

EDC Impact: Shaping the Pennsylvania Economy

The Economic Impact of Economic Development Corporations in Pennsylvania, 2015-2017

Prepared for the Pennsylvania Economic Development Association

Executive Summary

About PEDA

The Pennsylvania Economic Development Association (PEDA) is the statewide association of local, state, corporate, and non-profit economic development professionals.

PEDA's mission is to promote sound economic development policies, provide leading-edge economic development education, and nurture an effective statewide economic development network to foster the economic growth of the Commonwealth.

PEDA's membership is comprised of county and regional economic developers, state government economic development employees, utility and transportation executives, industrial development authority directors, operators of industrial and technology incubators, chamber of commerce executives, municipal directors of community and economic development, engineering and construction executives, economic development finance professionals, workforce development professionals, commercial and industrial developers, and local, county, and state elected officials, as well as others.

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- Joshua Skopp, Executive Director, PEDA

Project Team

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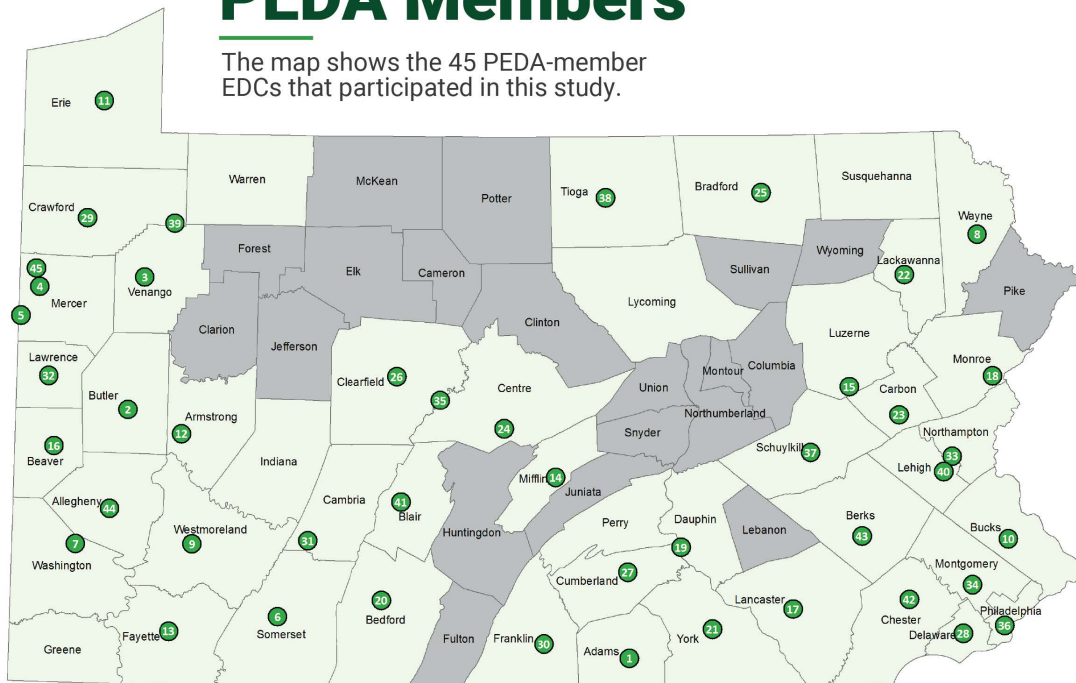
Fourth Economy

- Monica Hershberger
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- Jerry Paytas
- Sarah Steller

We also want to thank the 45 participating EDCs (listed below) that provided data on their activities and impacts. This report could not exist without their contribution.

Participating PEDA Members

The map shows the 45 PEDA-member EDCs that participated in this study.



1. Adams Economic Alliance
2. Community Development Corporation of Butler County
3. Franklin Industrial and Commercial Development Authority
4. Greenville-Reynolds Development Corporation
5. Penn-Northwest Development Corporation
6. Somerset County Economic Development Council
7. Washington County Chamber of Commerce and Washington County Industrial Development Authority
8. Wayne Economic Development Corporation
9. Westmoreland County Industrial Development Corporation
10. Bucks County Economic Development Corporation
11. The Redevelopment Authority of the County of Erie
12. Armstrong County Industrial Development Council
13. Fay-Penn Economic Development Council
14. Mifflin County Industrial Development Council
15. Greater Hazleton CAN DO, Inc
16. Beaver County Corporation for Economic Development
17. Economic Development Company of Lancaster County
18. Pocono Mountains Industries, and Pocono Mountains Economic Development Corporation
19. Capital Region Economic Development Corporation
20. Bedford County Development Association
21. York County Economic Alliance
22. Scranton Lackawanna Industrial Building Company
23. Carbon Chamber and Economic Development Corporation

24. Chamber of Business and Industry Centre County
25. Central Bradford Progress Authority
26. Clearly Ahead Development
27. Cumberland Area Economic Development Corporation
28. Delaware County Commerce Center
29. Economic Progress Alliance of Crawford County
30. Franklin County Area Development Corporation
31. Johnstown Area Regional Industries
32. Lawrence County Economic Development Corporation
33. Lehigh Valley Economic Development Corporation
34. Montgomery County Commerce Department
35. Moshannon Valley Economic Development Partnership
36. Philadelphia Industrial Development Corporation
37. Schuylkill Economic Development Corporation
38. Tioga County Development Corporation
39. Titusville Community Development Corporation
40. Allentown Economic Development Corporation
41. Altoona Blair County Development Corporation
42. Chester County Economic Development Council
43. Greater Reading Chamber Alliance
44. Regional Industrial Development Corporation of Southwestern Pennsylvania
45. Greenville Area Economic Development Center

Counties shown in green have a participating EDC.

About the Report

PEDA last conducted a statewide impact estimate in 2014. From Q4-2018 through Q1-2019, Fourth Economy and Econsult Solutions, Inc. surveyed the EDC members of PEDA to identify their economic impacts from 2015 to 2017.

Economic Development Corporations (EDCs) provide a wide range of services to grow their local economies, including:

- Business Retention and Expansion
- Source Investment Capital
- Property (Re)development and Management
- Business & Talent Attraction
- Navigating Regulatory Systems
- Administering Loan Programs
- Coordinating Partners and Projects

These services were grouped into four areas of economic activity that generate seven kinds of economic outcomes and impacts:

Areas of Economic Activity

1. Construction
2. Land & Buildings
3. Operations Finance
4. Economic Development Services

Outcomes and Impacts

1. New Jobs
2. Retained Jobs
3. Economic Output
4. Wages
5. Taxes
6. Financing Leveraged
7. Land and Buildings Managed

Findings

Pennsylvania EDCs have had a significant impact on the economy during the period from 2015 to 2017:

Total Economic Output: Pennsylvania EDCs generated an average of **\$15.6 billion** in economic output between 2015 and 2017 (Figure 1). Of that total, \$7.6 billion is attributed to the activities that retained jobs, \$5.1 billion is due to construction activities, and \$2.8 billion resulted from efforts to create new jobs.

Wages: These activities supported **\$5.2 billion** in earnings (Figure 2).¹ This includes earnings from new jobs (\$942 million), retained jobs (\$2.3 billion), and from construction activities (\$1.9 billion).

Jobs: Pennsylvania EDCs supported and created **86,000 total jobs** (Figure 3) on average annually between 2015 and 2017.² This includes new jobs (17,000), retained jobs (35,000), and jobs from construction activities (33,000).

Figure 1: Total Economic Output

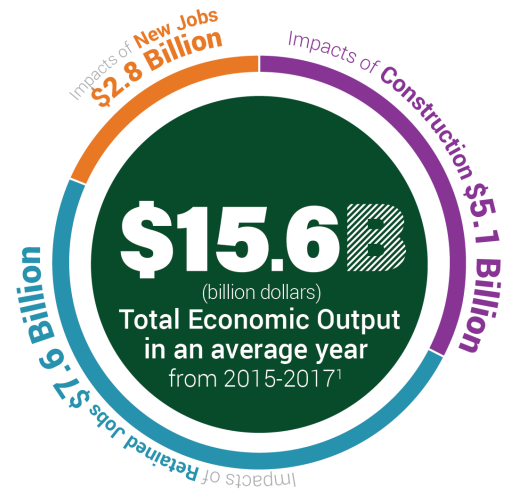


Figure 2: Wages



Figure 3: Jobs

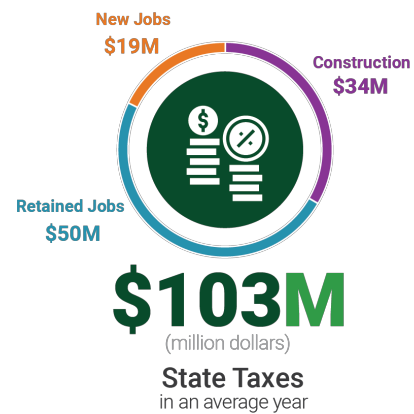


¹ This includes both new jobs and existing jobs that were supported through EDC activities. New jobs may include jobs that relocated. Total job creation should not be totaled across years, for a particular job may be supported in multiple consecutive years and data is not available on how long a job lasts. Totals across years may overcount the direct, indirect, and induced estimates.

² These numbers were estimated through IMPLAN, an industry-standard economic impact modeling platform. The estimates refer to average annual economic impacts (including direct, indirect, and induced impacts) generated by EDC activity in PA in 2015, 2016, and 2017.

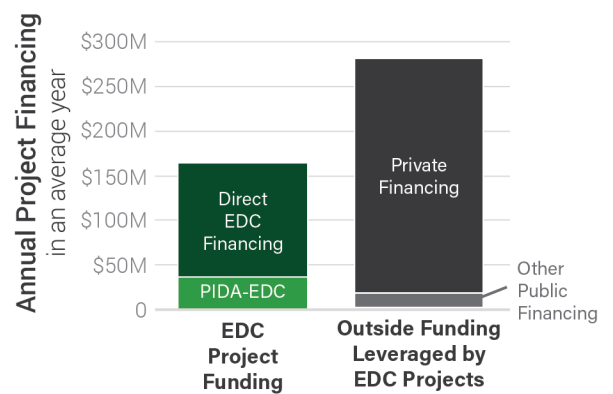
Taxes: In the average year between 2015-2017, the jobs and economic activity supported by EDCs resulted in **\$103 million** in annual state taxes (Figure 4).³ This includes taxes from retained jobs (\$50 million), construction (\$34 million) and new jobs (\$19 million).

Figure 4: Taxes



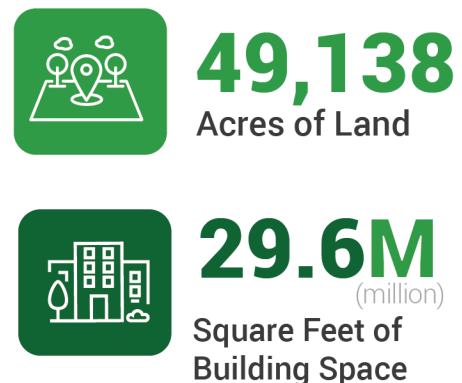
Financing: Between 2015 and 2017, EDCs supplied an average of **\$165 million** per year in project funding that leveraged another **\$262 million** per year in private financing (Figure 5). Local EDCs attract **\$1.58** in private investment capital for projects for every **\$1.00** contributed by EDCs.

Figure 5: EDC Operations and Project Financing



Real Estate: EDCs reported that they developed and managed more than **49,000 acres** of land and **29.6 million square feet** of building space for industrial, warehouse, commercial, and office uses between 2015 and 2017 (Figure 6).

Figure 6: EDC Real Estate



³ State tax impact estimates were calculated considering only indirect and induced impacts to be conservative and account for tax incentives provided in economic development projects.