lower taxes for residents and businesses. In terms of heightening services, a regional government can better coordinate planning, infrastructure development, ongoing maintenance and amenities. Streamlined and centralized tax collection is another benefit...Bigger census numbers will give the region a louder voice in Harrisburg and Washington, D.C. It also will open the door to more federal funding and programs. As an added benefit, consolidating (to a county level government) will showcase it to the world as a forward thinking, progressive center for innovation...Larger metro areas also tend to attract more diversity of people and create a higher standard of living, which in turn attracts more businesses and people.”

ABCD Corporation encourages a dialogue among municipal officials and state leaders to examine best national practices relative to government mergers. All significant structural funding issues such as corporate tax rates and transportation funding, should be linked with the issue of our system of governance.