

2010

Lancaster Economic Development Plan

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Our Economic Future

*The Economic Development and Sustainability Element:
A Strategy for Increasing Economic Opportunities for All
Residents and Communities in Lancaster County within a
Sustainable Framework*

The logo for 'envision' consists of a blue circle with a white outline, partially overlapping a yellow horizontal bar. The word 'envision' is written in white lowercase letters inside the blue circle.

envision

The Comprehensive Plan for Lancaster County, Pennsylvania

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ACKNOWLEDGMENTS

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I. Introduction

This is not a plan for municipal consolidation nor is it a plan to usurp the role of the private sector as the fundamental engine of economic development. The Lancaster County Economic Development and Sustainability Plan is about the importance of acting as a region to develop and sustain our regional (countywide) economy. It is about the role of the public sector in providing efficient, effective and quality public services (education, libraries, water, sewer, and transportation infrastructure, public safety, land use planning) that are essential to a healthy, growing and sustainable free market economy.

It is also about the importance of ongoing communication and cooperation across municipal, organizational and public and private sector boundaries in order to ensure a strong economic future for our community.

A. Purpose of the Plan

The purpose of this plan is [threefold and is](#) as follows:

To develop a common economic agenda for Lancaster County that respects local control and the free enterprise system while at the same time providing a framework for regional dialogue, action and implementation.

To develop a solid research base about the Lancaster County economy that will guide local public policy and decision making.

To develop a set of statistical indicators to enable our community to gauge progress over time in promoting a strong and sustainable economy

B. Significance of the Plan

With this plan, economic development will occupy an important functional place in public policy, alongside agricultural preservation, growth management, natural and cultural resource conservation, housing, transportation, public safety and social services. While this plan represents one of many elements of the Lancaster County Comprehensive Plan, the implementation of this plan does not rest with county government alone. In fact, county government is only one of the many players critical to its successful implementation. Implementation rests with all of us and the collective leadership of our community to act together, as one community, to enhance and sustain our economic strengths and to act decisively to address our economic challenges.

This plan is also significant because it puts forth a clear, concise and consensus based definition of “economic development” for our community, a definition that serves as the basis for the strategic vision of the plan and where progress toward that vision can be measured. For the purposes of this plan, “economic development” is defined broadly as “increasing economic opportunities for all residents and communities of the region within a sustainable framework”. This means that the economic development policies presented here involve a range of public policies beyond the traditional tools normally associated with the term. Further, in gauging how well we are doing to promote an economically strong and competitive future for our community, we are considering not only traditional indicators of economic health, but non-

traditional measures such as fairness of opportunity, quality of life and sustainability.

Finally, this plan was conceived of and initiated well before the severe economic downturn in which we now find ourselves. This plan is particularly relevant, perhaps even more so now, because of its focus on the fundamental and systemic issues which define and affect our economy.

C. Need for the Plan

Adopted in April 2006, Balance, the Growth Management Element of Envision, the Comprehensive Plan for Lancaster County, called for the development of an Economic Element that would identify policies and actions critical to promoting and sustaining urban, suburban and rural communities throughout Lancaster County. **Balance** also called for an Economic Element that would support and complement not only its growth management policies, but all of the other functional elements of the County Comprehensive Plan.

Functional Elements are specialized planning documents designed to address specific issues of concern. To date, adopted functional elements of the Lancaster County Comprehensive Plan include:

- Revisions** – Policy Element (1999)
- Balance** – The Growth Management Element (2006)
- Cultural Heritage** (2006)
- Choices** – Housing Element (2006)
- Tourism** – (2006)
- Connections** – Transportation Element (2009)
- Greenscapes** – Green Infrastructure Element (2009)
- Water Resources** – To be completed 2010-2011

In addition, the Pennsylvania Municipalities Planning Code (MPC) requires that a County Government must prepare a comprehensive plan for its community and review and provide an update of that plan every ten years. The MPC requires that a comprehensive plan include a number of basic elements, including:

“A statement of the interrelationships among the various plan components, which may include an estimate of the environmental, energy conservation, fiscal, economic development and social consequences on the municipality.”

A variety of other initiatives also provided impetus for the development of a County Economic Development and Sustainability Plan.

- **Heading Home: the Ten Year Plan to End Homelessness in Lancaster County**, adopted by the Lancaster County Board of Commissioners in 2008, was developed through a partnership effort of United Way of Lancaster County, the Interagency Council for the Homeless, the City of Lancaster and Lancaster County and identified the crucial need for affordable housing throughout Lancaster County. Affordable housing is identified in this plan as a critical part of our local economy.
- In 2005, the **Blue Ribbon Commission on Agriculture**, established by the Lancaster County Board of Commissioners, issued its report on the state of the agricultural industry in Lancaster County and called for support from all levels of government in

helping to strengthen and sustain agriculture as a keystone of our local economy. Lancaster's unique agricultural sector is identified in this plan as essential to our economic future.

- In January 2004, the **Economic Development Company of Lancaster County**, a membership supported not for profit organization issued **Lancaster Prospers: an Economic Strategy for the 21st Century**. This document was the result of a year-long economic development planning effort to develop consensus among business and community leaders on the economic challenges facing Lancaster County. This document also provided a clear, action oriented set of goals for the future and has served as the foundation for the development of this plan.
- **The Lancaster County Workforce Investment Board** has done extensive research on the county's industry clusters and has identified a range of workforce development issues that must be addressed to promote the continued health and vitality of our economy, issues that resonate throughout this plan.
- **The Lancaster County Community Indicators Project**, initiated in 1998 by a collaborative of educational, civic, service and governmental organizations, established a valid, reliable methodology to measure progress toward community goals. This methodology is carried forward in this plan with an established set of indicators to measure progress toward a sustainable economy where all people and communities can share in the benefits of economic development.
- Finally, the **Franklin and Marshall College Local Economy Center** provides an annual analysis of structural trends affecting the Lancaster economy and

particularly the individuals and families who live here, an important perspective that helped shape the broad definition of economic development at the heart of this plan.

D. The Planning Process

Extensive citizen participation to ensure that all viewpoints were considered, and solid research, informed debate and consensus among the participants are the foundation of this plan. The planning process was structured around an Executive Team and Steering Committee representing major stakeholders and leaders in the community who had a direct interest in county wide economic issues and who were charged with the responsibility of providing oversight to the planning process. The team of consultants who assisted with the planning process brought crucial skills to the table in economic research and analysis and facilitated consensus among individuals representing diverse and often conflicting perspectives and ideas.

Five "Think Tanks" were established, each comprised of approximately 25 individuals, to focus on key components of the local economy. These groups determined the vision, focus and outcomes of the planning process. In the very beginning of the process, there were five distinct think tanks: Business Dynamics, Workforce Development, Planning and Growth Management, Governance and Leadership, and Education. By the final phase of the planning process, the Workforce Development and Education Think Tanks were combined because of the many interconnecting issues affecting each of these two fundamental parts of the economy.

Great care was taken by the Executive Team in the selection of Think Tank members to ensure that a broad cross-section of the Lancaster County community was represented, ensuring that a diversity of opinions, perspectives and backgrounds influenced the development of the plan.

The plan was developed in three phases. The first phase focused on engaging the community, through the Executive Team, the Steering Committee and the various Think Tanks, to define what we mean by “economic development” and to establish a research plan for the second phase. In the second phase, the team of consultants conducted the research and analysis and identified indicators or measures that the community could use to gauge progress toward an economically strong and sustainable economy. In the third phase of the process, the Executive Team and Think Tanks were once again brought together to discuss the research findings and to develop recommendations to address the economic issues and obstacles to a strong and sustainable local economy that were identified in the research.

E. Definition and Indicators of Economic Development

A recurring question voiced repeatedly by Executive Team and Think Tank members was “What is economic development? How do we measure it? How does Lancaster County compare with other communities? What are the regional trends over time?” In the many Think Tank discussions during Phase I of the planning process, a consensus emerged that the definition take into account not only traditional economic output measures but also measures of opportunity, environmental, quality of life and sustainability considerations. The definition that emerged reflects the fundamental vision of this plan:

“Economic development” is defined as increasing economic opportunities for all residents and communities of the region within a sustainable framework.

The definition requires measuring not only how much the economy is growing, but also how the benefits of growth are shared among the region’s residents and communities and how that growth is sustainable in terms of environmental and quality of life considerations. The following indicators will be updated annually to track the performance of the local economy, and our progress toward achieving the fundamental vision of this plan. Where possible, data for metropolitan areas with similar characteristics will also be updated annually for comparison.

Economic production

- 1) Total county Gross Domestic Product (Bureau of Economic Analysis, or BEA) – \$15,796,000,000 in 2005 (in 2001 dollars). GDP measures the market value of final goods and services produced in the metropolitan area during the year. It is the best available measure of total output of the regional economy.
- 2) Total metropolitan area jobs (BEA) – 304,526 in 2005. Comprehensive estimate of total jobs. Other sources either do not include agriculture (Bureau of Labor Statistics) or government (County Business Patterns).
- 3) County domestic product per worker (GDP divided by jobs) – \$51,871 in 2005. Product per worker provides an estimate of whether the local economy and growth are focused on high-value sectors of the economy.
- 4) County competitive advantage by economic sectors (Workforce Investment Board). This analysis provides estimates of past strengths in the local economy.

- 5) Employment and average annual wage growth by industry sector (BEA and Pennsylvania Department of Labor and Industry). This analysis provides comparative information on the wage levels by industry sectors and trends over time in the wage levels of the fastest growing sectors in the local economy.

Economic opportunity

- 6) County-wide Gini index of income distribution (American Community Survey). The Gini index is a measure of how evenly income is distributed. It varies between 0 and 100, with 0 representing a perfectly even distribution of income (all households have the same income) and 100 representing a perfectly unequal distribution (one household has all of the region's income). Available for all metropolitan areas, it is an efficient means to compare income distributions across metropolitan areas and over time. The Gini index is an indicator of economic opportunity and the distribution of economic benefits, measured by household income, across the region.
- 7) Municipal tax capacity per capita (Commonwealth of Pennsylvania and Census) and Gini index measuring municipality-by-municipality disparities. Tax capacity is a measure of each municipality's ability to raise revenues from the two primary local tax instruments in Pennsylvania – property and earned income taxes. The Gini index for municipalities measures the distribution of economic benefits, in terms of the ability of local governments to provide basic public services to their residents at a reasonable tax rate.

Sustainability and quality of life:

- 8) Newly urbanized land (residential, industrial, and commercial development) within designated growth areas compared to newly urbanized land outside designated growth areas (for Lancaster County only: Lancaster County Planning Commission). These measurements will track the extent to which local development practices successfully encourage compact, contiguous growth in urbanized land while preserving agricultural and environmentally sensitive lands. Important companion factors will include:
 - Farmland preservation measured by total acres in agricultural use and total acres of agricultural land preserved by permanent easement.
 - Protection and preservation of open space measured by total acres of parkland and natural areas permanently preserved and the number of municipalities meeting or exceeding standards for publicly owned parkland
- 9) Concentration of poverty in public elementary schools (National Center for Education Statistics or on-line school report cards) –This indicator, called a dissimilarity index, shows the percentage of poor students who would have to change schools in order for poverty shares to be identical across schools. Available on an annual basis, elementary school data provides information not only about schools but also about the neighborhoods they serve. (Neighborhood level population data is not available on an annual basis.)
- 10) Distribution of affordable housing opportunities throughout the county in terms of the percent of housing units for rent and for purchase affordable to households earning 50% of

the median county income. (U.S. Census and American Community Survey annual data). This is a measure of the opportunity structure in a region that indicates available opportunities for low income households to move out of areas of concentrated poverty to areas where there are better performing schools and job opportunities.

G. Vision of the Plan

Based on the above definition of economic development and the associated indicators, the fundamental vision of this plan can be summarized as follows:

Lancaster County is a place where we work together to increase economic opportunities for all residents and communities within the county, within a sustainable framework considerate of environmental and quality of life issues, recognizing that this is also the key to developing, strengthening and maintaining our competitive advantage in the world.

H. Structure of the Plan

This Plan is divided into four sections, with the first being the Introduction to the Plan. The second section, the Executive Summary, provides an overview and summary of the Research Findings and an Action Plan summary of policy recommendations. The third section of the plan is the Research Section, and presents detailed information about the findings of the research conducted as part of the planning process. The final section is a detailed presentation of the major policy recommendations of the Plan, based on both the research and the substantial input received from members of the Executive Team, Steering Committee and Think Tank Members involved

in the development of the plan. A reading of the Executive Summary will provide a clear overview of the research and policy issues of the plan. A reading of the details provided in sections three and four, however, are critical to a comprehensive understanding of the challenges facing our economy and the strategies necessary to address those challenges.

II. Executive Summary

A. Existing Conditions

The research phase of the Lancaster County Economic Development and Sustainability Plan examined a very wide variety of questions about the county economy. The research revealed a very diverse economy that relies on a range of economic sectors beyond the county's distinctive Pennsylvania Dutch "brand". The county faces challenges to its economic future and "brand" that require enhancing its ability to undertake collective action.

The Lancaster County economy has performed well and, in many ways, is well-positioned for the future.

- It is very diverse, showing strength in several important sectors with significant export potential. These include agriculture, a variety of manufacturing sectors, construction, health care, wholesale trade, professional and technical services, and transportation and warehousing. On-going discussions to bring a new medical school to Lancaster City and the planned expansion of the Lancaster General Hospital (LGH) College of Nursing and Health Sciences make health care a particularly attractive target for further development efforts.
- Population and job growth compare relatively well with the rest of Pennsylvania and the nation. In contrast with the rest of Pennsylvania, Lancaster County growth rates have kept up with national trends.
- The county has public and private institutions in place which provide the foundation for implementing the recommendations of this plan.

However, the county's economy faces several important challenges resulting from the way it is growing.

- Long-term and recent growth patterns have consumed non-urban land substantially more quickly than population has grown, potentially threatening the region's open spaces, agricultural heritage, and the environment. Although this trend has improved in recent years, too much of the county's growth is still occurring outside the areas targeted for growth by county and local plans.
- Poverty has become concentrated overwhelmingly in just a few areas and school systems. This is the leading cause of educational achievement gaps by income and race and it limits access to educational and job opportunities for the county's low-income residents, a population disproportionately comprised of persons of color.
- The region still relies heavily on traditional manufacturing sectors which are highly vulnerable, both here and nationwide to continuing job declines and competitive pressures.
- The region has also failed to create and retain large numbers of "creative class" and young, highly educated workers so important to modern regional economies.

The county's governance structure which is comprised of 60 municipal governments (not including county government) 16 school districts and one partial school district and 35 separate sewer and 25 separate water authorities also presents challenges. Like the rest of Pennsylvania, Lancaster County has one of the most decentralized systems of governance in the country.

- Nationwide, decentralized local government systems are associated with greater sprawl, concentration of poverty, fiscal disparities and slower job growth. In Lancaster County, concentration of poverty and job growth are about what would be expected given the county's large number of local governments—meaning that the county fares worse than would likely be the case if it acted in a more coordinated or unified manner. The sprawl rate for Lancaster County prior to 2003 had been even worse than predicted by its number of local governments. Recent data seems to indicate an improvement in this trend. Only in local fiscal disparity—measured by the capacity of local governments to raise revenues with local taxes—does the county do better than expected. However, even in this case, the county-wide data mask important fiscal disparities between the core urban areas and the rest of the county.
- Lancaster's decentralized system of local governance also makes it more difficult to provide essential public services, especially those services of regional importance. Infrastructure provision is one good example of this. The county has more than 35 separate sewer and 25 separate water authorities, making regional coordination very difficult. At least partly as a result of this, the county-wide system of Designated Growth Areas (DGA's)—an important growth management tool when adopted by local municipalities, is often not coordinated with the provision of water and sewer infrastructure, making it difficult and more costly for development to occur in these designated areas. This is exemplified by data from Balance, the 2006 Growth Management Element of the County Comprehensive Plan, which estimated that 40

percent of the buildable land within DGA's is not served by water and sewer infrastructure. It was also noted in Balance that in some cases, water and sewer service areas were extended outside of DGA's, to areas identified as inappropriate for development.

- The related areas of housing and school policies are another good example of the difficulties created by the county's governance structure. Virtually all planning and zoning powers rest with the county's 60 municipalities making it very unlikely that the county as a region will have a reasonably even distribution of affordable housing. Local municipalities have little fiscal incentive to zone for affordable housing. This in turn contributes to concentrations of poverty in just a few communities in the county, primarily the older, urban core communities that are already fully developed, resulting in significant concentrations of poverty in the schools that serve these communities. This situation is compounded by a decentralized public school system (16 school districts and 1 partial district), which makes it very difficult to reduce the concentration of poverty in the schools, affecting our region's ability to adequately educate our youth and future workforce.

In sum, the research phase of the Economic Development Plan highlighted a set of strengths and challenges to be considered when designing an economic development strategy for the county. Three over-riding themes emerged.

- ***The Lancaster County economy is highly diverse.*** Although Lancaster's economic fortunes still depend in important ways on its unique agricultural sector, most of the county's residents rely on other sectors for their livelihoods. Economic development planning must

reflect this. This diversity is an important strength, putting the county in position to tap into new growth sectors while cushioning the effects of losses in declining sectors.

- ***Actions in one policy area have implications in others.***

This means that a comprehensive economic development policy involves a blend of traditional economic development tools with several policy areas not always associated with “economic development” including land use and infrastructure planning, tax and public service policies, education, and housing. For instance, education, housing and economic development policy are closely related. Education is a core public service that is linked directly and indirectly with economic development. Access to high-quality public schools contributes directly to the quality of the county’s labor force and is a vital part of the opportunity structure available to residents. Education policy is, in turn, closely linked to housing policy. The concentration of poverty in housing markets results in the concentration of poverty in neighborhood schools, which in turn, significantly affects student performance and achievement.

- ***Lancaster’s decentralized system of local governance means that finding the balance between local and regional approaches will always be important and difficult.***

An effective economic development strategy is one that promotes private sector investment and the creation of wealth in a community. In Lancaster County, this means that County, city, borough and township governments, school districts, and other special districts and authorities must find ways to cooperate with one other to provide efficient, effective and quality public

services that are essential in order to leverage and promote private sector investment.

B. Action Plan

The three themes highlighted by the research provide the framework for economic development policymaking in Lancaster County. Effective economic development planning must accommodate the county’s **economic diversity, the need for policy coordination, and the need to balance local control with county-wide needs.** However, effective economic development policymaking must begin with an issue which overlays these themes—the need for **leadership.**

1. Leadership

A good economic development plan should provide a solid foundation of research for understanding the fundamental issues affecting the economy. It should also provide a broad policy framework for community dialogue and action, not a series of prescriptive steps to take the county from the present to a clearly defined future. Circumstances inevitably change and some potential strategies require further work, such as additional research or legislation. Leadership is essential to support and implement the policies of the plan and amend and clarify those same policies when changing circumstances require it. Leadership should be inclusive and involve representatives from all sectors of the economy. It must operate within a framework that promotes regional communication and cooperation and allows for an agile response to changing economic situations, conditions and opportunities.

Goal 1: Cultivate and engage an inclusive group of community leaders in a formalized and structured manner, in order to guide

implementation of the plan and to provide an ongoing forum for discussion and debate about economic development policy and its implementation.

Action: Establish an Advisory Group to the Lancaster County Planning Commission to oversee and coordinate implementation of the plan, identify priorities and establish time lines for implementation, amend the plan as necessary, and ensure that data is collected annually to measure economic progress (see pages 10-12 for indicators to be measured).

The Advisory Group is the critical element which will determine the success of the Plan. Its role cannot be over-estimated. It is the linchpin of the entire process.

The Advisory Group will need representatives from all of the sectors involved in implementing the plan—local government, county government, state government and private for-profit and non-profit organizations, educational institutions and businesses with an interest in economic development policy, and should be staffed by County Planning Department staff.

2. Economic Diversity

The Lancaster “brand” still matters—agriculture and tourism make significant contributions to the regional economy and shape the way the rest of the world views Lancaster. However, the county’s economic development planning must reflect the fact that the county’s economy is very diverse.

Goal 2: Improve the Lancaster region’s ability to pursue targets of economic opportunity. Public and private actors need to cooperate and act quickly to enhance the region’s ability to

pursue economic development opportunities as they present themselves, both in emerging sectors like health, education and alternative energy, and in traditional manufacturing sectors.

Action: Charge the Advisory Group with the tasks of:

- Providing a forum for cooperation among the relevant public and private actors
- Facilitating new and on-going cooperative efforts;
- Developing new models for cooperation; and
- Raising resources to support these efforts.

Action: Encourage development of new or enhance use of existing regional industrial parks to:

- Streamline the planning and permitting processes for new or existing employers planning to expand, and serve as a model for streamlined permitting for all residential, commercial and industrial development in all appropriate areas throughout the county;
- Make ready-for-use tracts of land with the needed infrastructure available for rapid development;
- Provide a focal point for entrepreneurship programs like small business incubators;
- Promote multi-municipal and regional cooperation in providing land and infrastructure to support economic growth.

Goal 3: Ensure that the Lancaster region provides existing and prospective employers with a highly productive workforce.

Action: Enhance the role of the excellent post-secondary technical and vocational training institutions that already exist in Lancaster County by finding the proper balance between

academic and vocational education and ensuring that existing training venues are fully utilized.

Goal 4: Enhance the role of higher education in the county economy.

Action: Empower the Advisory Group to:

- Pursue all avenues available to it to support on-going efforts to bring a new medical school into the county;
- Work with Millersville University, Franklin and Marshall College, Elizabethtown College, Thaddeus Stevens College of Technology, Harrisburg Area Community College, LGH College of Nursing and Health Sciences and the Pennsylvania College of Art and Design, to coordinate their economic development activities and link them to efforts by the County, the Economic Development Company and other contributors to economic development programs in the county;

Goal 5: Prioritize efforts to revitalize and reinvest in the county's urban centers.

Action: Ensure that this goal—which is a target of many elements of the plan—is given high priority. This should be the responsibility of the Advisory Group and should include, for instance, promoting more balanced allocation of public funds between projects inside and outside the DGA's and directing transportation funding to activities like smart growth projects and transit-oriented development which support other goals of the plan. This should also include a focus on additional financial and regulatory tools necessary to encourage private sector investment in the historic urban centers of our county, such as a state historic tax credit.

Goal 6: Solidify agriculture's role in the county economy, both as a production and employment sector, as a resource for meeting county residents' food needs, and as the foundation of the county's tourism industry.

Action: Implement further study of agriculture. The research for this plan raised questions regarding the agricultural sector beyond the scope of this project. The county, guided by the Advisory Group, should extend this work by investigating a variety of questions including the county's current emphasis on land acquisition and easements; the implications of recent trends toward smaller farms and secondary sources of income for farmers; whether a holistic approach to agriculture as a local food system is a way to strengthen the sector; and ways to mitigate agriculture's substantial contributions to environmental problems in waterways both inside and outside the county.

3. Policy Coordination

“Economic development” is defined broadly for the purposes of this plan—as increasing economic opportunities for all residents and communities of the region within a sustainable framework. This means that economic development policy involves a range of public policies beyond the traditional tools (like land assembly, recruitment efforts or tax incentives) often associated with the term. These include a set of policies like education, housing, land-use planning, and tax policy with widespread and inter-linked effects on the county economy.

Goal 7: Pursue coordinated education and housing policies to reduce the concentration of poverty, improve overall

performance and enhance diversity in all schools throughout Lancaster County.

Action: Investigate the means available to implement a county-wide affordable housing strategy that promotes the provision of housing opportunities for households of all income levels throughout the region, particularly within Designated Growth Areas. Particular focus should be on the de-concentration of poverty in the urban core areas by implementing strategies that will provide residential opportunities throughout the Lancaster County metropolitan area, outside of high poverty urban core areas, for families earning 80% or less of the county median income.

Action: Implement inter-district choice programs designed to reduce the concentration of poverty in the public schools. Choice programs can be designed to both draw middle class students into core areas and to open up opportunities in suburban areas for lower-income students—by locating magnet schools near commuting centers in core areas or by allowing inter-district transfers for income-eligible students for instance. The Advisory Group, in partnership with school districts throughout the County, should direct this effort.

Goal 8: Pursue and strengthen multi-municipal and countywide approaches to land use planning in support of economic development.

Action: Strengthen multi-municipal and county-wide land-use planning in order to ensure greater consistency with county and regional comprehensive growth management plans and local land use regulations. Regional cooperation in land use planning is essential in order to promote the orderly and efficient use of land identified as appropriate for development, reduce patterns

of sprawl which result in higher costs for all types of public services (transportation infrastructure, water, sewer infrastructure, police and fire protection, libraries) and to promote the preservation of farmland and natural areas .

Action: Ensure that developable land, especially land inside Designated Growth Areas (DGA's) is served by the proper infrastructure. The County Planning Commission should work to enhance coordination between those who control land use—60 municipalities—and those who provide water and sewer services—over 35 separate sewer and 25 separate water authorities—and to ensure that land use and infrastructure policies are consistent with the county-wide growth management plan.

Action: Maximize the potential benefits for the entire county from improvements in the Keystone high-speed rail corridor. Development of the county's three rail stations increases the potential for county residents to commute to jobs outside the county and creates the potential to shape development. County and local authorities should encourage the kinds of transit-oriented, mixed-use development often found near rail stations as a means to save land (reduce sprawl) and redevelop parts of the region's urban core communities.

4. Balancing Local Control and County-wide Needs

Effective economic development planning requires that Lancaster County be viewed as a single regional economy, while at the same time functioning within a decentralized system of municipal, district and organizational policymaking and service delivery. Policy areas where it is important to view the county as a single economic region and where it is

important to promote regional collaboration include land-use, housing and infrastructure planning, and the delivery of public services.

The “local” tradition is strong in these policy areas. Change in how the public sector provides these services that are critical to the functioning of our local economy will involve reforms that promote multi-municipal, district or organizational cooperation and service delivery, and at times, county level delivery of services.

Goal 9: Facilitate and enhance inter-local cooperation in the delivery of public services (fire, police, libraries) where economies of scale can be achieved, and in coordinating land use, housing and infrastructure planning.

Action: Develop shared service arrangements under existing law where applicable. The greatest potential for shared service agreements under current law is in two areas: the provision of traditional local services where there may be economies of scale; and general planning and policymaking. The county already has examples of each, including the Lancaster Inter-Municipal Committee, Lancaster Area Sewer Authority, the Northwest Regional Police Force, and the Susquehanna Regional Police Force. Planning commission staff should continue to encourage these kinds of programs through ongoing collaboration with local municipalities and authorities.

Action: Investigate the possibilities for more formal inter-local institutions in the future. The Advisory Group should investigate the long-term viability of options like the Communities of Common Interest proposal described in the Policy Recommendations section of this plan.

Goal 10: Enhance county-level (region-wide) policymaking and service provision where efficiencies and economies of scale will be achieved.

Action: Investigate additional ways to enhance the county’s role as a metropolitan government a regional policymaker and service provider. The County already plays an important regional role ~~as a metropolitan government~~— through its designation as the Metropolitan Planning Organization for federal and state transportation funding, its Farmland Preservation Program, its county wide growth management system of Designated Growth Areas (DGA’s); and through its Urban Enhancement Fund Program which promotes and leverages private sector reinvestment in the core urban areas of the county. ~~Several a~~ Additional policy areas stand out as candidates. ~~First, there are important economic reasons (See Section III.B.) to enable the county to have a stronger role in coordinating county-wide comprehensive planning with local land use decisions.~~ Second, First, the coordination or provision of some services at the county level instead of locally could result in greater economies of scale and should be investigated. Investment in a regional manure digester is one example that could help our region and most importantly, our agricultural industry, meet new limits for nutrient and sediment discharges into our waterways. Second, A-a more direct role for county government in ensuring greater coordination between the provision of water and sewer services with local implementation of DGA’s, two important components of growth management and economic development, is another example.

III. Research Findings/Existing Conditions

A. Growth and Change in the Regional Economy

The research phase of the Lancaster County Economic Development and Sustainability Plan examined a very wide variety of questions about the regional economy. The Lancaster regional economy is very diverse, showing strength in several important sectors with significant export potential, including agriculture, manufacturing, health, transportation, and wholesaling. Overall population and job growth compare relatively well with the rest of Pennsylvania and the nation.

However, the economy faces several important challenges resulting from a pattern of growth which:

- Consumes previously non-urban land at rates which potentially threaten the region’s open spaces, agricultural heritage, and the environment;
- Creates inefficient and inequitable concentrations of poor residents in just a few areas and school systems;
- Relies heavily on manufacturing, a sector which is highly vulnerable, both here and nationwide, to continuing job declines and competitive pressures;
- Has failed to create and retain large numbers of “creative class” and young, highly educated workers so important to modern regional economies.

1. Population Growth

Population growth in Lancaster has generally kept pace with the United States as a whole while outpacing the rest of the

state of Pennsylvania. During the 1990s, the county grew by about 11 percent, compared to 13 percent for the nation as a whole and about three percent for the rest of Pennsylvania. Growth continued in the early 2000s—the county grew by about five percent between 2000 and 2006 compared to about six percent for the entire country and just less than one percent for the rest of Pennsylvania.

However, relatively strong growth in the county as a whole also showed the classic pattern among American metropolitan areas – decline or very slow growth in core areas (including boroughs), and much more rapid growth in selected suburban townships (Table 1).

**Table 1
Percentage Change in Households by Community Type, 1996-2006**

	<u>Households 2006</u>	<u>Households 1996</u>	<u>Growth (%) 1996-2006</u>
City of Lancaster	20,309	20,433	-1
Boroughs	36,960	34,866	6
Townships	124,006	105,430	18
Total	181,275	160,729	13

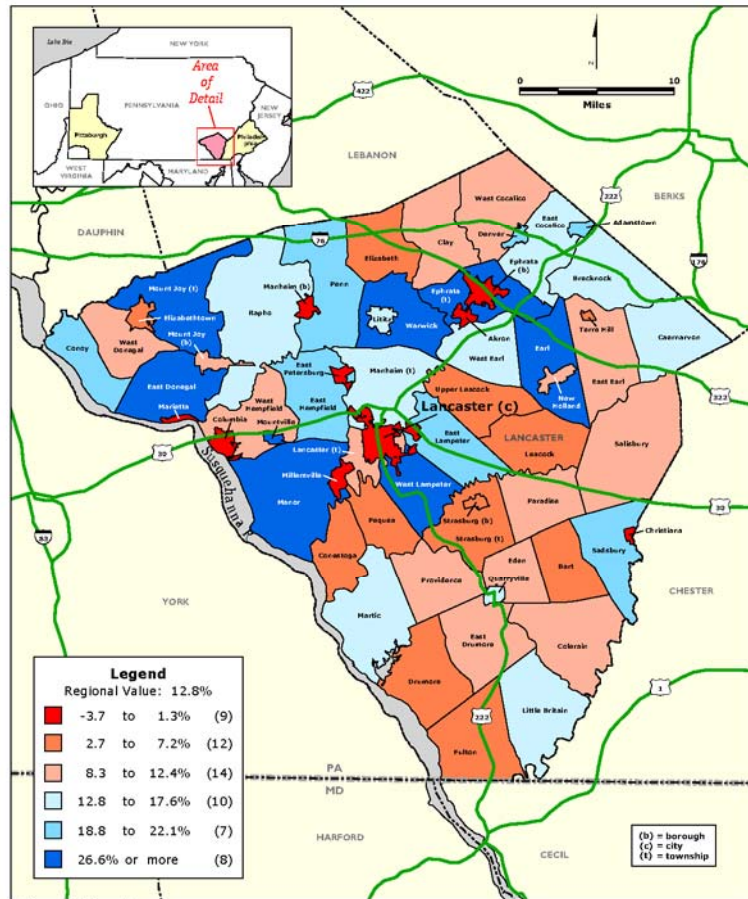
Source: Bureau of the Census

This overall pattern is clear in Map 1, which also shows that the most rapid growth occurred in a band of townships across the northern half of the county, paralleling the county’s major highways and in areas surrounding Lancaster City.

Map 1



**LANCASTER REGION:
Percentage Change in Households
by Municipality, 1996-2006**



2. Land use trends

Like most metropolitan areas, the Lancaster region is urbanizing previously undeveloped land (and farmland) at rates significantly greater than population is growing. Between 1970 and 2000, the region's population grew by just under 50 percent, but the amount of urbanized land grew by more than 200 percent (Map 2 and Map 2 inset).¹ However, urbanization rates exceeded population growth by large amounts only in the 1980s; during the 1970s and 1990s, the gap was narrower (Map 2 inset).

More detailed land-use data from the Lancaster County Planning Commission and the Lancaster GIS Division for more recent years illustrate that, although urbanization rates still exceed population growth, the pattern has improved. Urbanized land² grew by 23% between 1993 and 2005 while population grew by only 12%.

Much of the growth was contiguous with previously urbanized land, but there was also an increasingly "scatter-shot" quality to growth outside the city, boroughs and core townships (Maps 3, 4 and 5).

¹ Urbanized land is defined as census tracts where housing unit densities exceed one housing unit per four acres. This density corresponds closely with the U.S. Census Bureau definition used on the fringes of metropolitan areas to define "urbanize areas" in 2000.

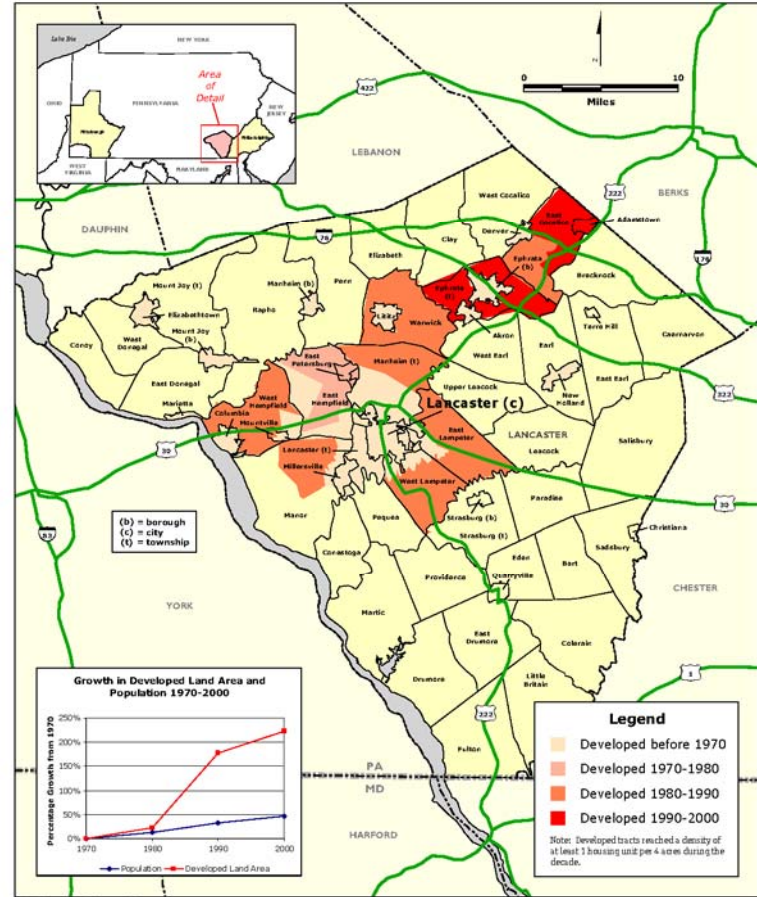
² Urbanized land in these comparisons includes residential, commercial-industrial, transportation and utilities, mixed urban and built up lands, other urban, institutional, selected recreational categories, farmsteads, and confined feeding operations.

Map 2

DRAFT

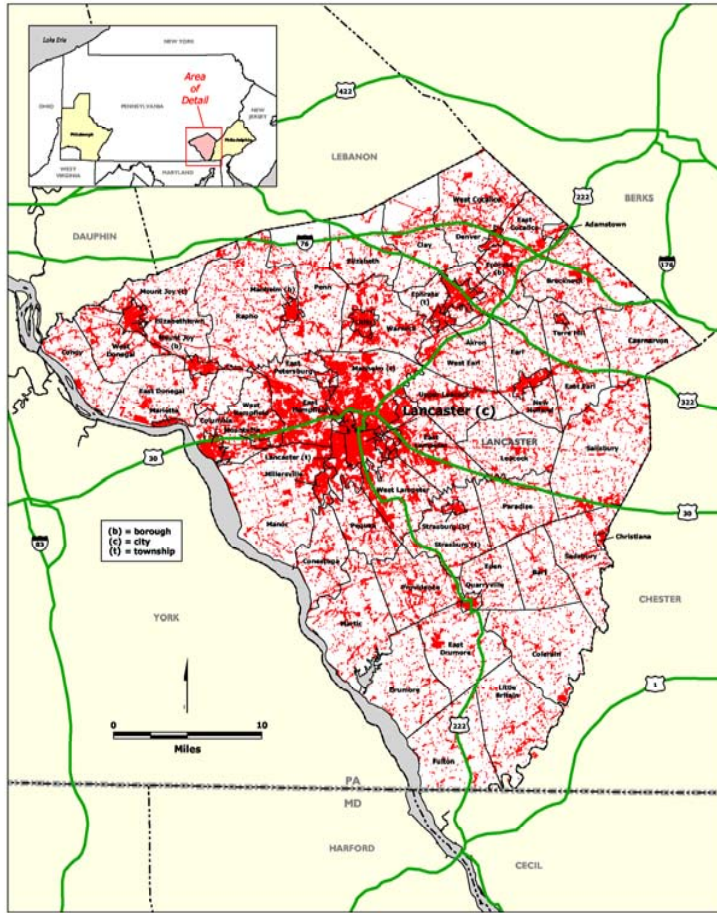


**LANCASTER REGION:
Growth in Developed Land by Census Tract, 1970-2000**



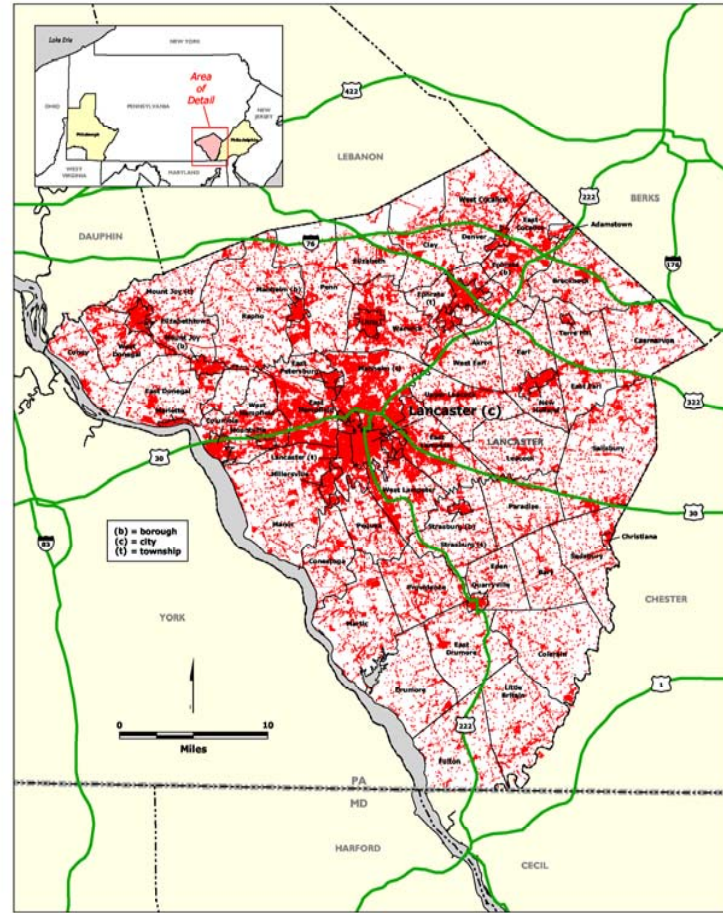
Data Source: U.S. Census Bureau.

Map 3



Data Source: Lancaster County GIS Division.

Map 4



Data Source: Lancaster County GIS Division.

Map 5



**LANCASTER REGION:
Land Urbanized between 1993 and 2005**



Data Source: Lancaster County GIS Division.

1993, 57 percent of urbanized land in the region was in growth areas, but only 45 percent of the increase from 1993 to 2005 was in growth areas. 57 percent of residential land was also inside the areas in 1993 but only 50 percent of the subsequent increase was in these areas.

The trend has improved in recent years however, with higher percentages of new growth occurring inside the growth areas in recent years—the percentage of newly developed acreage which occurred within UGAs and VGAs rose from 40 percent in 1994-2002 to 50 percent from 2003-2007 (Table 2).

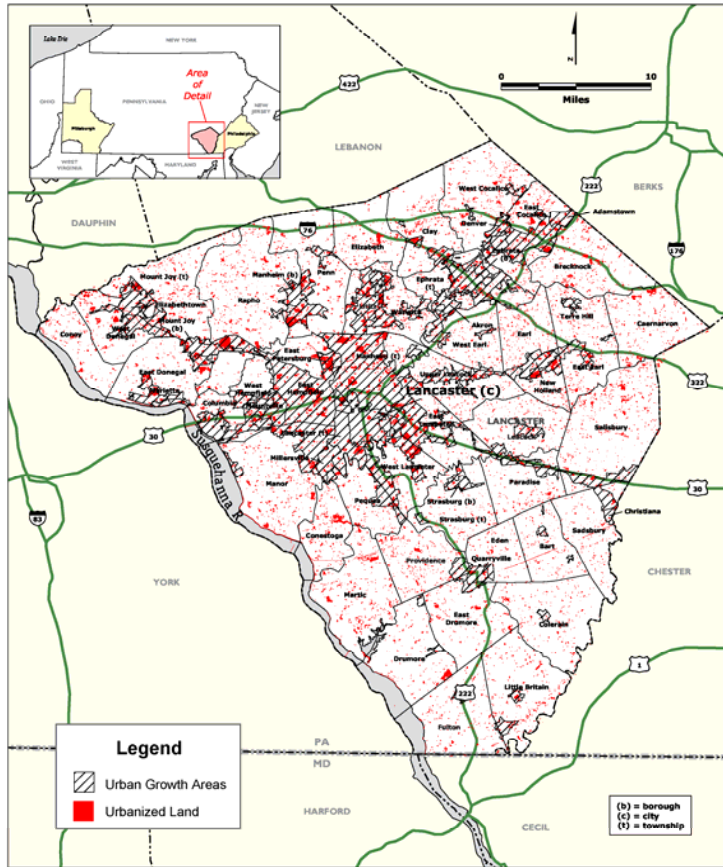
**Table 2
Land Development, 1994 - 2007**

Location	Total Acres Developed		
	1994-2002	2003-2007	1994-2007
County-Wide	11,100	8,183	19,283
Inside DGAs (UGAs & VGAs)	4,483	4,111	8,594
Outside Growth Areas	6,617	4,072	10,689
	Percentage of Acres Developed		
Inside DGAs (UGAs & VGAs)	40	50	45
Outside Growth Areas	60	50	55

Source: Lancaster County GIS

The “scatter-shot” effect is also evident when overlaying urbanization on the urban and village growth areas (Map 6). In

Map 6

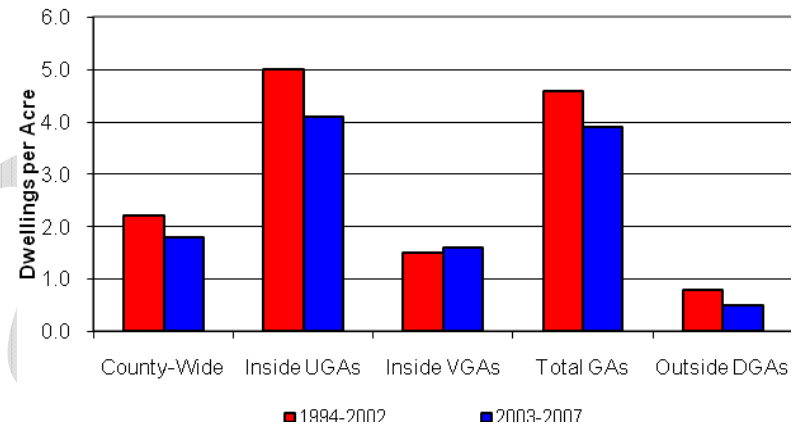


Data Source: Lancaster County GIS Division.

The recent improvements are important because residential development inside the growth areas consumes much less land

(Chart 1), making this type of development much more compatible with other planning goals, like open space and farmland preservation.

Chart 1
Residential Development Density



Source: Lancaster County Planning Commission

Overall, there is clearly room for improvement in the way the region is growing. The region is still consuming land more quickly than population is growing and the share of the region's population that is inside the designated growth areas is still in decline.

3. Growth in Jobs and Output

Although Lancaster County's economy is known in the rest of the country primarily for its unique agricultural sector, the county's economy is actually very diverse and the overwhelming majority of residents rely on other sectors for their livelihoods. Manufacturing alone employs roughly six times as many workers as agriculture and the growing health care sector creates roughly four times as many jobs. The numbers are even more dramatic when comparing the total income generated by these sectors.

Some of the county's most important sectors have shown signs of vulnerability in recent years. Particularly troubling are substantial job declines in manufacturing, a pattern that reflects national trends. Even agriculture shows some signs of weakness. More and more farmers rely on other jobs for at least some of their income, raising questions about the sector's long-run viability.

a. Size and competitiveness by sector

Table 3 shows three measures of the size and competitiveness of major sectors in the regional economy. Location quotients measure industry concentration compared to the national industry mix—or the extent to which a sector is “over” or “under” represented in the regional economy. Changes in the location quotient pick up how competitive the sector is by showing whether local growth exceeded national growth.

The industries with the greatest relative concentrations in the region include agriculture, construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, and health care. These sectors include most of the region's largest sectors.

Among these sectors, the region has shown competitive advantages in agriculture, construction, wholesale trade, transportation and warehousing, and health. Manufacturing, the region's largest sector at this level of detail essentially matches national growth rates. Despite this, the region has lost more than 10,000 manufacturing jobs in the last decade (reflecting declines nationwide).

Each of the sectors showing both greater than average concentration and competitive advantages has some export potential. Of particular note, given the recent news that discussions are underway to bring a medical school to Lancaster in the near future and to expand Lancaster General Hospital's College of Nursing and Health Sciences, are the health and education sectors. The health sector in particular not only shows local strength already but it is also a sector with strong growth potential in the entire national economy, making it a prime candidate for attention from regional development organizations.

Table 3

Size and Competitiveness by Industry in Lancaster County, 2001-2006

<u>Industry</u>	<u>2006 Location Quotient</u>	<u>2001-2006 Loc. Quot. Change</u>	<u>2006 Employees</u>
Goods Producing	1.65	0.04	84,406
Agriculture	1.58	0.03	7,861
Forestry, fishing, related activities, and other	1.02	0.13	1,791
Mining	0.34	-0.02	526
Construction	1.30	0.08	26,110
Manufacturing	1.88	-0.01	48,118
Service Providing	0.86	0.00	225,024
Wholesale trade	1.30	0.14	14,733
Retail trade	1.18	-0.01	39,246
Transportation and warehousing	1.25	0.24	12,470
Utilities	0.25	-0.30	248
Information	0.69	0.02	4,336
Finance and insurance	0.67	-0.07	9,849
Real estate and rental and leasing	0.62	-0.20	8,296
Professional and technical services	0.67	-0.03	13,544
Management of companies and enterprises	0.95	0.12	3,121
Administrative and waste services	0.74	-0.03	13,697
Educational services	0.85	0.08	5,460
Health care and social assistance	1.11	0.13	34,085
Arts, entertainment, and recreation	0.94	0.08	5,918
Accommodation and food services	0.90	-0.03	18,777
Other services, except public administration	1.03	-0.02	18,076

Source: Bureau of Labor Statistics

b. Roles of the region’s primary export industries

Ultimately, long-term growth in the regional economy depends on its ability to export goods and services to the rest of the U.S. and the world. Sectors with the potential to do this deserve special attention. Several large and growing sectors in the county meet this requirement. The diversity of potential targets for economic development policy is a real strength of the local economy. However, the largest of these sectors, manufacturing, has been shedding jobs nationwide for decades and therefore presents special challenges for policymakers.

Lancaster County’s unique place in America is attributable to one of these sectors—its very special agricultural sector. Farming is the predominant land use in large parts of the

county. Rich non-irrigated fields and the Amish and Mennonite communities are what set the county apart from other areas, including its neighbors.

At the same time, it is important to recognize that the regional economy is now very diverse. The vast majority of the region’s residents rely on other sectors, which represent large and growing parts of the economy, for their livelihoods. As important as it is, even high-end estimates show agriculture and related industries representing 11 percent of the regional economy.

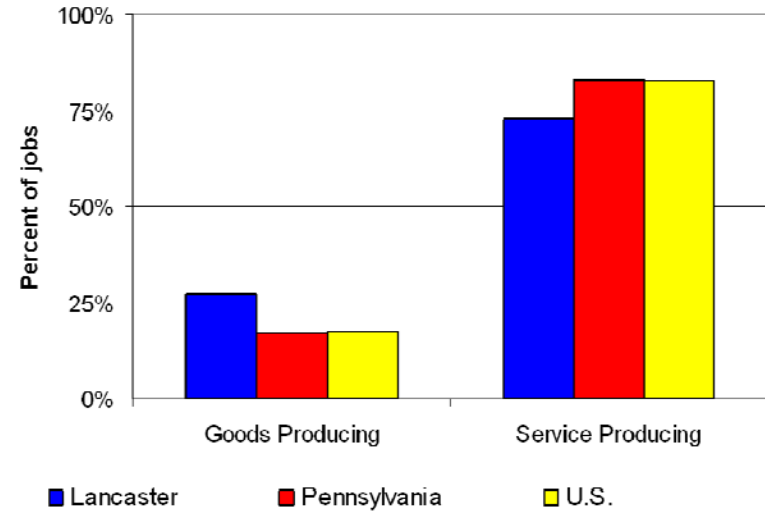
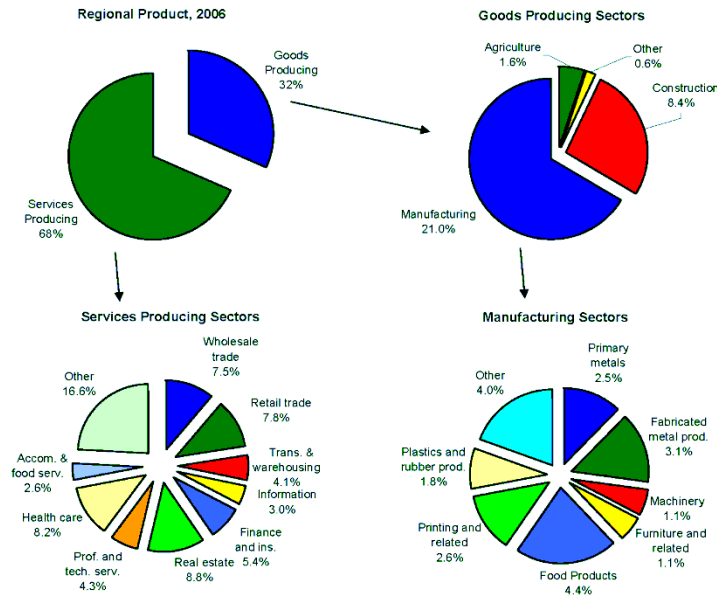
Bureau of Economic Analysis measures of regional product show, for instance, that agriculture + accommodation and food services + food products manufacturing = 2 + 3 + 4 = 9 percent of regional GDP. By comparison, in Fresno County CA, the country’s largest agricultural producing county, the share is 11.7 percent—agricultural output represents 8.1 percent and food manufacturing is 3.6 percent. The equivalent share for the U.S. is just 2.1 percent.

The diversity of the county economy is clearly evident in a breakout of the distribution of regional product across major sectors in the economy (Chart 2).

The region’s diversity is a strength. Economic diversity enhances the region’s ability to tap into new growth sectors, helps cushion the effects of losses in declining sectors and often moderates the effects of the national business cycle.

Chart 2

The Lancaster Economy: The Distribution of Gross Regional Product in 2006



Lancaster relies more heavily on goods-producing sectors than the rest of Pennsylvania or the rest of the country (Chart 3). This is a very positive feature of the economy in one way—goods-producing jobs generate more output per job (or income) than services sectors (\$66,500 vs. \$54,300 in Table 4).

Chart 3

Table 4

Jobs, Output and Output per Job by Industry in Lancaster County, 2001-2006

Industry	2006 Employees	Employment		2006 Product Quotient	2006 Product per Job
		Location Quotient	2006 Product (\$M)		
Goods Producing	84,406	1.6	5,610	1.7	66,464
Agriculture	7,861	1.6	287	4.2	36,509
Forestry, fishing, and related activities	1,791	1.0	63	2.2	35,176
Mining	526	0.3	44	0.1	83,650
Construction	26,110	1.3	1,486	1.7	56,913
Manufacturing	48,118	1.9	3,730	1.9	77,518
Service Providing	223,562	0.9	12,136	0.8	54,285
Wholesale trade	14,733	1.3	1,336	1.2	90,681
Retail trade	39,246	1.2	1,389	1.2	35,392
Transportation and warehousing	12,470	1.2	724	1.4	58,059
Utilities	248	0.2	93	0.3	375,000
Information	4,336	0.7	525	0.6	121,079
Finance and insurance	9,849	0.7	964	0.6	97,878
Real estate and rental and leasing	8,296	0.6	1,562	0.7	188,284
Professional and technical services	13,544	0.7	768	0.6	56,704
Management of companies and enterprises	3,121	0.9	318	0.9	101,890
Administrative and waste services	13,697	0.7	397	0.7	28,984
Educational services	5,460	0.8	143	0.8	26,190
Health care and social assistance	34,085	1.1	1,580	1.3	46,355
Arts, entertainment, and recreation	5,918	0.9	122	0.7	20,615
Accommodation and food services	18,777	0.9	462	1.0	24,605
Other services, except government	18,076	1.0	534	1.3	29,542
Federal government	1,502	0.3	140	0.4	93,209
State and local government	20,204	0.6	1,079	0.7	53,405

Sources: Bureau of Economic Analysis.

Job growth in both goods- and services-producing sectors has matched or outstripped Pennsylvania and the U.S. as a whole in Lancaster (Table 5). Nearly all goods-producing sectors have outgrown the state and the nation.

The picture is mixed in services. Health, social services and education have done well. Finance, insurance, real estate and professional and business services have not. Leisure- and hospitality-related sectors have mirrored national trends for the most part.

Table 5

Competitiveness by Industry in Lancaster County, 2001-2006

Industry	Lancaster minus U.S.		Lancaster minus PA			
	2001-2006 Growth	2001-2006 Growth	2001-2006 Growth	2001-2006 Growth		
	Employment	Product (01\$)	Employment	Product (01\$)		
Goods Producing	-2.3	-5.1	-0.3	-16.0	4.8	-2.0
Agriculture	-4.1	-9.1	2.0	-18.5	0.3	-3.6
Forestry, fishing, and related activities	14.7	14.3	15.5	6.2	17.6	28.4
Mining	3.5	6.4	-5.8	-87.6	1.8	-38.4
Construction	25.7	18.5	8.1	0.6	11.9	6.4
Manufacturing	-13.0	-12.2	0.2	-13.9	4.1	-3.7
Service Providing	11.6	12.8	2.6	-2.3	4.1	0.5
Wholesale trade	17.3	36.2	13.0	26.3	11.5	16.2
Retail trade	3.0	-2.9	-0.6	-10.6	2.3	-2.8
Transportation and warehousing	31.7	35.9	26.4	23.8	22.4	23.1
Utilities	-57.8	-6.9	-50.4	-25.3	-22.8	-18.7
Information	-8.0	3.0	3.0	-7.1	6.3	-10.6
Finance and insurance	-1.1	15.8	-9.2	-7.1	-3.4	2.3
Real estate and rental and leasing	5.7	2.0	-33.1	-12.5	-22.4	-0.2
Professional and technical services	6.5	4.2	-4.1	-11.9	-3.4	-14.4
Management of companies and enterprises	22.0	-10.4	15.7	-30.6	-31.2	-76.2
Administrative and waste services	8.1	27.6	-3.1	8.9	1.2	17.3
Educational services	34.0	32.5	13.0	7.2	23.4	13.7
Health care and social assistance	28.3	36.6	15.4	15.3	15.2	16.8
Arts, entertainment, and recreation	22.2	31.2	10.6	15.0	6.4	13.4
Accommodation and food services	7.3	4.2	-3.2	-13.1	0.0	-4.3
Other services, except government	10.9	-2.7	-1.3	-12.0	0.9	-10.9
Federal government	-8.7	-5.5	-10.7	-20.9	-8.7	-15.7
State and local government	10.6	14.9	6.1	1.3	6.4	5.8

Source: Bureau of Economic Analysis

Table 6

Competitiveness by Industry in Lancaster County, 2001-2006

Industry	Lancaster minus U.S.		Lancaster minus PA			
	2001-2006 Growth	2001-2006 Growth	2001-2006 Growth	2001-2006 Growth		
	Employment	Product (01\$)	Employment	Product (01\$)		
Goods Producing	-2.3	-5.1	-0.3	-16.0	4.8	-2.0
Agriculture	-4.1	-9.1	2.0	-18.5	0.3	-3.6
Forestry, fishing, and related activities	14.7	14.3	15.5	6.2	17.6	28.4
Mining	3.5	6.4	-5.8	-87.6	1.8	-38.4
Construction	25.7	18.5	8.1	0.6	11.9	6.4
Manufacturing	-13.0	-12.2	0.2	-13.9	4.1	-3.7
Service Providing	11.6	12.8	2.6	-2.3	4.1	0.5
Wholesale trade	17.3	36.2	13.0	26.3	11.5	16.2
Retail trade	3.0	-2.9	-0.6	-10.6	2.3	-2.8
Transportation and warehousing	31.7	35.9	26.4	23.8	22.4	23.1
Utilities	-57.8	-6.9	-50.4	-25.3	-22.8	-18.7
Information	-8.0	3.0	3.0	-7.1	6.3	-10.6
Finance and insurance	-1.1	15.8	-9.2	-7.1	-3.4	2.3
Real estate and rental and leasing	5.7	2.0	-33.1	-12.5	-22.4	-0.2
Professional and technical services	6.5	4.2	-4.1	-11.9	-3.4	-14.4
Management of companies and enterprises	22.0	-10.4	15.7	-30.6	-31.2	-76.2
Administrative and waste services	8.1	27.6	-3.1	8.9	1.2	17.3
Educational services	34.0	32.5	13.0	7.2	23.4	13.7
Health care and social assistance	28.3	36.6	15.4	15.3	15.2	16.8
Arts, entertainment, and recreation	22.2	31.2	10.6	15.0	6.4	13.4
Accommodation and food services	7.3	4.2	-3.2	-13.1	0.0	-4.3
Other services, except government	10.9	-2.7	-1.3	-12.0	0.9	-10.9
Federal government	-8.7	-5.5	-10.7	-20.9	-8.7	-15.7
State and local government	10.6	14.9	6.1	1.3	6.4	5.8

Source: Bureau of Economic Analysis

The picture is much less positive using output growth (Table 6). By this measure, both the state of PA and the U.S. outperformed Lancaster in most sectors. The exceptions were wholesale trade, transportation and warehousing, administrative services, education, health care and the arts. Comparisons to a group of growing metropolitan areas reflect this pattern. Lancaster compares well in job growth (Table 7), but poorly in output growth (Table 8).

The implication of this contrast is that the county's jobs and job growth are not in the highest value-added parts of many of these sectors. Although the county shows some real strength in several goods-producing, export oriented sectors which are logical targets for encouragement, the total impact of further growth in these sectors may not be as great as it could be unless policies also target higher value-added jobs or firms in those sectors.

Table 7

Job Growth (%) and Rankings, 2001-2006: Lancaster versus Growth Comparison Group

Metro	Growth (%)		Growth (%)		Growth (%)		Growth (%)	
	Total Employment	Rank	Farm Employment	Rank	Manufacturing Employment	Rank	Nonmanufacturing Employment	Rank
Raleigh	16	1	-13	18	-12	10	18	1
Austin	12	2	-4	7	-22	18	15	2
Albuquerque	11	3	0	4	-9	6	13	3
Washington DC	11	4	-5	10				
Houston	10	5	-6	11	-4	1	11	7
Atlanta	10	6	0	3	-10	8	11	6
Madison	10	7	1	2	-5	2	11	5
Portland	9	8	2	1	-8	4	11	8
Dallas	8	9	-4	9	-10	7	10	9
LANCASTER	7	10	-4	8	-13	11	13	4
Seattle	7	11	-13	17	-11	9	9	10
Denver	7	12	-3	5	-7	3	7	14
San Diego	6	13	-13	19	-14	13	8	11
Minneapolis	6	14	-3	6	-9	5	8	13
Philadelphia	5	15	-10	13	-23	20	8	12
New York	5	16	-13	16	-20	17	7	15
Albany	5	17	-11	14	-14	12	6	18
Chicago	4	18	-8	12	-17	14	6	16
Los Angeles	3	19	-31	21	-18	16	6	17
Boston	2	20	-11	15	-22	19	4	19
San Francisco	-2	21	-39	22	-17	15	-1	20
San Jose	-9	22	-25	20	-30	21	-4	21
Average	5		-9		-16		7	

Table 8

GDP and GDP per Job Rankings, 2001-2006: Lancaster versus Growth Comparison Group

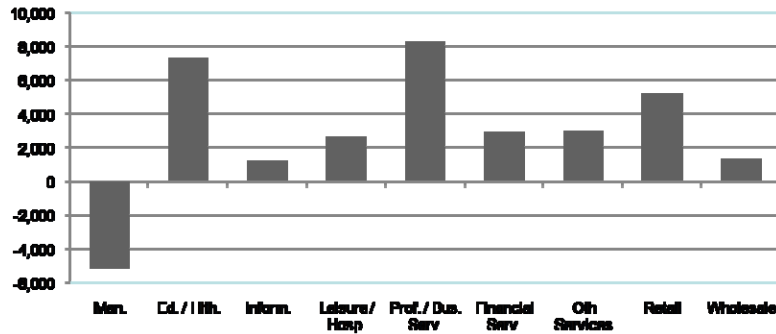
Metro	Growth (%)		GDP per Job	Rank	Growth (%)	
	GDP	Rank			GDP per Job	Rank
Houston	50	1	79,377	2	36	1
San Diego	40	2	64,222	13	32	2
Washington DC	39	3	76,430	5	25	5
Los Angeles	34	4	68,561	9	30	3
Portland	34	5	62,298	16	23	7
Austin	33	6	61,641	18	19	14
Dallas	33	7	73,511	6	23	8
Raleigh	32	8	66,446	17	14	20
Madison	32	9	57,538	19	20	11
Philadelphia	29	10	73,482	7	22	9
Denver	28	11	71,071	11	20	12
Seattle	27	12	75,732	8	18	16
San Francisco	27	13	82,442	3	30	4
Atlanta	27	14	72,210	14	15	19
Albany	26	15	54,404	20	21	10
Minneapolis	26	16	66,616	15	19	15
Albuquerque	26	17	57,705	21	13	22
New York	25	18	87,327	4	19	13
Chicago	22	19	72,086	12	18	17
LANCASTER	22	20	50,467	22	14	21
Boston	20	21	75,127	10	18	18
San Jose	13	22	94,755	1	25	6
Average	29		75,086		22	

Thus, the data show that there are several important non-agricultural sectors *with export potential* which represent shares of the regional economy comparable with or greater than agriculture, including non-food manufacturing (16.6%), construction (8.4%), health care (8.2%), wholesale trade (7.5%), professional and technical services (4.3%) and transportation and warehousing (4.1%).

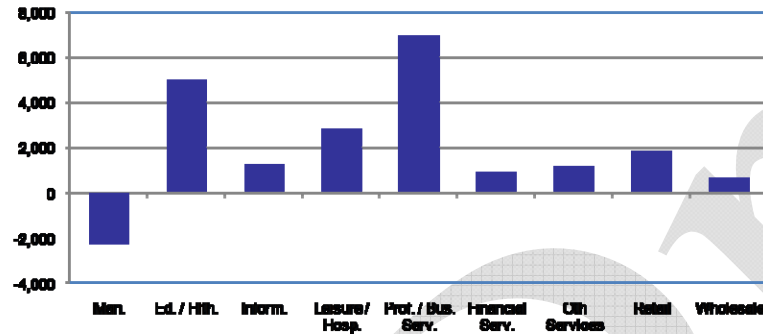
However, it must also be recognized that the largest of these—traditional manufacturing—is unlikely to be a major source of growth in the economy, especially in job growth (Chart 4).

Chart 4

Job Growth in Lancaster County by Sector, 1990-2006



Job Growth (000) in the U.S. by Sector, 1990-2006



A major challenge facing the county is the vulnerability of traditional manufacturing jobs (in the region and the nation). The potential loss of relatively high wage jobs in these sectors is a very important issue for the future. Finding the economic development investments in manufacturing sub-sectors (or firms) with the potential to support *long-run* job growth will be difficult.

c. Agriculture

Farming has shown remarkable strength in the Lancaster area. Land in farming has rebounded in recent years to levels comparable to the 1970s and cropland is being used more intensively. However, the sector also shows some important signs of stress. The size of a typical farm in the region is declining and more and more farmers now rely on non-farm income. The full implications of many of these trends are not well understood at the present time. Given the importance of the agricultural sector, further study is indicated.

The amount of land in farms increased by 10% from 1992 to 2007, while the number of farms increased by 22%. Average farm size fell by 10%. Median farm size fell by 13%, with the entire decline occurring in the last five years (Table 9).

Table 9

Selected Characteristics of Agriculture in Lancaster, 1992 - 2007

	1992	1997	2002	2007	1992-2007
Farms	4,490	4,556	5,293	5,462	22
Land in Farms	388,368	391,836	411,848	425,336	10
Average Farm Size	86	86	78	78	-10
Median Farm Size	n.a.	60	61	52	-13

Source: Census of Agriculture

The size distribution of farms changed significantly during the period (Table 10). Small farms (1-50 acres) increased in number (1,685 to 2,547) and share (38% to 47%). Although the number of medium sized farms (50-180 acres) increased (2,375 to 2,506), the share fell (53% to 46%). Large farms (>180) decreased in number (430 to 409) and share (10% to 7%).

Table 10

Selected Characteristics of Agriculture in Lancaster, 1992 - 2007

	1992	1997	2002	2007	1992-2007
Farms by Size					
1-9 Acres	587	566	705	874	49
9-50 Acres	1,098	1,240	1,648	1,673	52
50-180 Acres	2,375	2,314	2,523	2,506	6
180-500 Acres	381	377	352	315	-17
> 500 Acres	49	59	65	94	92
(% 1 - 50)	(38%)	(40%)	(45%)	(47%)	
(% > 180)	(10%)	(10%)	(8%)	(8%)	

Source: Census of Agriculture

Cropland has been used more intensively over time. In 1992, 87% of cropland was harvested, increasing to 93% in 2007 (Table 11). Livestock farms generate the overwhelming majority of sales (by value), varying between 86% and 89% during the period. This pattern has important implications both for environmental goals and for the role that agriculture plays in providing open space. Livestock farming generates large amounts of organic waste and relies much more heavily on industrial-scale buildings not often associated with the desirable rural vistas that many residents of smaller metros like Lancaster find attractive.

Finally, there has been a significant increase in the number and percentage of operators whose primary occupation was not reported as “farming.” The share fell by 10% from 2002 to 2007, a substantial drop in such a short period of time. The likelihood that fewer of the county’s farmers are able to make their primary living in agriculture is an indicator with potentially serious long-run implications for the sector.

Table 11

Selected Characteristics of Agriculture in Lancaster, 1992 - 2007

	1992	1997	2002	2007	1992-2007
Cropland - Farms	4,141	4,197	4,803	4,756	15
Cropland - Acres	334,362	331,482	333,009	326,648	-2
Harvested Cropland - Acres	291,340	293,313	298,256	303,222	4
(% Harvested)	(87%)	(88%)	(90%)	(93%)	
Value of Sales (000)	680,867	766,743	798,346	1,072,151	57
Crops	77,109	101,942	88,326	149,254	94
Livestock	603,758	664,801	710,020	922,896	53
(% Livestock)	(89%)	(87%)	(89%)	(86%)	
Occupation of Principal Operator					
Farming	3,376	3,380	3,933	3,501	4
Other	1,114	1,176	1,360	1,961	76
(% Farming)	(75%)	(74%)	(74%)	(64%)	

Source: Census of Agriculture

4. Workforce

The county’s workforce both reflects and shapes its industrial structure. On the one hand, the county’s occupational mix will inevitably echo industrial structure. Manufacturing firms employ a different mix of occupations than health care firms or farms. On the other hand, the composition of the regional labor force is an important factor when firms decide where to locate or expand. This means that the county’s ability to attract and retain the “right” kinds of workers is important. More and more, the “right” workers are those needed by the new “holy grail” of economic development—growing, high-income, high-tech, exporting service sectors like health care and professional services.

The data show a mixed pattern in this dimension of the county’s economy. On the one hand, the county does not compare well with other areas in its record for attracting “creative class” workers and young highly-educated residents who are often the target of modern metropolitan development strategies. On the other hand, these trends would almost certainly be reversed if the proposed new medical school

currently under discussion actually comes to fruition. A new medical school would increase the number of highly educated regional residents and bring a pool of talented young people into the region on an ongoing basis. The county also has an excellent post-secondary technical and vocational training infrastructure with the potential to support the kinds of growth sectors highlighted in previous sections.

a. Occupational mix of the regional workforce

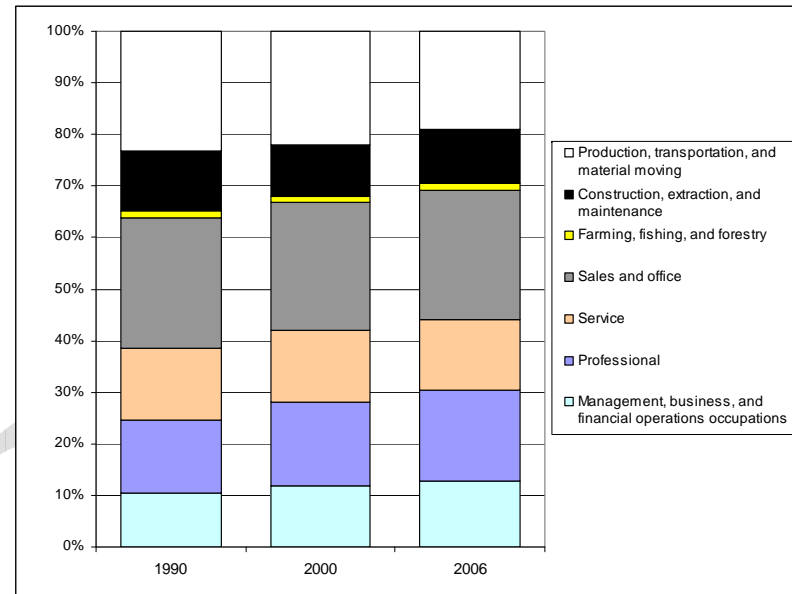
Not surprisingly, Lancaster’s occupational trends reflect employment trends. The shares of professional and management occupations are increasing while the roles of production-oriented occupations are declining (Chart 5).

b. Creative Class Workers

Increasingly, metropolitan development strategies are focusing on attracting the so-called “creative class,” a term coined by Richard Florida in his seminal book *The Rise of the Creative Class*. Florida defines the creative class as follows: “The Creative Class consists of people who add economic value through their creativity. It thus includes a great many knowledge workers, symbolic analysts and professional and technical workers, but emphasizes their true role in the economy.”

Florida argues that the creative class is increasingly driving regional economies. As manufacturing jobs continue to decline, creative industries are a major source of growth for regions that can attract them. A region’s economy can be measured, in part, but its success at attracting and maintaining creative workers.

Chart 5



Florida’s data show that Lancaster ranked 55th out of 63 medium-sized metropolitan areas (with 250,000 to 500,000 people) in the concentration of creative-class workers, down from 53rd in 1999 (Chart 6).³

³ Using a broader index of creativity, Florida’s data puts Lancaster 41st out of 63 medium-sized metropolitan areas in 2004, down from 33rd in 1999.

Chart 6

1999

Rank	Region	Creative Class	Super-Creative Core	Working Class	Service Class
1	Melbourne, FL	35.5%	16.3%	21.0%	43.5%
53	Lancaster, PA	21.7%	7.2%	39.3%	38.3%
63	Ocala, FL	16.4%	3.7%	31.9%	58.9%

2004

Rank	Region	Creative Class	Super-Creative Core	Working Class	Service Class
1	Tallahassee, FL	37.94%	15.17%	13.47%	48.42%
55	Lancaster, PA	23.63%	8.14%	33.87%	48.96%
63	Napa, FL	19.17%	2.91%	24.33%	55.68%

c. Out-migration of younger, more educated workers

An important indicator of a metro’s ability to nurture a creative class is its ability to hang onto key demographics in the population and labor force, such as young people and college-educated labor force. Lancaster did a relatively poor job of retaining its college-educated residents in both 1990 and 2000 (Table 12).

Table 12

Percentage of Residents Leaving Metro Area by Education

	1990			2000		
	Lancaster	Small PA Metros	All US Metros	Lancaster	Small PA Metros	All US Metros
Less than high school	17%	22%	28%	22%	25%	26%
High school graduate	15%	21%	21%	21%	23%	19%
Some college	31%	36%	26%	34%	36%	26%
College degree	42%	47%	25%	46%	49%	28%

The county did a better job of retaining its college-educated young people in 1990, but by 2000 it again lagged behind the national average rates (Table 13).

Table 13

Migration of College-Educated Residents between 21 and 44

	1990			2000		
	Lancaster	Small PA Metros	All US Metros	Lancaster	Small PA Metros	All US Metros
Stayed in Metro	56%	53%	56%	50%	49%	56%
Left Metro	44%	47%	44%	50%	51%	44%

Florida argues that in order to develop and retain a strong creative class, regions should emphasize the “3 T’s of economic development”—technology, talent and tolerance.

d. Post-secondary technical and vocational training institutions

Lancaster has a variety of excellent post-secondary technical and vocational training institutions, most notably:

- Lancaster County Career and Technology Center (CTC) with campuses in Brownstown , Mount Joy and Willow Street , each campus enrolls about 400 full- and part-time students;
- Harrisburg Area Community College-Lancaster campus (HACC-Lancaster); 6,333 students in 2007-08, about equally split between full-time and part-time students; and
- Thaddeus Stevens College of Technology in Lancaster: 830 students.

Nevertheless, the Think Tank process identified three gaps: **Imbalance between academic and vocational education:** Over-emphasis on college-oriented curricula and counseling in

public schools with the result that many students are discouraged from enrolling in technical and vocational training. This was a persistent theme of discussions in the Workforce Training Think Tank but was ultimately unresolved in its discussions.

Lack of local sponsorship of HACC students: The absence of local government sponsorship of HACC-Lancaster results in higher tuition fees that must be paid by Lancaster County residents compared with community college students in many surrounding counties.

There are 14 community colleges in Pennsylvania; through local millage levies, ten are sponsored by the county governments in which they are located and four are sponsored by local school districts, including some campuses of HACC.

- For 2009-10, tuition for “sponsored” students at HACC is \$106.50 per credit; for “non-sponsored” students, \$177.00 per credit (almost 80 percent higher).
- At Reading Area Community College (where Berks County sponsors all county residents), tuition for sponsored students is \$77.00 per credit.
- At Delaware County Community College (which also serves Chester County) tuition for sponsored students is \$93 per credit.

Thus, in the absence of sponsorship either by county government or the county’s 16 school districts, local students at HACC-Lancaster pay from 80 percent to 130 percent higher tuition than all residents of Berks County, than all residents of Dauphin County, than five out of six residents of Cumberland County and two out of three residents of Perry County.⁴ It

⁴ All eleven school districts in Dauphin County have approved a special millage for HAAC., as have Seven of nine school districts in Cumberland

appears that all HACC students in Lebanon and York counties are in the same boat as HACC students in Lancaster County – non-sponsored and, thus, paying 80 percent higher tuition.⁵

Unutilized CTC capacity: Both Think Tank discussions and field visits focused on the fact that the Lancaster County CTC campus at Brownstown and the Mount Joy campus, are under-enrolled and have unutilized capacity. Part of the reason may be local school districts alleged overemphasis on college preparatory studies as contrasted with vocational training. Part may be distance from the major population center and inadequate public transportation. (The Brownstown and Mount Joy campuses are almost 10 and 14 miles, respectively, from Downtown Lancaster; Red Rose Transit authority provides bus service to Mount Joy but apparently not to Brownstown.) Part is probably reluctance of many high school-age students to cut themselves off from social networks and extra-curricular activities they value at their regular high schools.

e. Commuting links to nearby metropolitan areas

The extent to which Lancaster County is linked to other nearby and (in the case of Philadelphia and Baltimore) larger regional economies is important because it reveals whether Lancaster can tap into growth in neighboring areas (like the 202 Corridor in Philadelphia). Such ties might also create a need to

county, accounting for 83 percent for public school enrollment, and Three of five school districts, accounting for 64 percent of public school enrollment, have approved a special millage for HACC.

⁵ It could be argued that, though not approving a property tax millage to help local students meet tuition costs at HAAC-Lancaster, Lancaster County already meets its responsibilities through its support of the Lancaster County Career & Technology Center> However, York County too supports the York County School of technology (though Lebanon County does not appear to have a comparable post-secondary institution).

cooperate with policy makers in those areas. The findings suggest that, in the past, these links have been minimal—the region is, to a large extent, has grown on its own. However, more recently, state and federal transportation policies have greatly increased both the capacity for Lancaster County workers to participate in nearby labor markets and the magnitude of these interactions.

The first indicator of the county’s historic isolation is commuting patterns. The overwhelming majority of Lancaster resident workers commute to jobs in Lancaster County. In 2000, 87 percent of Lancaster resident workers worked in jobs located in Lancaster, down from 91 percent in 1980 (Table 14). Nationwide, the percentage of workers working in their county of residence was just 73 percent, down from 79 percent in 1980.

jobs were much greater than for Lancaster County (116-117 percent compared to 40 percent, during the 1990s).

Despite the region’s proximity to the Philadelphia and Baltimore metropolitan areas, few of the regions resident workers commute to those areas (Table 15). In 2000, just 3.6 percent of Lancaster workers commuted to jobs in the Philadelphia metro (up from 2 percent in 1980) and just .5 percent commuted to the Baltimore metro (up from .3 percent in 1980). In contrast, 8.3 percent of York County workers commuted to the Baltimore metro (up from 3.8 percent in 1980).

Table 14
County of Work for Lancaster County Residents

1980		1990		2000		% Growth 1980-2000
Lancaster	144,285 (91%)	Lancaster	188,071 (89%)	Lancaster	201,608 (87%)	
Dauphin	2,825	Chester	5,174	Dauphin	6,927	
Chester	2,748	Dauphin	4,593	Chester	6,134	
York	2,256	Berks	3,506	Berks	4,074	
Berks	1,940	York	3,359	York	4,018	
Subtotal	9,769 (6%)	16,632 (8%)	21,153 (9%)	117		
Other Counties	4,153 (3%)	7,327 (3%)	8,972 (4%)	116		
Total	158,207	212,030	231,733	46		

Although the number of workers commuting to jobs outside the county is growing, it remains small. Most out-commuters work in nearby counties (Dauphin, Chester, Berks and York), but no other county employs more than 3 percent of Lancaster workers. However, growth rates for workers in non-Lancaster

Table 15
Commuting to the Philadelphia and Baltimore Metropolitan Areas

	Commuters to Philadelphia				Commuters to Baltimore			
	1980	1990	2000	1980-2000	1980	1990	2000	1980-2000
Lancaster	3,371 (2%)	7,176 (3%)	8,413 (3)	150	484 (.3%)	998 (.5%)	1,087 (.5%)	125
York	271 (.2%)	513 (.3%)	534 (.3%)	97	5,536 (4%)	12,052 (7%)	16,033 (8%)	190

The other side of commuting patterns—non-metro residents who commute to jobs in Lancaster County—shows a similar pattern. In 2000, nine out of ten jobs in Lancaster County were filled by Lancaster County residents, down from 94 percent in 1980. The second largest source of workers was York County, at just 2 percent.

Table 16

County of Residence for Lancaster County Jobs

1980		1990		2000		% Growth 1980-2000
Lancaster	144,285 (94%)	Lancaster	188,071 (91%)	Lancaster	201,608 (90%)	40
York	2,010	York	3,845	York	5,485	
Berks	1,695	Berks	3,446	Berks	3,870	
Lebanon	1,426	Lebanon	2,634	Lebanon	3,770	
Chester	1,325	Chester	2,351	Chester	2,828	
Subtotal	6,456 (4%)		12,276 (6%)		15,953 (7%)	147
Other Counties	3,245 (2%)		5,420 (3%)		6,697 (3%)	106
Total	153,986		205,767		224,258	46

Table 17

Commuter Affordability for Philadelphia "Out-Counties"

County	Commuter Affordability Index (owner)	Distance from Phila. CBD	Driving Time
Berks County, PA	137	64	72
Cumberland County, NJ	137	42	58
Lancaster County, PA	132	79	90
Lehigh County, PA	117	63	70
Kent County, DE	115	79	88
Northampton County, PA	108	72	83
Atlantic County, NJ	87	49	56

What is the potential to increase the number of the region’s workers commuting to nearby major metropolitan areas, particularly Philadelphia? Can this be a core element of the region’s economic development strategy? There are two contrasting trends in this area. On the one hand, the county does not appear to offer a dramatically more affordable housing market for Philadelphia commuters. On the other hand, recent improvements in rail service in Amtrak’s Keystone Corridor between Harrisburg and Philadelphia appear to have dramatically improved the county’s comparative advantage relative to other Philadelphia suburbs.

Comparing Lancaster County to Philadelphia’s other “out-counties” shows that it is a relatively affordable alternative housing market for Philadelphia area workers, ranking third behind Berks (PA) and Cumberland (NJ) counties (Table 17). The northeastern part of the Lancaster county (where most out-commuters are likely to live) is roughly the same distance and driving time (54 miles, 66 minutes) from the Philadelphia central business district (CBD) as the other two and the most robust parts of the Philadelphia economy—the 202 Corridor in particular—are significantly closer to Lancaster than the CBD.

Commuter Affordability Index: Ratio of resident affordability index to Philadelphia resident affordability index.

Resident Affordability Index: Ratio of the home value affordable to a homeowner with a regional median income to the regional median value of a home.

In addition, Lancaster’s drive-time disadvantage compared to the other counties on the list has recently become significantly less important. Amtrak in partnership with the Pennsylvania Department of Transportation completed \$145M in improvements to the Harrisburg-to-Philadelphia portion of the Keystone Corridor, which runs through Lancaster County (with stops in Lancaster City, Elizabethtown and Mount Joy). The improvements have cut the run time between Philadelphia and Harrisburg to 90 minutes. The corridor is the second fastest intercity passenger service in the nation; second only to the Northeast Corridor between Washington D.C. and Boston.

Future improvements to the line are also in store. The Obama Administration has committed \$8 billion in investment in only eight such corridors nationally and Lancaster County has programmed \$35 million for improvements and renovations to the train stations in Lancaster City, Mount Joy and Elizabethtown. By 2012 the corridor from Philly to Harrisburg

will be a “closed corridor” meaning that all grade crossings will be moved to over- or underpasses. This should increase speeds further.

Frequency of service along the line has also increased. Although it is not yet full commuter service frequency, it is enough to make it feasible to work in Philadelphia while living in Lancaster County.

What this means is that Lancaster County’s overall affordability (including transportation time and costs) has improved relative to the other counties in Table 17. As a result, ridership has been increasing steadily. In Lancaster, ridership increased by 77 percent between 2003 and 2008. The increase was 112 percent in Elizabethtown and 168 percent in Mount Joy. The clear implication is that recent and planned rail improvements offer Lancaster County greater opportunities to tap into growth in nearby metropolitan areas.

5. Concentration of poverty and the distribution of affordable housing

The concentration of poverty is about access to jobs, good schools, and decent economic prospects in life—in other words it is about some of the most important objectives of an economic development plan. Where one lives significantly determines the availability and quality of opportunities such as public education, employment, and wealth accumulation and thus dramatically impacts one’s life chances. To the extent that the concentration of poverty limits people’s residential choices, it undermines equality of opportunity.

The concentration of poverty in schools and neighborhoods are closely related. High poverty neighborhoods, of course,

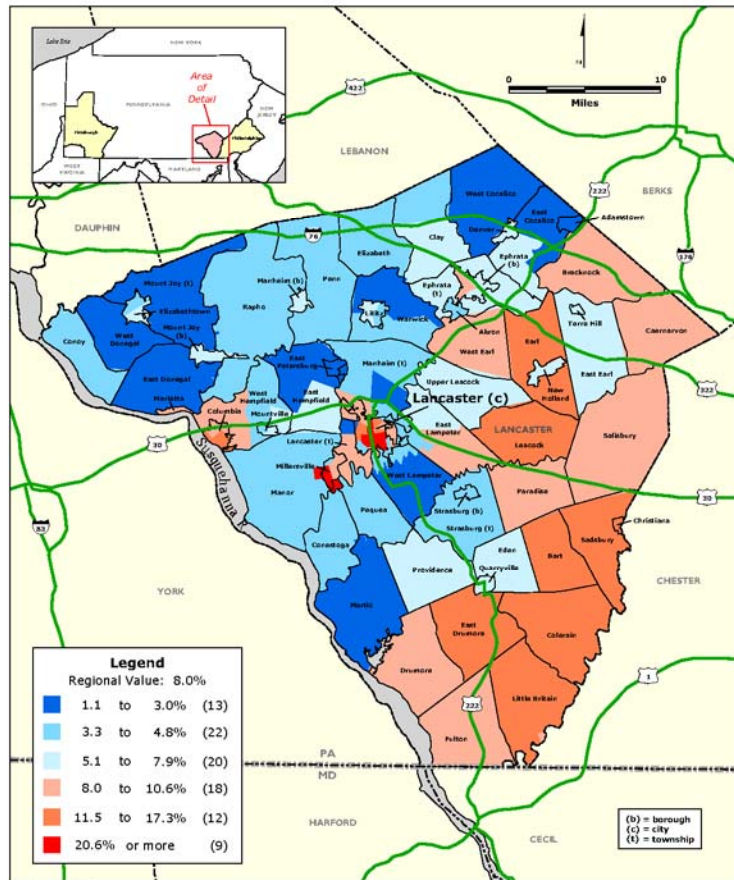
generate high poverty neighborhood schools. Neighborhood and school data both show that poverty is highly concentrated in a very few parts of the Lancaster region—the city of Lancaster and Columbia borough in particular. Eight of the 9 census tracts with poverty greater than 20 percent in 2000 were in Lancaster (Map 7). Twelve of the 13 elementary schools with more than 55% of students eligible for free or reduced-price lunch were in Lancaster in 2007. The other was in Columbia (Map 8).

Poverty is also increasing significantly in core areas and in some suburban areas. The areas immediately surrounding Lancaster saw large increases in population below the poverty line from 1990 to 2000 (Map 9). Elementary schools with significant increases in free and reduced-price lunch eligibility were more scattered (Map 10).

Map 7



LANCASTER REGION:
Percentage of Persons in Poverty by Census Tract, 2000

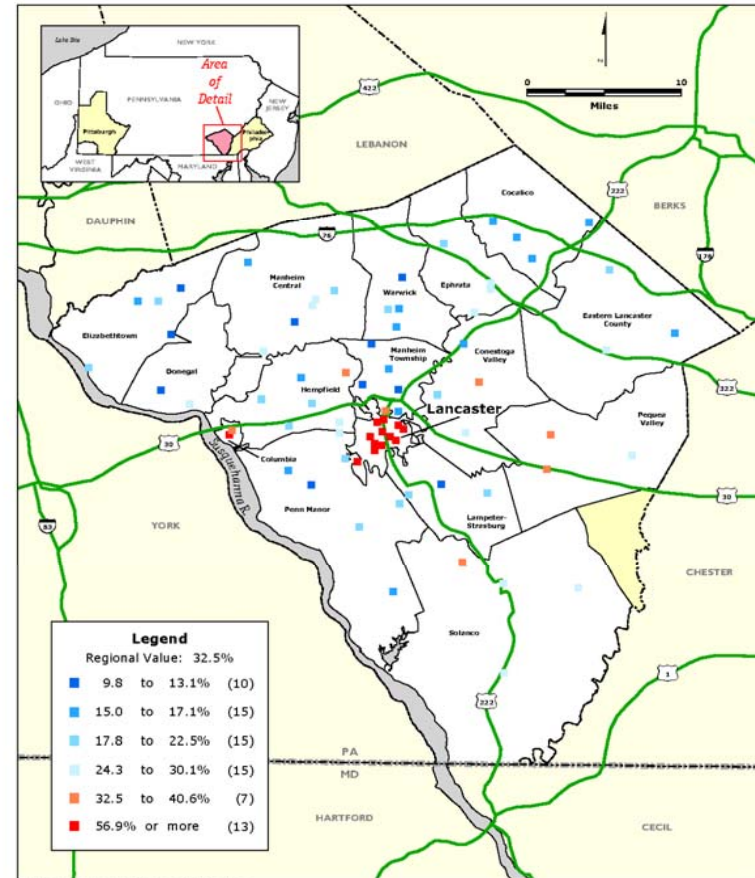


Data Source: U.S. Census Bureau.

Map 8



LANCASTER REGION:
Percentage of Elementary Students Eligible for Free or Reduced Lunch by School, 2006-2007

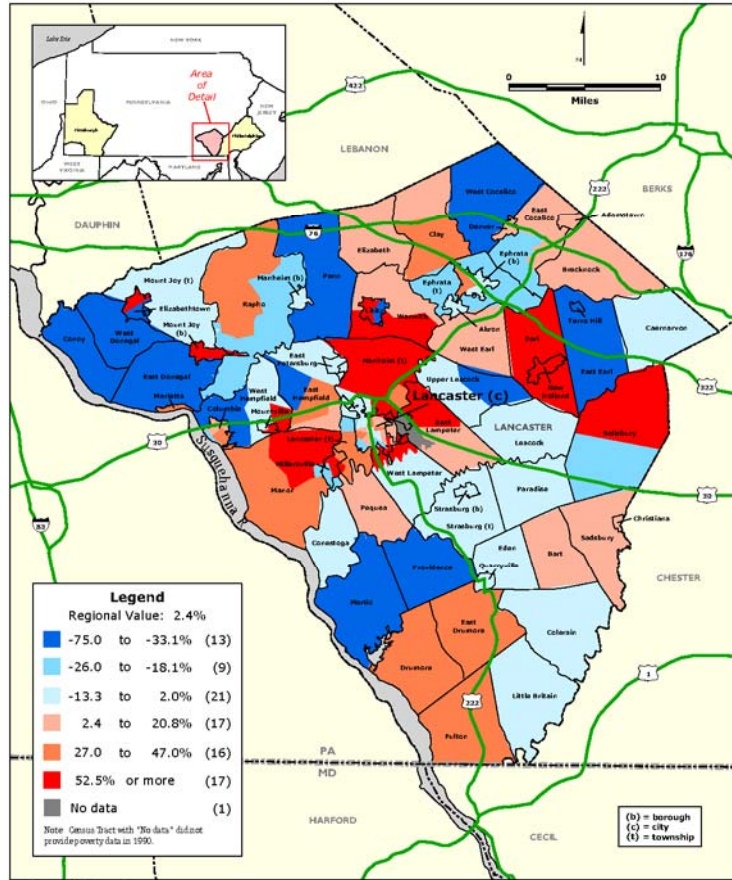


Data Source: Pennsylvania Department of Education.

Map 9



**LANCASTER REGION:
Percentage Change in Persons in Poverty
by Census Tract, 1990-2000**

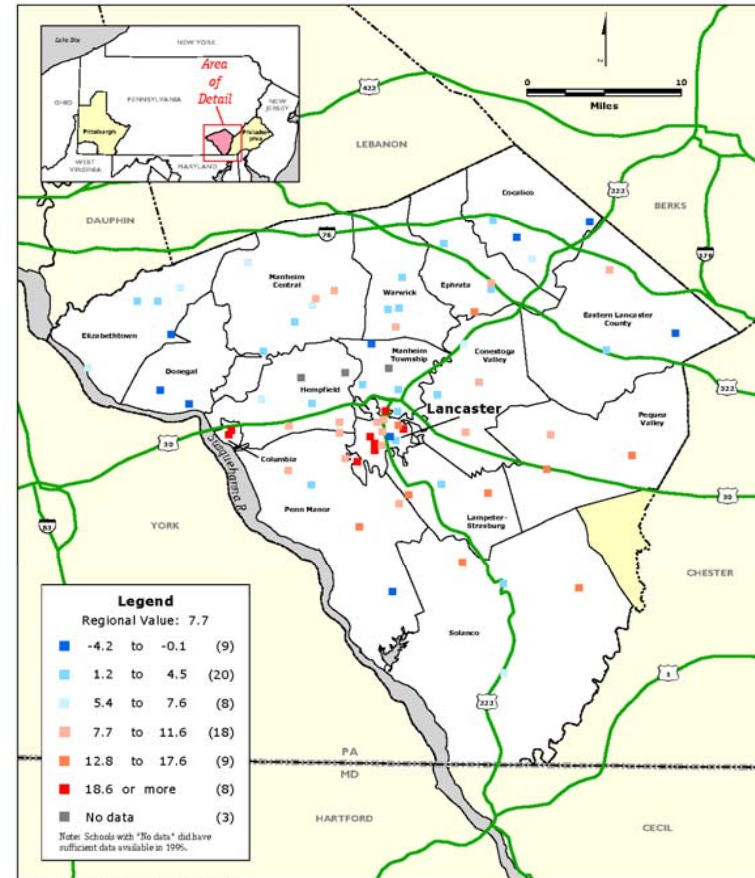


Data Source: U.S. Census Bureau.

Map 10



**LANCASTER REGION:
Change in Percentage Points of Elementary Students
Eligible for Free or Reduced Lunch by School, 1995-2007**



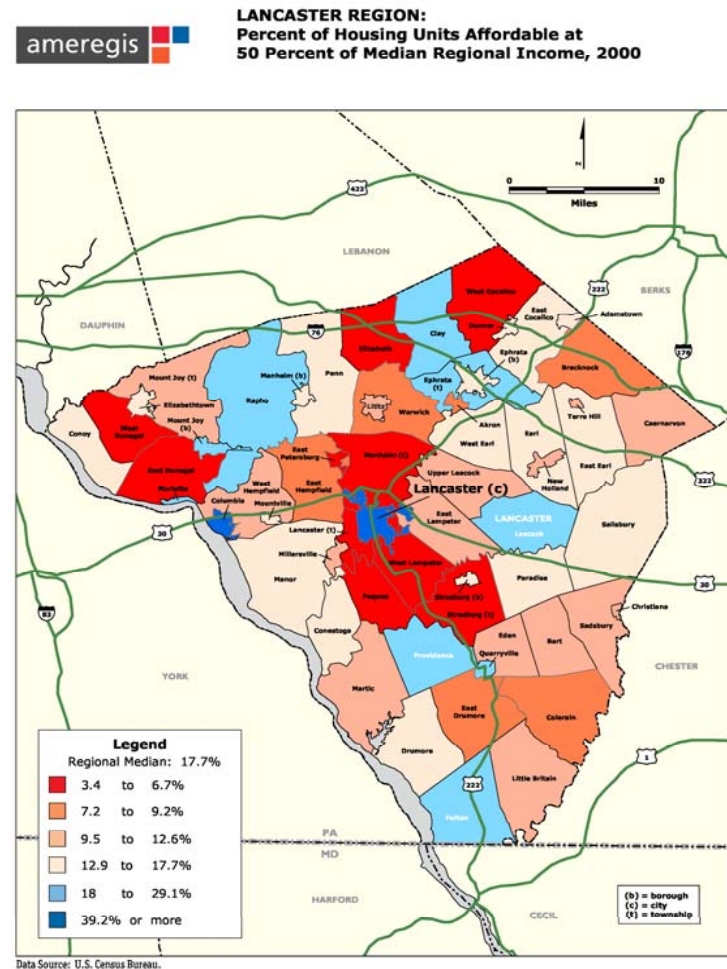
Data Source: Pennsylvania Department of Education.

The distribution of affordable housing across the county both reflects and contributes to concentrations of poverty. The county’s 60 individual municipalities have little incentive to encourage affordable housing within their boundaries. There are fiscal disadvantages associated with low cost housing—especially low-cost family housing—and the perceptions almost certainly exaggerate the drawbacks. This means that, unless regional policy is used to encourage all parts of the county to participate in the provision of a mix of housing needed to serve all of the county’s residents, affordable housing will tend to concentrate in older, more densely settled parts of the region and, potentially, be underprovided overall region-wide.

The tendency toward concentration is clearly evident in Lancaster County. Affordable housing is spread very unevenly across the region. More than 39 percent of the housing in the city of Lancaster and Columbia borough was affordable at 50 percent of the regional median income in 2000. Only 9 other municipalities (out of 58) showed rates above the regional average, and, as a group, their affordability rate was more than 10 points lower than in Lancaster and Columbia (Map 11).⁶

An important implication of the uneven distribution is that lower income residents have less access to growing job centers in suburban areas. Most areas with the greater than average job rates have lower than average affordability rates (Map 12).

Map 11



⁶ Affordable housing units were defined as the number of owner-occupied housing stock where the monthly payment on a thirty year mortgage plus property taxes represented less than 30 percent of the county-wide median income in 2000 plus the number of rental units where the monthly rent was less than this amount in 2000.

B. Governance and Leadership

Lancaster’s decentralized system of local governance has important implications for how the region has grown and is likely to grow in the future. It relates to several important characteristics of the local economy and the public sector’s ability to deliver basic public services, including land use planning, fire and police, transportation and water and sewer infrastructure, and education and libraries, to support economic and employment growth.⁷

A decentralized system also makes governing the region more difficult, especially when dealing with policies with region-wide implications. Whenever possible, all of the costs and benefits should be considered when determining how much of a publicly-managed good or service should be provided. This means that service/governance areas should be large enough to encompass all of the costs and benefits. The costs and benefits of many public services are spread across metropolitan areas by housing, labor and consumer markets. Few people now live, work, shop and play in the same city or town. This means that people consume public services like transportation and public safety in towns where they do not pay taxes as they work and shop and play.

In addition, many services traditionally regarded as “local goods”—goods or services with only local consequences—actually begin to affect neighboring areas as a regional economy grows. For instance, as regions grow into undeveloped suburban and exurban areas, planning decisions which previously may have affected only local residents—lot sizes, sewer versus septic decisions, or whether to subdivide a

farmstead, for instance—begin to have consequences on larger scales. Lot-size decisions determine whether densities can be increased later through infill. This, in turn, affects development pressures on neighboring communities and the viability of county-wide goals for growth management, transportation, housing, the environment, and agricultural preservation.

Decentralized governance not only affects municipal government functions, but also the public education system. Decentralized school systems make it inherently more difficult to deal with the concentration of poverty in schools. In metropolitan areas like Lancaster, the concentration of poverty in just a few school districts means that effective remedies must involve more than one school district and *inter*-district remedies are always more difficult to implement than *intra*-district programs.

1. Decentralized Governance

Lancaster’s local government system is highly decentralized. It is the 13th most decentralized region out of the 100 largest metropolitan areas, as measured by local governments per 10,000 residents. Using a different measure which controls for the size of local units, it was the 24th most decentralized of the 100 largest and 32nd most decentralized of 361 total metros in 1972; the 19th most decentralized of the 100 largest and 24th of 361 total metros in 1992; and the 37th most decentralized of the 100 largest and 39th of 361 total metros in 2002.⁸

a. Urbanization and sprawl

⁸ The Miller Fragmentation Index controls for both the number and size of local government units in a region by scaling the measure downward in regions where one or a few local governments represent large shares of total local government spending compared to the average metropolitan area.

⁷ See Orfield and Luce, *Region: Planning the Future of the Twin Cities*, University of Minnesota Press, 2010, for a full discussion of these issues.

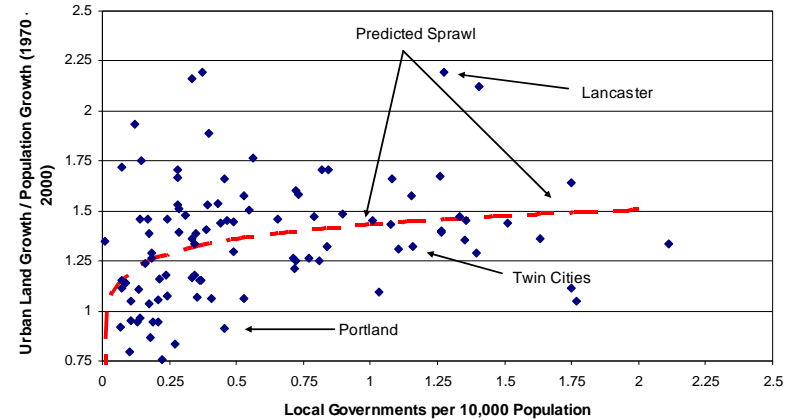
A decentralized system of governance like Lancaster’s is likely to encourage sprawl for a number of reasons. Most importantly, a region with a large number of local governments inevitably also has a large number of planning departments, each guiding development patterns in its own slice of the region. All else equal, social and fiscal incentives are likely to push growing suburban and exurban local municipalities toward large-lot zoning. Houses on larger lots will cost more—creating fiscal dividends for local governments which rely on the property tax—and draw higher income residents—creating dividends for places using earned income taxes. Municipalities in Lancaster, of course, use both taxes.

Given its number of local governments, it is not surprising that Lancaster compares poorly to other metropolitan areas in its sprawl—among the top two or three highest among the 100 largest metropolitan areas (Chart 7).⁹ However, Lancaster’s long-term sprawl rate is also greater than expected *even given the large number of local governmental units in the region.*¹⁰

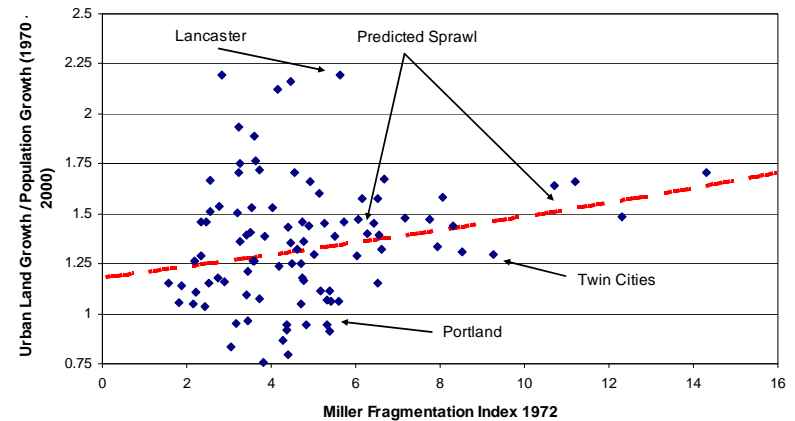
⁹ The sprawl measure used in Chart 3 is the ratio of change in urbanized land in a region between 1970 and 2000 and the change in population—(urban land in 2000/urban land in 1970) / (population in 2000/population in 1970). In each of the four census years, a census tract was determined to be “urbanized” if it contained more than one housing unit per four acres, the housing density used by the census in 2000 to designate urbanized land in outlying parts of metropolitan areas. This measure should be used only for long-term comparisons across a reasonable number of regions, as it is here.
¹⁰ Although much of this occurred in the 1980s and the rate declined sharply in the 1990s, the region’s sprawl rate is still a concern. (See section I.B.)

Chart 7

Fragmentation and Sprawl in the 100 Largest Metropolitan Area (correlation = .37)



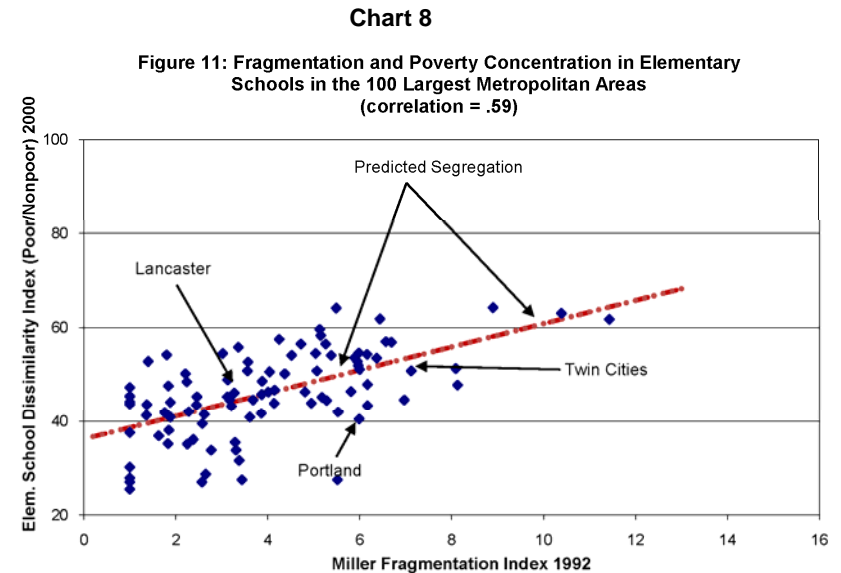
Fragmentation and Sprawl in the 100 Largest Metropolitan Area (correlation = .21)



b. Concentration of Poverty

The number of local governments within a metropolitan area is also related to the degree of concentration of poverty in the region. Decentralized governance can encourage concentrations of poverty in the older built out communities by encouraging exclusionary zoning practices in growing suburban communities which perceive that lower-cost housing is not able to “pay its way” in property taxes, and also in Lancaster County’s case, earned income taxes.

Chart 8 shows this relationship in the group of the 100 largest metropolitan areas by plotting poverty concentrations in schools against the Miller fragmentation index for schools. Compared to other metros, poverty concentration (measured by eligibility for free and reduced cost lunches) in Lancaster County schools is about average in the region, and is what would be expected given the large number of local governmental units in the region.¹¹



c. Job growth

As with sprawl and the concentration of poverty, the data show a clear relationship between the number of local governments in a metropolitan region and regional job growth (Chart 9). Highly decentralized regions grew more slowly on average than more unified metros in the 1990s and 2000s. Although a wide variety of factors affect job growth, these data and other

¹¹ The concentration measure used in the chart—the dissimilarity index—shows what percentage of poor residents in the region would have to change residences in order for school poverty rates to be equal across the region.

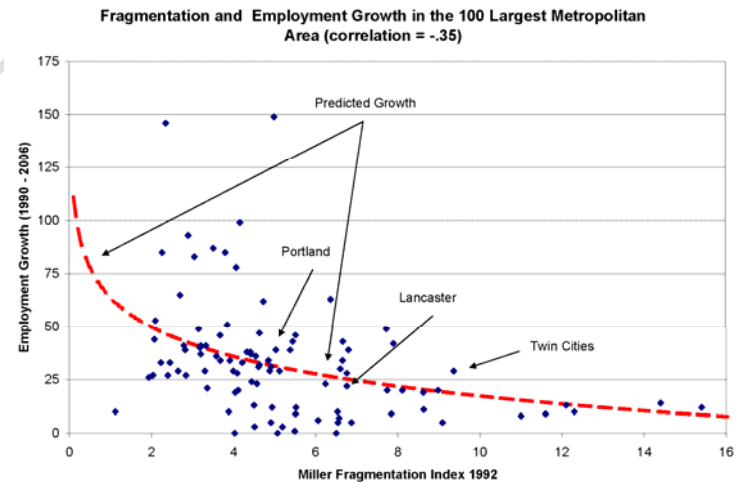
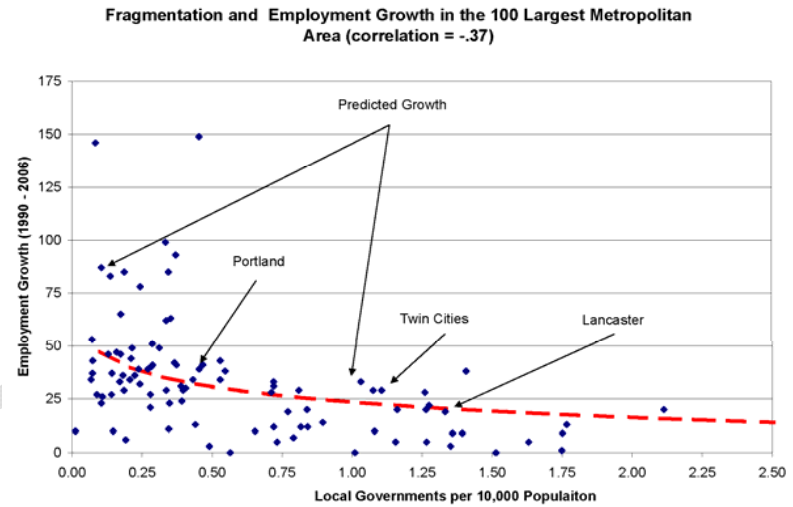
work strongly suggest that a decentralized governance structure is a contributing factor.¹²

The most likely reason for this is that regions with a decentralized governance structure have a harder time cooperating to promote the region to potential businesses. The real scale for competition for jobs across the U.S. is the metropolitan area—in Lancaster’s case, the county—since firms can tap into the entire regional labor market regardless of where they locate within a metropolitan area. Regions which can band together to create the right kind of business climate, or in some cases incentives, should fare well in terms of economic competitiveness.

Although job growth in Lancaster compares relatively well with other northeast and mid-Atlantic metropolitan areas with similar manufacturing legacies, Lancaster’s job growth rate is lower than average among the 100 largest metropolitan areas (Chart 5). The slower than average employment growth is partly explained by its number of local governments - the region’s growth is roughly what would be predicted given its governance structure.

¹² See for instance, Paytas, Jerry: “Does Governance Matter? The Dynamics of Metropolitan Governance and Competitiveness,” (2001), p. 15, 20. “Controlling for national trends and industrial composition, *metropolitan competitiveness is adversely affected by metropolitan fragmentation....* The impact on the smallest metropolitan areas is most severe.... Smaller areas with fragmented metropolitan governance may lack the scope and power to affect the challenges they face. The large negative impact of fragmentation indicates that unity could help resolve the kinds of cross-jurisdictional challenges that are needed for a region to be competitive. These challenges include transportation and infrastructure as well as workforce and social issues.” www.smartpolicy.org/pdf/governancematter.pdf.

Chart 9



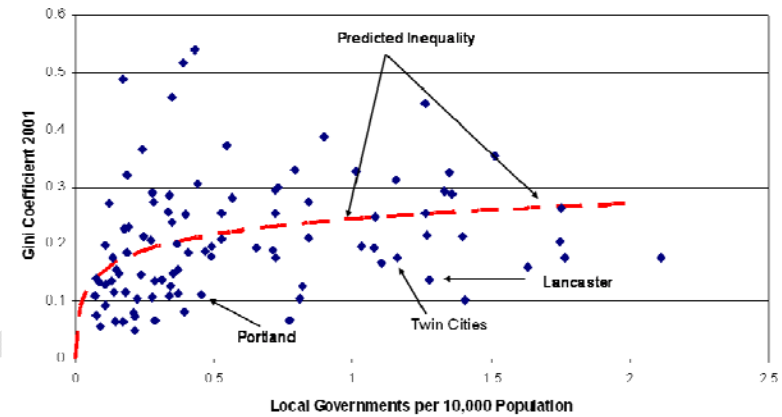
d. Fiscal disparity

Because of the need for development to “pay its way,” local governments have strong incentives to favor particular types of development—high-value residential, commercial and industrial for instance. In a decentralized system, localities are therefore likely to compete for these types of development. Further, once an area has won a round of this competition (or once it’s in an advantageous fiscal position for another reason), it is more likely to win the next round as well. This is because the fiscal dividend earned from land uses that more than pay their way enables a locality to provide better or more public services at lower tax rates than areas with less “profitable” land uses. The expectation therefore is that regions with highly decentralized governance systems are likely to show more fiscal inequality. This is in fact the case among the 100 largest U.S. metropolitan areas (Chart 6).

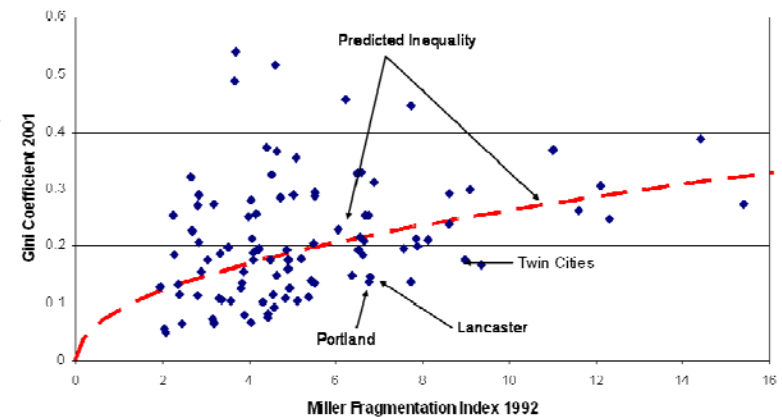
Despite this, overall fiscal disparities are actually lower in Lancaster than in most metros (Table 5), and its fiscal equity measure is better than would be expected given the number of local governments in the region (Chart 6).¹³ The availability of the earned income tax is a significant factor in this strong standing. (In most metropolitan areas, the property tax is the only local tax.)

Chart 10

Fragmentation and Fiscal Inequality in the 100 Largest Metropolitan Areas
(correlation = .40)



Fragmentation and Fiscal Inequality in the 100 Largest Metropolitan Areas
(correlation = .41)



¹³ The Gini coefficient is shown in Chart 6. It varies between 0 and 1. A value of 0 implies a perfectly equal distribution of tax bases—an equal tax base per household in each municipality. A value of 1 implies a perfectly unequal distribution—a situation where one municipality with a population of just one person has the region’s entire tax base.

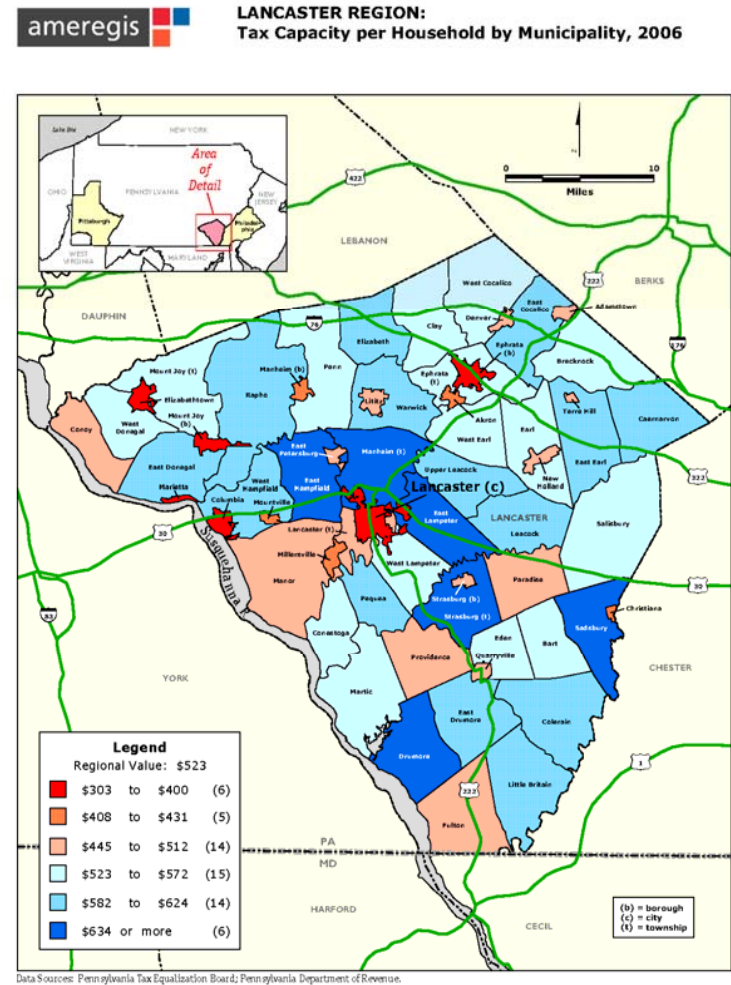
However, this does not tell the whole story. The lowest tax capacities per household are in Lancaster City and the boroughs (Table 18 and Map 15). These are also the places with the highest costs—from older infrastructure for instance—and the greatest social needs—from poor and other special needs populations. The resulting tax *rate* disparities (Map 15) are larger than for tax capacity—and certainly large enough to affect the economic health of different parts of the region. The City of Lancaster and Columbia Borough stand out but nearly all of the boroughs and a number of inner suburban townships show above average combined municipal and school property tax rates.

Table 18

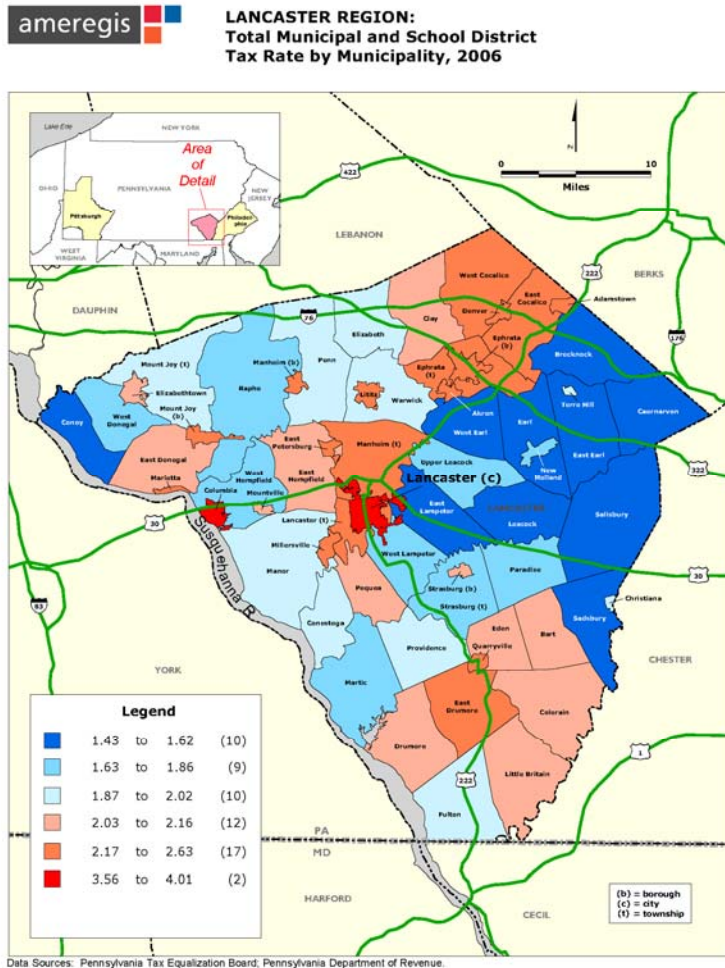
Tax Capacity per Household by Community Type, 1996-2005

	Tax Capacity per Household <u>2005</u>	Tax Capacity per Household <u>1996</u>	Growth (%) <u>1996-2005</u>
City of Lancaster	271	178	52
Boroughs	360	260	38
Townships	506	354	43
Total	473	331	43

Map 15



Map 16



One way to ease disparities in rates and bases while at the same time reducing incentives for local areas to compete for tax base is a regional tax-base sharing system like the Fiscal Disparities Program in the Twin Cities. The Twin Cities Fiscal Disparities program places 40 percent of the growth in the commercial-industrial tax base in each municipality in each year into a regional pool and then distributes the tax base back to participating municipalities and school districts based on tax base and population. The re-distributed tax-base is then taxed by each location at its own tax rate.

The program's design means that it is a very effective way to:

- Reduce incentives for inefficient competition for tax base—by reducing the tax base “reward”
- Encourage joint economic development efforts, enhancing long-run regional growth—by allowing all places to share in tax-base growth in only one area
- Complement regional land-use planning efforts—by spreading the tax benefits of regional planning decisions across the whole region
- Provide insurance against future changes in growth patterns—few parts of a region can count on being a regional growth leader forever
- Reduce inequalities in tax rates and services—by giving larger shares of the pool to lower tax-base places

The Twin Cities Fiscal Disparities Program covers the seven core Minnesota counties in the Twin Cities Metropolitan Area. It benefits most of the region's residents. In 2004, 64% of households in the region lived in areas that received more from the pool than they contributed. In 2004, 32% of regional commercial-industrial tax base and 10% of total tax base was in the pool. In St. Paul, one of the largest beneficiaries, the

average homestead tax was 8.8% lower than it would have been without Fiscal Disparities. Minneapolis has had periods where it contributes and others when it benefits. The program reduces overall property tax base inequality in the region by about 20 percent (as measured by the Gini coefficient). It reduces the ratio of the highest to lowest tax base per household from 25 to 8 and it reduces the ratio of the second highest to second lowest tax base per household from 10 to 4.

2. Tax rates and public services

The fiscal condition of a municipality is broadly determined by two factors—its capacity to raise revenues and the demands and costs it faces in providing public services. When high costs and low capacities occur together—as they often do—economic development patterns tend to increase disparities over time. High cost/low capacity places must choose between raising tax rates above the average in order to provide services commensurate with other places or holding the line on tax rates by providing fewer, or lower-quality, services. A combination of low capacity, high needs and high costs often creates a situation that is the worst of both worlds for a locality—a combination of high tax rates and low public services.

The lowest tax capacities per household in the region are in Lancaster City and the boroughs (Map 15 and Table 18 above). These are also the places with the highest costs—from older infrastructure for instance—and the greatest social needs—from poor and other special needs populations. The resulting tax rate disparities are significant—certainly large enough to affect job growth within the region, all else equal. The City of Lancaster and Columbia Borough stand out but nearly all of the boroughs and a number of inner suburban townships show

above average combined municipal and school property tax rates.

An often-cited contributing factor to these patterns is the uneven distribution of tax-exempt property. These properties often provide services/functions serving the entire county—including county government services, education, and other services provided by non-profits. Tax-exempt property tends to be concentrated in many of the places with the lowest tax bases and highest tax rates—the City of Lancaster and the boroughs (Table 19).

Lancaster City, the boroughs and a few inner townships also support the region's greatest current concentrations of jobs. Serious tax rate/public service imbalances in these areas could affect the entire region's competitiveness. For better or worse, the well-being of different parts of metropolitan areas is linked. Serious tax rate and service disadvantages in the many of the county's largest job centers, especially in the central city, can affect the competitiveness of the entire region.¹⁴

On the services side of local ledgers, various local services, particularly infrastructure, can also affect economic

¹⁴ Researchers have found, for example, that median household incomes of central cities and their suburbs move up and down together in most regions and that the strength of this relationship is increasing. They have also found that the metropolitan areas with the smallest gap between city and suburban incomes had the greatest regional job growth. Another researcher found that in large metropolitan areas income growth in central cities results in income growth and house-value appreciation in the suburbs. See Larry C. Ledebur and William R. Barnes, "All In It Together: Cities, Suburbs and Local Economic Regions" (Washington, D.C.: National League of Cities, 1993); William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D.C.: National League of Cities, 1992); and Richard Voith, "Do Suburbs Need Cities?" *Journal of Regional Science* 38(8) 445-464, 1998.

development patterns and the overall health of a metropolitan economy. Further, using service or infrastructure availability to guide growth is, potentially, a very powerful policy tool. Access to sewers and water treatment facilities is a commonly used growth management tool.

Lancaster County’s current Designated Growth Area strategy (as described in the growth management element of the County’s comprehensive plan) targets Urban and Village Growth Areas for future growth: 85 percent of increases in Dwelling Units and 65 percent of increases in employment acreage. Current water and sewer service areas correspond relatively closely with UGAs and VGAs (Maps 17, 18 and 19). However, the region is currently served by more than 35 separate sewer authorities and more than 25 water authorities. Further, only 17 of these organizations are combined water and sewer authorities, meaning that coordinated service provision is often difficult. Sewer and water treatment services are important growth shapers that can be a powerful part of regional development strategy. The current system makes regional coordination very difficult, if not impossible, and greatly reduces the chances for cost savings through economies of scale.

Reflecting this fragmented approach to the provision of water and sewer infrastructure, the County’s Growth Management Element also estimates that 13,000 of the 31,000 acres of “buildable” land inside the UGAs and VGAs are *outside* water and sewer service areas. An important part of any strategy to focus growth inside growth areas is to ensure that buildable land *with infrastructure* is available in targeted areas.

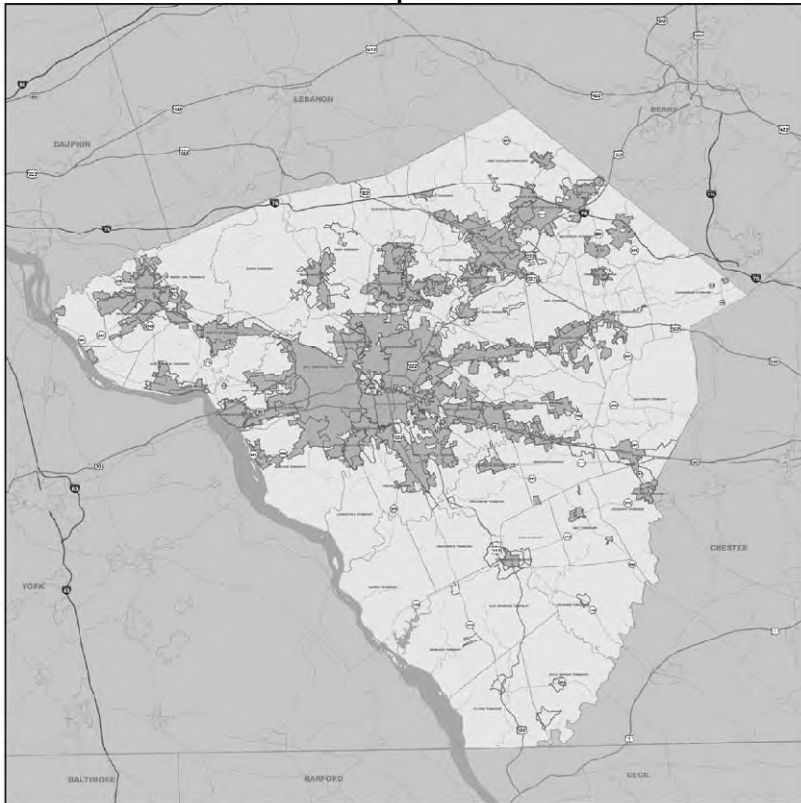
Table 19

Percentage of Property Tax Base that is Tax Exempt, 2008

<u>MUNICIPALITY</u>	<u>Exempt Assessed Val.</u>	<u>Total Assessed Val.</u>	<u>Percentage</u>
Millersville Boro	121,806,900	400,921,900	30.4
Lancaster City	593,602,300	2,536,034,900	23.4
West Donegal Twp	131,984,100	621,560,200	21.2
Denver Boro	48,177,100	240,399,100	20.0
Litzitz Boro	116,192,900	609,870,700	19.1
Elizabethtown Boro	105,025,000	563,433,600	18.6
Ephrata Boro	117,392,800	792,130,900	14.8
Mountville Boro	23,166,000	163,393,200	14.2
Earl Twp	84,970,300	620,126,300	13.7
Manheim Boro	34,577,100	279,491,000	12.4
Columbia Boro	45,889,400	404,112,400	11.4
East Drumore Twp	31,497,600	328,706,100	9.6
Manheim Twp	314,405,000	3,343,649,800	9.4
Clay Twp	41,800,400	460,275,600	9.1
Fulton Twp	22,115,600	247,169,200	8.9
Christiana Boro	4,359,500	49,088,900	8.9
East Donegal Twp	50,429,900	568,286,400	8.9
Quarryville Boro	13,761,800	156,523,000	8.8
East Hempfield Twp	207,174,300	2,369,732,400	8.7
Elizabeth Twp	26,783,800	309,533,900	8.7
Akron Boro	18,267,800	211,332,200	8.6
Lancaster Twp	75,772,300	877,849,100	8.6
New Holland Boro	32,577,800	379,568,900	8.6
Marietta Boro	9,381,000	112,238,900	8.4
West Earl Twp	45,693,200	551,677,200	8.3
East Earl Twp	41,673,000	539,093,100	7.7
Martic Twp	30,473,600	397,475,400	7.7
West Lampeter Twp	93,428,200	1,271,197,700	7.3
Conoy Twp	15,216,200	220,979,400	6.9
Upper Leacock Twp	47,330,800	691,228,400	6.8
Adamstown Boro	8,053,200	118,114,700	6.8
East Lampeter Twp	110,790,300	1,626,349,300	6.8
East Petersburg Boro	17,213,800	257,713,700	6.7
Penn Twp	45,950,800	698,439,200	6.6
Leacock Twp	26,349,700	404,327,500	6.5
Caernarvon Twp	21,915,900	348,124,700	6.3
Mount Joy Boro	26,151,200	416,556,800	6.3
Manor Twp	84,090,700	1,367,695,600	6.1
Mount Joy Twp	42,322,200	704,710,300	6.0
Paradise Twp	21,171,000	353,702,200	6.0
Colerain Twp	18,059,400	306,983,200	5.9
Ephrata Twp	34,352,600	619,033,300	5.5
Terre Hill Boro	3,581,400	65,477,300	5.5
Strasburg Twp	17,944,400	359,089,500	5.0
Pequea Twp	17,014,100	348,053,100	4.9
Eden Twp	7,350,900	152,387,800	4.8
Brecknock Twp	23,865,800	494,781,700	4.8
Strasburg Boro	8,269,500	174,271,100	4.7
Warwick Twp	58,860,600	1,257,934,400	4.7
Drumore Twp	11,124,200	247,142,700	4.5
West Cocalico Twp	20,305,700	492,853,000	4.1
Salisbury Twp	30,366,300	743,853,900	4.1
West Hempfield Twp	44,302,800	1,104,019,600	4.0
Rapho Twp	32,550,300	876,970,600	3.7
Little Britain Twp	10,409,000	310,169,400	3.4
Bart Twp	6,872,300	205,871,700	3.3
Conestoga Twp	8,180,400	258,278,600	3.2
East Cocalico Twp	25,313,300	808,724,700	3.1
Sadsbury Twp	7,742,300	250,791,100	3.1
Providence Twp	9,340,800	395,343,500	2.4
Total	3,344,740,600	36,084,844,000	9.3

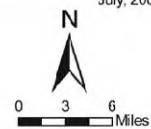
Source: Lancaster County Assessment Office, 2009.

Map 17

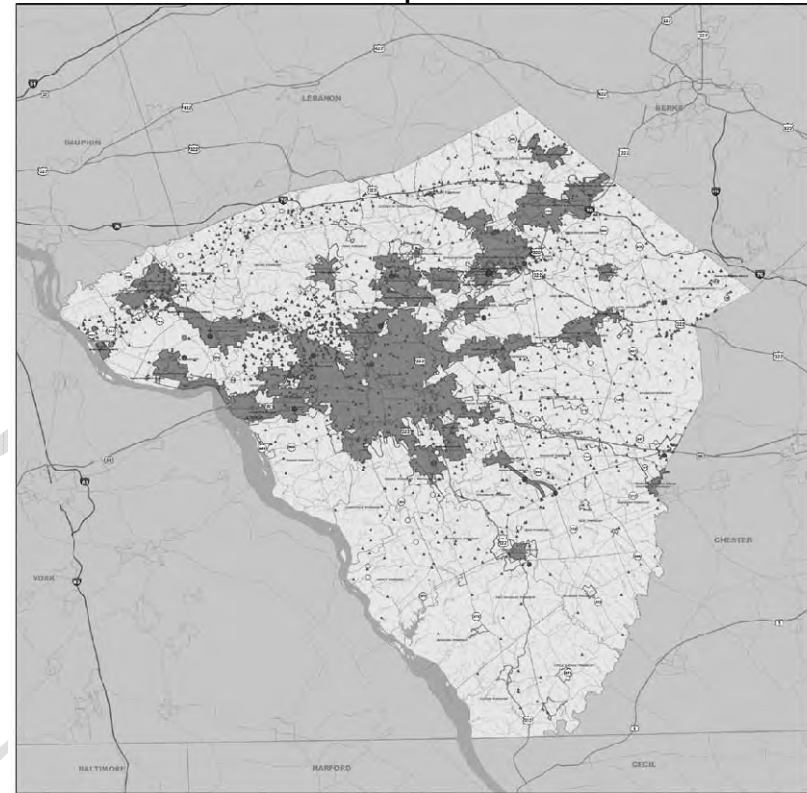


GROWTH MANAGEMENT ELEMENT
Lancaster County Comprehensive Plan
MAP 2-12: SEWER SERVICE AREAS

- Wastewater Service Areas
- Urban Growth Area
- Village Growth Area



Map 18



GROWTH MANAGEMENT ELEMENT
Lancaster County Comprehensive Plan
MAP 2-11: WATER SUPPLY SERVICE AREAS & WELL LOCATIONS

- Field Verified Wells
- Domestic
- Commercial
- Industrial
- Unused
- Recreation
- Dewater
- Stock

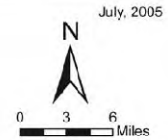


Table 20

Lancaster County Land Use, 1993, 1998, 2002, 2005

<u>Land Use</u>	<u>1993</u>	<u>1998</u>	<u>2002</u>	<u>2005</u>
Agriculture	60%	58%	57%	56%
Commercial-Industrial	3	3	4	4
Recreational	1	1	1	1
Residential	10	11	11	12
Undeveloped	22	22	22	22
Other	3	5	6	6

Inside growth areas

<u>Land Use</u>	<u>1993</u>	<u>1998</u>	<u>2002</u>	<u>2005</u>
Agriculture	31%	27%	24%	22%
Commercial/Industrial	14	15	16	16
Recreational	3	4	4	4
Residential	33	34	35	38
Undeveloped	15	16	15	15
Other	4	4	5	6

Outside growth areas

<u>Land Use</u>	<u>1993</u>	<u>1998</u>	<u>2002</u>	<u>2005</u>
Agriculture	66%	64%	64%	63%
Commercial/Industrial	1	1	1	1
Recreational	1	1	1	1
Residential	5	6	6	6
Undeveloped	24	23	23	23
Other	3	5	6	6

4. Education

A great deal of research from across the U.S. shows that the concentration of poverty and the resulting de facto racial segregation in schools harms all students in many ways. It lowers academic performance. Compared to minority students who attend integrated schools, minority students who attend racially segregated schools have lower test scores.¹⁵ White and non-white students who do not have cross-racial friendships also have lower educational aspirations than students with cross-racial friendships.¹⁶ High poverty and racially segregated schools result in lower participation rates in higher education and lower lifetime incomes. Minority students graduating from segregated schools tend to complete fewer years of education, have lower college attendance rates, and tend to choose less lucrative occupations than minority students who graduate from integrated schools.¹⁷ As a result, minority students who

¹⁵ Roslyn Arlin Mickelson, "Segregation and the SAT," *Ohio State Law Journal*, vol. 67 (2006), pp. 157-199; Roslyn Arlin Mickelson, "The Academic Consequences of Desegregation and Segregation: Evidence from the Charlotte-Mecklenburg Schools," *North Carolina Law Review*, vol. 81 (2003), pp. 1513-1562; Kathryn Borman et al., "Accountability in a Post desegregation Era: The Continuing Significance of Racial Segregation in Florida's Schools," *American Educational Research Journal*, vol. 41, no. 3 (2004), pp. 605-631; Geoffrey D. Borman and N. Maritza Dowling, "Schools and Inequality: A Multilevel Analysis of Coleman's Equality of Educational Opportunity Data," (2006) Paper presented at the annual meeting of the American Educational Research Association, San Francisco, CA.

¹⁶ Maureen Hallinan and Richard Williams, "Students' Characteristics and the Peer Influence Process," *Sociology of Education*, vol. 63 (April 1990), pp. 122-132.

¹⁷ R. L. Crain and J. Strauss, *School Desegregation and Black Occupational Attainments: Results from a Long-Term Experiment*. (Baltimore: Center for Social Organization of Schools, 1985), Report No: 359; Goodwin Liu and William Taylor, "School Choice to Achieve Desegregation," *Fordham Law Review*, vol. 74 (2005), p. 791; Jomills H. Braddock and James M.

attended segregated schools have lower incomes than their peers in integrated schools.¹⁸

Segregated schools also lead students into more segregated future lives. Students who do not experience interracial contact in integrated school settings are less likely to live, work, and attend college in more integrated settings than students who experience integration.¹⁹ Segregated classrooms make integrated friendships difficult and reduce the likelihood of interracial friendships as adults.²⁰ In contrast, interracial contact in desegregated settings decreases racial prejudice among students and facilitates more positive interracial relations.²¹ Students who attend segregated schools also report

McPartland, "How Minorities Continue to be Excluded from Equal Employment Opportunities: Research on Labor Market and Institutional Barriers," *Journal of Social Issues*, vol. 43, no. 1 (1987), pp. 5-39; Janet Ward Schofield, "Maximizing the Benefits of Student Diversity: Lessons from School Desegregation Research," in Gary Orfield and Michael Kurlaender (eds.) *Diversity Challenged: Evidence on the Impact of Affirmative Action* (Cambridge, MA: Harvard Education Press, 2001), p. 99.

¹⁸ Orley Ashenfelter, William J. Collins, and Albert Yoon, "Evaluating the Role of *Brown vs. Board of Education* in School Equalization, Desegregation, and the Income of African Americans," *American Law and Economics Review*, vol. 8, issue 2 (2006), pp. 213-248; Michael A. Booser et al., "Race and School Quality Since *Brown v. Board of Education*," *Brookings Papers on Economic Activity. Microeconomics*. (1992), 269-338.

¹⁹ Jomills H. Braddock, Robert L. Crain, and James M. McPartland, "A Long-Term View of School Desegregation: Some Recent Studies of Graduates as Adults," *Phi Delta Kappan*, vol. 66, no. 4 (1984), pp. 259-264.

²⁰ Maureen Hallinan and Richard Williams, "The Stability of Students' Interracial Friendships," *American Sociological Review*, vol. 52 (1987), pp. 653-664; Richard Kahlenberg, *All Together Now: Creating Middle-Class Schools through Public School Choice*. (Brookings Institution Press, 2001).

²¹ Thomas Pettigrew and Linda Tropp, "A Meta-Analytic Test of Intergroup Contact Theory," *Journal of Personality and Social Psychology*, vol. 90 (2006), pp. 751-783; Melanie Killen and Clark McKown, "How Integrative Approaches to Intergroup Attitudes Advance the Field," *Journal of Applied Developmental Psychology*, vol. 26 (2005), pp. 612-622; Jennifer Jellison

a decreased sense of civic engagement compared to their integrated peers.²²

Non-white segregated schools are almost always high-poverty schools and therefore suffer all of the disadvantages associated with concentrated poverty.²³

a. Trends in Lancaster and comparisons with other metropolitan areas

Public education is also decentralized in Lancaster County. Though it is a single county metropolitan area, the county has 16 school districts and part of a 17th (the Octorara School District headquartered in neighboring Chester County) that serves Christiana Borough and Sadsbury Township. As a result, it ranks in the top third of most decentralized systems in

Holme, Amy Stuart Wells, Anita Tijerina Revilla, "Learning through Experience: What Graduates Gained by Attending Desegregated High Schools," *Equity and Excellence in Education*, vol. 38, issue 1 (2005), pp. 14-24.

²² Michal Kurlaender and John T. Yun, "Fifty Years After *Brown*: New Evidence of the Impact of School Racial Composition on Student Outcomes," *International Journal of Educational Policy, Research and Practice*, vol. 6, no. 1 (2005), pp. 51-78.

²³ Studies document the close link between racial composition and poverty rates in schools. See, for instance, Gary Orfield and Chungmei Lee, *Brown at 50: King's Dream or Plessy's Nightmare* (Cambridge, MA: The Civil Rights Project at Harvard University, 2004), and Gary Orfield and Chungmei Lee, *Why Segregation Matters: Poverty and Educational Inequality* (Cambridge, MA: The Civil Rights Project at Harvard University, 2005). In 2002-2003, 88 percent of high-minority schools—defined as at least 90 percent minority—were high poverty schools where more than 50 percent of students received free or reduced-price lunches. In contrast, only 15 percent of low-minority schools—defined as less than 10 percent minority—were also high poverty schools. See Gary Orfield and Chungmei Lee, *Brown at 50: King's Dream or Plessy's Nightmare* (Cambridge, MA: The Civil Rights Project at Harvard University, 2004).

the country—87th most diffused out of 311 metropolitan areas by one commonly used measure.²⁴

Lancaster also has high rates of school segregation compared to the rest of the country and its peer regions. This is not coincidental. There is a strong correlation between decentralized governance and segregation. In 2000, the metro ranked 81st worst out of 330 metros in white/black segregation in its elementary schools and 21st worst out of 330 for white/Hispanic segregation. In 1990 the region was 72nd worst and 26th worst among the 330 metros. Compared to its 20 metro peer group, it ranked 12th worst in white/black segregation and 1st worst in white/Hispanic segregation in 2000. These rankings were roughly the same as in 1990 when its rank was 12th worst for black/white segregation and 3rd worst for white/Hispanic.

The high degree of segregation is clear in the school by school data shown in Maps 20 - 22. Black, Hispanic and low-income students are highly concentrated in just a few schools in Lancaster City and Columbia Borough. For instance, in 2006-07 the Lancaster and Columbia school districts served just 20 percent of all elementary school students in the region, but those same schools served 63 percent of the region's black students, 69 percent of Hispanic students and 57 percent of the region's poorest students—students eligible for free lunches.

b. Effects on student performance in Lancaster County

In 1966, sociologist James Coleman released his path-breaking study, *Equality of Educational Opportunity*. Sponsored by the

²⁴ The ranking is based on the Power Diffusion Index, created by David Miller, University of Pittsburgh.

then-US Office of Education, Coleman and his research team examined pupil, family, and school characteristics for over a million public school children in search of factors that were associated with academic success.

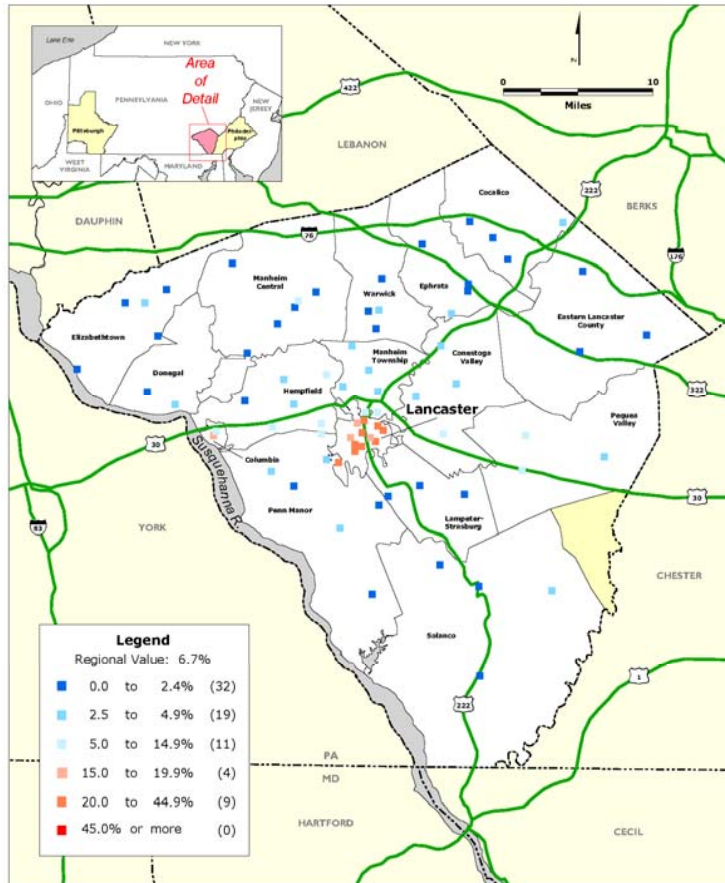
The Coleman Report concluded that the socioeconomic characteristics of a child and of the child's classmates (measured principally by family income and parental education) were the overwhelming factors that accounted for academic success. Nothing else – expenditures per pupil, pupil-teacher ratios, teacher experience, instructional materials, age of school buildings – came close. “The educational resources provided by a child's fellow students,” Coleman summarized, “are more important for his achievement than are the resources provided by the school board.” So important are fellow students, the report found, that “the social composition of the student body is more highly related to achievement, independent of the student's own social background, than is any school factor.”²⁵

²⁵ Quoted in Richard D. Kahlenberg, *All Together Now: Creating Middle-Class Schools through Public School Choice*. Brookings Institution Press: Washington, DC. (2001), page 28. Kahlenberg's 33 pages of footnotes to chapters 3 and 4 catalogue most major studies on the effects of racial and economic school integration.

Map 20



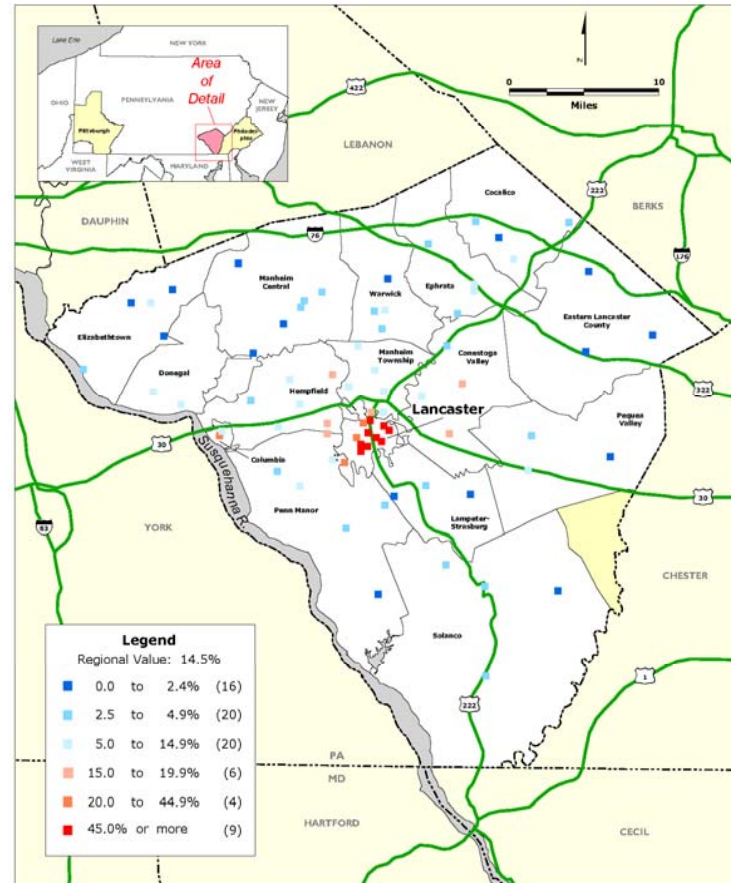
**LANCASTER REGION:
Percentage of Black Elementary Students
by School, 2006-2007**



Map 21



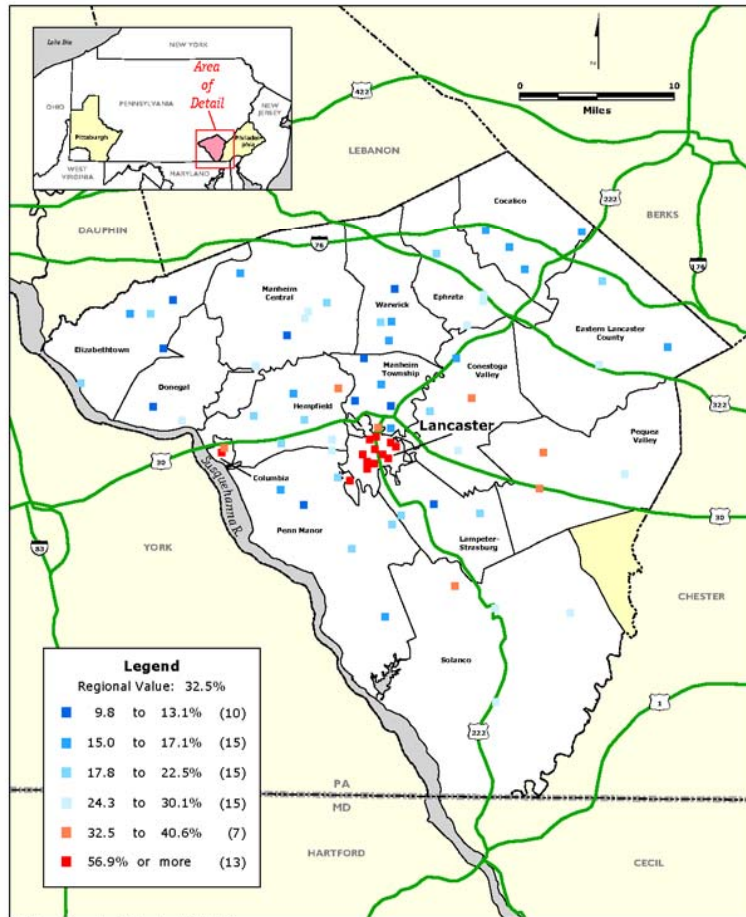
**LANCASTER REGION:
Percentage of Hispanic Elementary Students
by School, 2006-2007**



Map 22



**LANCASTER REGION:
Percentage of Elementary Students Eligible for Free
or Reduced Lunch by School, 2006-2007**



Data Source: Pennsylvania Department of Education.

For over four decades, educational researchers, including Coleman, have revisited, refined, and debated Coleman’s original findings. There has been no more consistent finding of educational research that the paramount importance of a school’s socioeconomic makeup on academic achievement.

Lancaster County findings: Covering 3rd, 4th, and 5th graders in 71 elementary schools in 16 school districts of Lancaster County, Ameregis’ analysis re-confirms the common findings of such research.²⁶

The socioeconomic status of a school’s pupil population was the primary factor that was related to academic performance as measured by standardized tests. In the Lancaster County public schools, for the 2007-08 school year the percentage of each of the 71 schools’ 3rd, 4th and 5th grade test takers that were low income (that is, qualified for subsidized school meals, or “FARM”²⁷) was highly correlated with the variation in school-by-school passage rates at the Advanced and Proficient levels. Specifically, socioeconomic status accounted for:

- 67 percent of the variation in math scores;
- 63 percent of the variation in reading scores; and
- 68 percent of the variation in scores on the combined test battery.

²⁶ The full analysis is reported in “Classmates Count: A study of the interrelationship between socioeconomic background and standardized test scores of 3rd-5th grade pupils in the Lancaster County public schools”, David Rusk, Ameregis, March, 2009.

²⁷ **Free And Reduced-price Meals.** In 2007-08, the nationwide standard for free meals was up to \$27,000 and for reduced price meals was up to \$37,000 (for a family of four).

Measured at the level of the 16 school districts for the 2006-07 and 2007-08 school years combined, variations in several school inputs (instructional expenditures per pupil, pupil-teacher ratios, the proportion of teachers with advanced degrees) were not correlated to test scores. Average years of teaching experience was positively related to higher test scores, but the socioeconomic status of the pupils they taught had seven times the influence of the teachers' efforts. While not statistically significant because of the small number of observations (16 highly divergent school districts), these findings are confirmed by other research.

The test scores of low-income pupils improved significantly the more they were surrounded by middle class classmates.

For every 1 percentage point increase in middle class classmates, the average low-income pupil's test scores improved 0.15 percentage points in math; and, equally, 0.15 percentage points in reading.

In other words, the difference between a low income pupil's attending George Washington Elementary School in the Lancaster School District (a school with 94 percent low income classmates and only 6 percent middle class classmates) and that pupil's attending Nitrauer Elementary School in the Manheim Township School District (a school with only 10 percent low income classmates and 90 percent middle class classmates) would typically be *a 13 percentage point improvement in the probability that that low-income pupil would achieve proficiency or advanced level in reading and math.*

Even more dramatic than just the raw benefit of mixing low-income pupils with middle class pupils is the benefit of mixing low income pupils with middle class pupils who are performing at high academic levels. For every 1 percentage

point increase in test scores of middle class classmates, the average low-income pupil's test scores improved 0.47 percentage points in math; and 0.66 percentage points in reading.

In other words, the difference between a low-income pupil's remaining in George Washington Elementary where low-income math test scores are 56 percent (and the five percent of their "middle-class" classmates also score 56 percent) and that pupil's attending Nitrauer Elementary where the nine-tenths of his/her classmates who are middle class score 95 percent should be an 18 percentage point improvement (to 74 percent) in math. For reading, from George Washington (low-income scores averaging 46 percent and "middle class" scores 66 percent) to Nitrauer (where middle-class scores average 85 percent) should be a 12 percentage points improvement to a 58 percent average score.²⁸

"Middle class" pupils reflect a wide range of family income and parental educational attainment. Income sorting among different schools is extensive among "middle class" pupils as well as low-income pupils. As a result of this sorting, the statistical analysis did show a decline of middle class pupils' proficiency levels as the percentage of low-income classmates increased. However, that apparent decline in middle class pupils' performance reflected the changing composition of the "middle class" in schools with increasingly higher percentages of low-income classmates.²⁹

²⁸ Actual test scores for the ten percent of Nitrauer pupils who are low-income was 66 percent for math and 57 percent for reading in 2007-08.

²⁹ School records classify pupils' family incomes into three groups: eligible for free meals, eligible for reduced price meals, and not eligible for subsidized meals. "Low-income" typically covers the lowest 30% of family incomes, and "middle class" covers the higher 70% of family incomes – a very wide income range indeed.

“Middle class” schools with relatively few low-income pupils had higher percentages of children from high income, largely professional households³⁰, while in “middle class” schools with larger numbers of low-income pupils, non-poor children were largely from more modest-income households.³¹ And the middle class has largely disappeared from truly “low-income” schools.³² This pattern is most likely explanation for the apparent decline in “middle class” test scores with any direct adverse effect of having more low-income classmates within the classroom being minimal.

Overall, these scholastic patterns reflect the reality that classmates are also playmates. Lancaster County’s schools are quintessential neighborhood schools. Whatever transfer policies may be within the 16 school districts, there are no *inter-district* transfer policies. Where a child lives largely shapes his or her educational opportunities – not because of what the school board does but because of who his or her classmates are. **Housing policy is school policy.**

³⁰ For example, the six elementary schools in the Manheim Township School District averaged 16 percent low-income pupils (most of whom would have been members of single-parent families in Manheim Township). For Manheim Township’s married couples with school age children, average family income was \$97,430 and 39 percent of all adults (25 years and older) were college graduates. (Data are from the 2000 Census of Population.)

³¹ Ephrata Area School District’s four elementary schools averaged 24 percent low-income pupils. For the Ephrata area (Akron and Ephrata boroughs and Clay and Ephrata townships), the average income of married couples with school age children was \$61,000 and 15 percent of all adults were college graduates.

³² The ten elementary schools located within Lancaster City averaged 86 percent low-income pupils.

c. School district revenue capacity

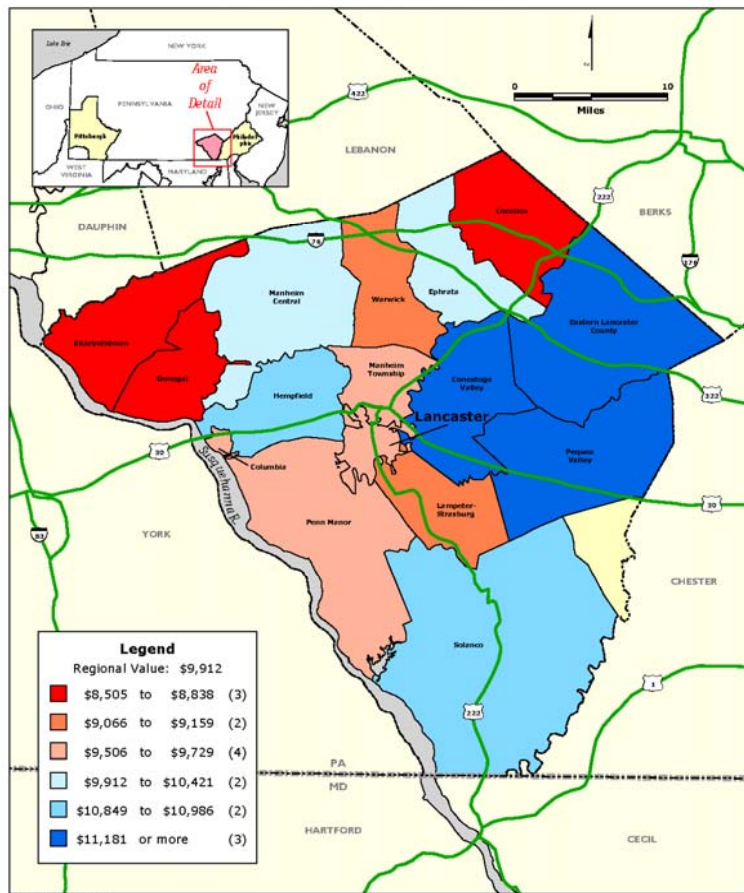
Because state and federal aid policies tend to work to equalize the ability of school districts to finance spending, revenue capacities for school districts tend to vary less than tax capacities for municipalities.³³ However, in 2006-07, state and federal aid were not enough to fully eliminate tax base disparities across Lancaster County school districts. For example, the City of Lancaster received 47 percent more state aid per pupil than average (2nd highest in the county), yet its total revenue capacity (which includes that aid) was below the regional average (Map 23). At the same time, its elementary school poverty rate was more than 3 times the rate in the rest of the region (79 percent versus 23 percent). This kind of combination will inevitably lead to significant tax rate disparities and this is indeed the case in Lancaster County. Lancaster City’s school property tax rate was 31 percent higher than the regional average in 2006—the highest in the county (Map 24). Despite this, its spending per pupil was just 4 percent greater than average. A combination like that will inevitably put the City at a disadvantage when competing with the rest of the region for businesses and residents.

³³ Revenue capacity is a measure that accounts for the effects of state and federal school aid. It is the amount of revenue a school district would generate if it assessed regional average tax rates and received its actual state and federal aid.

Map 23



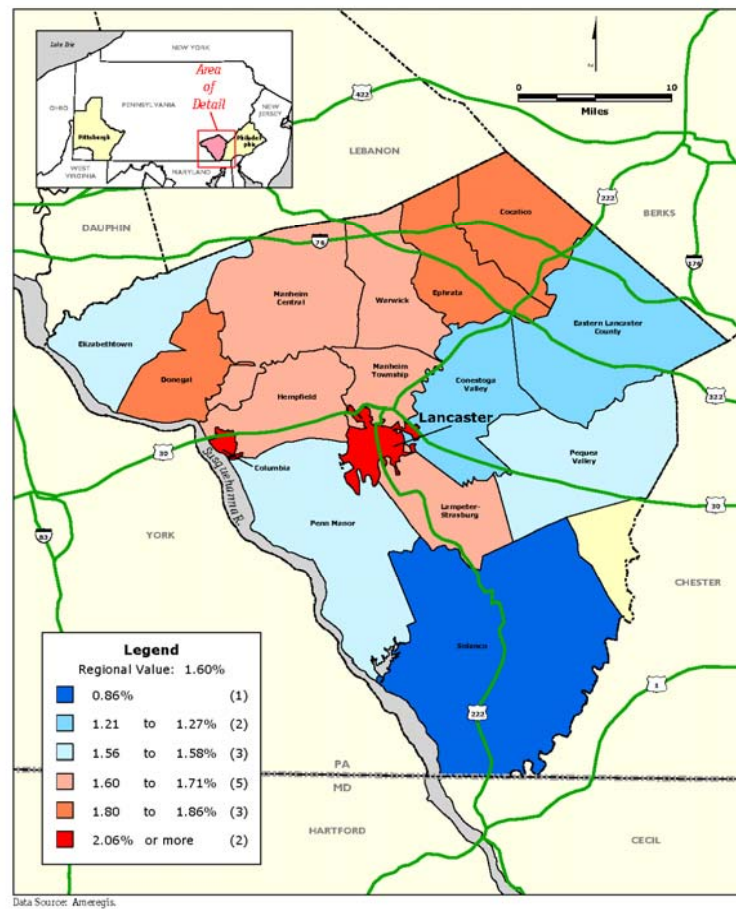
**LANCASTER REGION:
Total Revenue Capacity per Pupil
by School District, 2006**



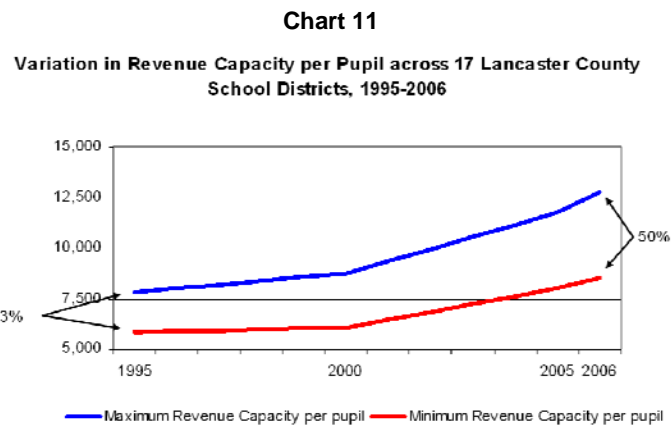
Map 24



**LANCASTER REGION:
Property Tax Rate by School District, 2006**



School district revenue capacity disparities have been widening over time at the same time that poverty disparities have widened. In 1995 the highest revenue capacity per pupil in the county was just 33 percent greater than the lowest, but in 2006, the gap had increased to 50 percent (Chart 11). In 1995, 66 percent of elementary students in the SD of Lancaster were free/reduced price lunch eligible while 16 percent were eligible in the rest of the region. The corresponding rates in 2007 were 79 and 23 percent.



C. Conclusions

The research revealed a very diverse economy that relies on a range of economic sectors beyond the region’s distinctive Pennsylvania Dutch “brand”. The county faces challenges to its economic future and “brand” that require enhancing its ability to undertake collective action.

Several themes emerged from the research phase of the planning process including: the diversity of the regional economy; actions in one policy area have implications in others; and Lancaster’s highly decentralized system of local governments means that finding the balance between local and regional approaches will always be important and difficult.

1. Recognize the diversity of the regional economy.

Although it is very important to nurture the region’s “brand”—it’s unique agricultural sector—it is equally important to support other important sectors of the economy. Agriculture matters a great deal in Lancaster but most of the region’s population relies on other sectors for their livelihoods.

The region’s economic diversity is a strength. In the long run, economic diversity enhances the region’s ability to tap into new growth sectors, helps cushion the effects of losses in declining sectors, and often moderates the effects of the national business cycle.

2. Understand the linkages between education, housing and economic development policy.

Education is a core public service that is linked directly and indirectly with economic development. Access to high-quality public schools contributes directly to the quality of the region's labor force and is a vital part of the opportunity structure available to residents. Schools also play a key role in one of the economy's most important institutions—the housing market.

Housing and public school policy are closely linked. The concentration of poverty and race in housing markets directly results in the concentration of poverty, and de facto racial segregation, in neighborhood schools. This, in turn, feeds back into housing markets because school characteristics affect housing decisions. The feedback can both reinforce existing concentrations of poverty in housing markets and accelerate economic or racial transition in changing neighborhoods.

Higher education institutions contribute to the quality of the labor force, as well. In addition, they are a resource for regional businesses, especially those in high-growth, technology-oriented sectors, and for policymakers. The recent announcement that a new medical school may be opening in the county has potentially enormous economic development implications. A new medical school, along with an expansion in LGH's College of Nursing and Health Sciences would not only increase the number of highly educated regional residents and bring a pool of talented young people into the region on an ongoing basis but it would also provide opportunities for growth in existing firms and spin-offs creating new firms in one of the strongest sectors in the national and regional economies.

3. Understand the linkages between economic development policy and land use and infrastructure planning, taxes and public services and traditional economic development policies.

As is the case with education, housing and economic development policy, economic development affects and is also affected by policies in each of the other areas identified above. Land use and infrastructure planning, taxes, and the provision of public services to support economic development are all linked and affect one another. For example, if there is not sufficient land in appropriate locations throughout the county zoned for residential, industrial and commercial growth, and served by water, sewer and transportation infrastructure, our region's ability to attract and retain businesses, jobs, and people, will be affected, and in turn will impact our region's ability to enhance and sustain our local economy and quality of life.—This means that economic development planning must account for all of these linkages and (potentially) coordinate all of them.

4. Find the balance between local control and regional approaches to policy.

Decentralized local governance within a region is associated with greater sprawl, and higher public service and infrastructure costs. Planning at a regional scale along with strong inter-municipal cooperation can mitigate these adverse effects. Lancaster's system of Designated Growth Areas (DGA's) is an example of a regional planning strategy implemented at the municipal level that has served this function. However, effective and consistent local implementation of this regional strategy along with county-wide coordination is very important, or DGA's can become just

another tool in inter-municipal competition for economic activity, leading to the inefficient use of land and higher public service and infrastructure costs.

Local tax policy and land use regulations are also closely related. A decentralized local fiscal system (like Lancaster's) which relies very heavily on locally generated tax revenues to pay for public services puts pressure on communities to ~~inadvertently~~ compete against one another for development that will expand their tax bases.

This competition can undermine regional growth management, land use planning, and land preservation efforts, and make it difficult for municipalities to cooperate with one another on issues of regional importance. It can lead to a less than optimal use of valuable public economic development resources as localities compete in a zero-sum game for economic activity; pushing communities to favor development over conservation and commercial development over residential development; undermining support for affordable housing programs; and increasing tax base and tax rate disparities.

Finally, research shows that metropolitan economic competitiveness is ~~adversely~~ affected by decentralized governance systems, especially for smaller metropolitan areas like Lancaster. While there are a number of other factors that affect Lancaster's economic competitiveness, Lancaster's modest job and output growth rates are partly explained by its high number of local governments ss, relative to the size of its population.-

An effective economic development plan for Lancaster County must account for and coordinate activities in each of the policy

areas highlighted above. It must provide a regional framework that supports private sector economic development efforts, leverages private sector investment, and respects local control, while at that same time promoting a system of regional cooperation and policymaking that will mitigate the adverse economic impacts of our decentralized governance structure.

IV. Policy Recommendations

The Lancaster County economy has performed well and, in many ways, is well-positioned for the future. However, the county's economy also faces several important challenges resulting from the way it is growing and its governance structure. The county's economy consumes previously non-urban land at rates which potentially threaten the region's open spaces, agricultural heritage, environmental quality, and increasing the costs of providing essential public services and infrastructure. Growth patterns have created inefficient and inequitable concentrations of poor residents in just a few areas and school systems.

These trends are unsustainable and threaten Lancaster's competitiveness in the long run.³⁴ In addition, some of the economy's traditional sources of income are unlikely to contribute a great deal to future job growth. Manufacturing, both here and nationwide, is highly vulnerable to continuing job declines and competitive pressures.

If the county is to remain competitive—or to enhance its competitive position—it must deal with these challenges. This means recognizing that economic development issues must rise to a high level of importance in policymaking at all levels of government.

³⁴ The Brookings Institution report, "Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania," Brookings Institution, 2003 documents these relationships, describing: the environmental and quality-of-life costs of inefficient development patterns; the consequences of neighborhood decline in urban areas; the fiscal costs of sprawl; and the costs of concentrated poverty. See pp. 46-63 of the report and note 4 below.

The county's growth patterns are due at least in part to the way the county governs itself. Like all of Pennsylvania, Lancaster County has one of the most decentralized local government systems in the country, making it very difficult for it to act as one when facing issues with county-wide consequences. The challenge is both to find new ways for existing institutions to cooperate in policymaking and implementation and to design new institutions when necessary to plan and provide services in a way that takes advantage of potential economies of scale.

These governance concerns mean that leadership will be crucial in implementing the plan. Reflecting this, the policy recommendations begin with a proposal for an Advisory Group to guide implementation of the plan.

The policy recommendations which follow are organized according to the three themes highlighted by the research phase of the plan—themes which provide the framework for economic development policymaking in Lancaster County:

- The region's economy is very diverse.
- Actions in one policy area have implications in others.
- Lancaster's highly decentralized system of local governance means that finding the balance between local and county-wide approaches will always be important and difficult.

A. Leadership: Implementing the Plan

Goal 1: Cultivate and engage an inclusive group of community leaders in a formalized and structured manner, in order to guide implementation of the plan and to provide an ongoing forum for discussion and debate about economic development policy and its implementation.

An economic development plan is not a detailed step-by-step document taking the county from the present to a clearly defined future. Instead, it provides a framework for action, laying out areas of opportunity and potential strategies. Further, opportunities may shift and some potential strategies will require further work. The plan therefore needs leadership in the form of an Advisory Group to guide and amend the plan, as necessary, as it is implemented by the private and public sectors.

The Advisory Group will be the catalyst for implementation of the Plan and will be charged with forging the consensus and identifying the resources necessary to do so. The essential and fundamental role of the Advisory Group will be to:

- Promote a unified, cooperative, consensus based and countywide approach to prioritizing and implementing the policies identified in the Plan;
- Amend those policies when necessary;
- Develop new strategies when appropriate;
- Support the efforts of key economic development organizations
- Lead efforts to bring economic development resources, including state and federal funding, to the region.

The Advisory Group is the critical element which will determine the success of the Plan. Its role cannot be over-estimated. It is the linchpin of the entire process.

The Advisory Group will need representatives from all of the sectors involved in implementing the plan—local government, county government, state government and private organizations and businesses with an interest in economic development policy.

B. Recognize the diversity of the regional economy

The region's "brand" matters. Agriculture and tourism make significant direct contributions to the regional economy. Further, Lancaster's unique agricultural sector is central to how the region is viewed by the rest of the world and is the most important source of tourism in county.

However, as much as agriculture matters, most of the region's population relies on other sectors for their livelihoods. The county's economic diversity is a strength for a variety of reasons. In the long run, economic diversity makes the region less vulnerable to largely unpredictable swings in the national economy. Diversity enhances the region's ability to tap into new growth sectors, makes the economy less vulnerable to sharp declines in one or two sectors, and oftentimes makes the local economy less vulnerable to the effects of the national business cycle.

A variety of economic development strategies are implied by these basic findings.

Goal 2: Improve Lancaster’s ability to pursue targets of opportunity.

Public and private actors need to cooperate to enhance the county’s ability to pursue economic development opportunities as they present themselves. Two kinds of targets of opportunity are implied. The first involves sectors in the local economy with long-run export and growth potential and where the county already shows strength, in the form of competitive advantage or policy leadership. Primary examples of this are health care, education, alternative energy technology, and construction. (Agriculture and tourism are also in this group, but are dealt with separately in Goal 6 below.)

In health care and education, the proposed location of a medical school in the region is an excellent example of a target of opportunity with potentially enormous long-run implications for the regional economy. A medical school, along with the planned expansion of Lancaster General Hospital’s College of Nursing and Health Sciences would attract highly educated residents to new jobs in the county, bring a pool of talented young people into the region every year, and provide opportunities for growth in existing firms and spin-offs in one of the strongest sectors in the national and county economies.

The region is also positioned to take advantage of increasing emphasis nationwide on alternatives to fossil-fuel energy sources. This kind of activity can slip through the cracks of a sector analysis like the one employed in the research phase of the plan because the most commonly used industrial classification doesn’t break out these types of jobs at the level of aggregation used in the analysis. Lancaster County already has an industry support network to address common needs as well as consumer education and outreach. The Center of

Excellence in Renewable Energy serves as an information clearinghouse and identifies opportunities for education and investment. The region also already has significant public and private investments in more than one area of this emerging sector of the economy, a significant attribute for a region of its size. They include:

- The Holtwood hydroelectric plant (about 15 miles south of Lancaster City in Martic Township) has a capacity of 109 megawatts and there are plans in the works to double its size.
- Lancaster County Solid Waste Management operates a waste-to-energy plant and a landfill gas-to-energy system at the Frey Farm Landfill in Manor Township with a joint capacity of about 40 megawatts.
- There are also proposals for new investments in the county, including a regional manure digester, an approach that could help the county meet new limits for nutrient and sediment discharges into the Susquehanna River (and the Chesapeake Bay).

The direct impacts of these projects on the county economy, in terms of jobs and energy production, certainly matter. However, in the long term, the most important feature of the county’s highly diversified alternative energy sector is the potential it represents for development of the high-growth sectors serving these projects. It is these sectors which have the greatest potential to grow by exporting to the rest of the country and the world.

These two broad sectors—health/education and alternative energy—have important similarities. Each has important characteristics usually associated with “high-tech” sectors. These include reliance on highly-educated scientific and technical workers; a strong role for research and development;

and, frequently, reliance on emerging sectors and firms. Growth in these sectors therefore relies heavily on the availability of a highly educated workforce and the existence of a research and development infrastructure—usually in the form of a research university. Both of these factors relate to higher education and are discussed in section Goals 3 and 4 below.

The fastest growing parts of both of these broadly defined high-tech sectors also often involve emerging sectors or firms. This means that entrepreneurial activity can be very important. Positioning the county to capture the potential economic benefits of start-up activity is very difficult but a variety of efforts already exist in the county including:

- The Lancaster Angel Network, which provides financial support and mentoring for new and growing businesses;
- The Centers of Excellence (operated by the Lancaster Workforce Investment Board) which facilitate research and development, technology transfer, entrepreneurial development and worker training and recruitment; and
- Academic and research programs in the county’s higher education institutions specifically designed for this policy area, described below in Goal 4.

The second type of target of opportunity is selected existing firms with growth potential, but which are in sectors which are not growing locally or regionally. The region’s large manufacturing sector is likely to provide the bulk of targets of this sort. The research for this plan showed that traditional manufacturing is unlikely to be a major source of job growth in the economy as the whole in the future. However, the sector is still a major contributor to the county’s economy—representing nearly 20 percent of regional product. The vulnerability of this sector is a major challenge for economic

development agencies and the Advisory Group. While there is potential for substantial job losses (of relatively high wage jobs), it also true that some firms within the sector are potential sources of growth. Strategic investments can minimize the losses but identifying the potential winners in this sector is a high-risk exercise. Over-commitment of scarce economic development resources to sectors or firms with limited potential for future growth could jeopardize the plan. Finding the proper balance between these priorities will be difficult.

To meet these objectives the county’s economic development infrastructure must be both “nimble on its feet” and capable of bringing public and private resources to bear. In Lancaster County this means that the relevant public actors—county government agencies, and local authorities—must be able to cooperate effectively with private actors like the Economic Development Company of Lancaster County. One function of the Advisory Group proposed in Section I would be to provide a forum for this cooperation.

Another way for the county to enhance its ability to bring targets of opportunity to the region is to encourage the development of new and the enhancement of existing regional industrial parks for prospective new employers and industries. New and existing industrial parks could serve several important purposes including:

- Providing for streamlined planning and permitting processes;
- Making available ready-for-use tracts of land with needed infrastructure already in place;
- Providing a focal point for entrepreneurship programs like small business incubators or financial aids; and

- Demonstrating the county’s commitment to economic development to prospective new employers and industries and
- Provideing -a vehicle for local municipalities to cooperate with one another in land use planning to support regional economic development objectives, and to share the economic and tax benefits of regional industrial and business growth.

•

A policy of this sort could be spearheaded by the Advisory Group.

Other potential long-term policies that the Advisory Group could investigate include the development of a technology corridor or further development of sectors like food processing which complement current areas of strength in the economy. These types of efforts require the kinds of coordinating efforts that the Advisory Group could provide—coordinating policy areas like transportation and communications infrastructure for a technology corridor, for instance.

Goal 3: Ensure that Lancaster provides existing and prospective employers with a highly productive workforce

Lancaster has a variety of excellent post-secondary technical and vocational training institutions, most notably the Lancaster County Career and Technology Center (CTC) (with campuses in Brownstown, Mount Joy, and Willow Street), Harrisburg Area Community College-Lancaster campus (HACC-Lancaster), and Thaddeus Stevens College of Technology in Lancaster.

Nevertheless, the research and think tank process identified three gaps affecting the diversity and quality of the labor force:

a. An imbalance between academic and vocational education.

Over-emphasis on college-oriented curricula and counseling in public schools may discourage many students from enrolling in technical and vocational training. This was a persistent theme of discussions in the Workforce Training Think Tank but was ultimately unresolved in the discussions. This issue merits further discussion and analysis. On the one hand, post-secondary education is viewed by many as the most viable path to middle class (or better) lifetime earnings in a modern economy where white-collar job growth outstrips blue-collar growth in most cases. On the other hand, manufacturing and other blue-collar jobs remain an important part of the Lancaster economy and ignoring the sector could make decline a self-fulfilling prophecy. The county must find the balance that fits its industrial structure and workforce.

b. Lack of local sponsorship of HACC students.

The absence of local sponsorship of HACC-Lancaster results in higher tuition fees that must be paid by Lancaster County residents compared with community college students in many surrounding counties.

The Advisory Group, in partnership with HACC-Lancaster should re-assess the issue of local sponsorship of HACC.

c. Unutilized capacity at the Career and Technology Center.

Both the think tank discussions and field visits focused on the fact that the Lancaster County CTC campus at Brownstown and quite possibly the Mount Joy campus are under-enrolled and have unutilized capacity.

The Advisory/Leadership Group should work with the Lancaster County CTC to determine whether there is under-utilized capacity and determine how to address the issue.

Goal 4: Enhance the role of higher education in the county economy

A highly educated population, often characterized as the existence of a large “creative class” of workers³⁵, is among the most commonly cited factors that contribute to metropolitan growth in the modern economy. The research section of this plan shows that Lancaster County compares relatively poorly to other metropolitan areas in the size of its “creative class.” The lack of a major research university—a central element in a research and development infrastructure—also holds the county back, preventing it from joining the nation’s top knowledge-based metropolitan economies.

However, the picture is not all bleak. Lancaster County does have seven institutions of higher education—Franklin and Marshall College, Millersville University, Elizabethtown College, Thaddeus Stevens College of Technology, Lancaster

³⁵ The “creative class” is a term coined by Richard Florida in his book *The Rise of the Creative Class*. Florida defines the creative class as follows: “The Creative Class consists of people who add economic value through their creativity. It thus includes a great many knowledge workers, symbolic analysts and professional and technical workers, but emphasizes their true role in the economy.” See Section I.D.2 of the research section of this plan for more information.

General Hospital College of Nursing and Health Sciences, Harrisburg Area Community College, and the Pennsylvania College of Art and Design—with the potential to bring new highly-educated residents to the region and to contribute to economic development efforts. Each has academic or research programs with the potential to contribute to county-wide economic development efforts. These include, but are not limited to:

- The Entrepreneurial Leadership Center at Millersville University which links the University community with a network of businesses and promotes teaching about entrepreneurialism.
- The Franklin and Marshall Local Economy Center which tracks economic trends in the county with an annual report and promotes research and teaching on economic development issues.
- The S. Dale High Center for Family Business at Elizabethtown College focuses on supporting and promoting entrepreneurialism in county family businesses.

There are also discussions under way attempting to bring a new medical school to Lancaster City, and to expand LGH College of Nursing and Health Sciences, potential developments with major implications for the county economy. As discussed in Goal 4 above, a medical school would attract highly educated residents and students to the county and provide opportunities for new firms and growth in existing firms in one of the strongest sectors in the national and county economies.

The Advisory Group should:

- Pursue all avenues available to it to support efforts to bring a new medical school into the county.

- Work with Millersville University, Franklin and Marshall College, Elizabethtown College, Harrisburg Area Community College, College of Nursing and Health Sciences, Pennsylvania College of Art and Design and Thaddeus Stevens College to coordinate their economic development activities and link them to efforts by Lancaster County, the Economic Development Company and other contributors to economic development programs in the county.

Goal 5: Prioritize efforts to revitalize the county’s urban centers

Compared to other metropolitan areas, especially in Pennsylvania, Lancaster County has a strong record of directing economic development efforts to Lancaster City and its boroughs.³⁶ Past policies have also focused on rebuilding industrial corridors and redeveloping brown fields.

However, the research for this work shows that there is still work to be done in the county’s developed areas. The region’s outer areas are out-growing urban cores by large margins. And growing fiscal stress and increasingly concentrated poverty in Lancaster City and the boroughs make them less and less attractive to the kinds of workers and businesses the county needs to attract.

These trends hurt the region as a whole in a variety of ways. Research shows that job and population declines in core areas are associated with slower growth region-wide in metropolitan

³⁶ The Brookings Institution report, “Back to Prosperity: A Competitive Agenda for Renewing Pennsylvania,” Brookings Institution, 2003 cited Lancaster County as the best metropolitan area in the state in this regard.

areas.³⁷ Core neighborhoods are also often the most attractive areas to the kinds of creative class workers often cited as the drivers of the new economy. Neighborhood decline in Lancaster City thus affects the entire county economy in the long run.

Many of the policy recommendations in this plan already emphasize revitalization of core areas. However, the Advisory Group, the County Planning Commission, and other economic development actors should work to ensure that this emphasis is reflected in how the plan is implemented. For instance, the Advisory Group should work with the county to promote a more balanced distribution of public funds between urban development projects in DGA’s and agricultural programs like farmland preservation outside of DGA’s, and investigate ways that transportation funding can be directed to promote smart growth or transit-oriented development in the county’s urbanized areas.

The Advisory Group should also identify additional financial and regulatory tools necessary to encourage private sector investment in the historic urban centers of our county, such as a state historic tax credit.

³⁷ Researchers have found, for example, that median household incomes of central cities and their suburbs move up and down together in most regions and that the strength of this relationship is increasing. They have also found that the metropolitan areas with the smallest gap between city and suburban incomes had the greatest regional job growth. Another researcher found that in large metropolitan areas income growth in central cities results in income growth and house-value appreciation in the suburbs. See Larry C. Ledebur and William R. Barnes, “All In It Together: Cities, Suburbs and Local Economic Regions” (Washington, D.C.: National League of Cities, 1993); William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D.C.: National League of Cities, 1992); and Richard Voith, “Do Suburbs Need Cities?” *Journal of Regional Science* 38(8) 445-464, 1998.

Goal 6: Implement further study of agriculture

The research for this plan raised questions regarding the agricultural sector beyond the scope of this project. The county, guided by the Advisory Group, should extend this work by investigating how to implement a coordinated regional approach to agriculture based on the understanding that a strong agricultural sector reflecting the county's unique cultural heritage is the foundation of its tourism industry. The 2005 Report of the Blue Ribbon Commission on Agriculture includes a good deal of information on these issues and, along with the Commission's on-going work, provides a starting point for future investigation. The central questions should include, but not necessarily be limited to:

- Should the county continue to emphasize land acquisition and easements or is a shift to (or addition of) other approaches like transfer of development rights warranted?
- What are the implications of the recent trend toward smaller farms for the competitiveness of the local agricultural sector?
- Do recent increases in the percentage of farmers pursuing other sources of income, in addition to farming, mean that the local sector is less competitive?
- Does a more comprehensive, holistic approach to agriculture—as a local food system with interrelated production, processing and distribution systems—imply other ways to strengthen the county's agricultural sector?
- Are there ways to reconcile traditional farming practices with growing concerns about nutrient and sediment discharges in to county's rivers and streams? How might the county encourage new practices among

Amish farmers who traditionally resist government interventions into their farming practices?³⁸

C. Understand the linkages among the various policy areas involved in economic development policy

“Economic development” is defined broadly for the purposes of this plan—as increasing economic opportunities for all residents of the region within a sustainable framework. This means that “economic development policy” involves a range of public policies beyond the traditional tools (like land assembly, recruitment efforts or tax incentives) often associated with the term. This section highlights these other policy areas and the tools available to enhance economic development in Lancaster County.

Goal 7: Pursue coordinated education and housing policies to reduce the concentration of poverty and improve overall performance and enhance diversity in all schools throughout the county.

Education is a core public service that is linked directly and indirectly with economic development. Access to high-quality public schools contributes directly to the quality of the county's labor force—a characteristic of major importance to existing and new employers. If large and highly visible segments of a metropolitan area's school system are failing—with very high drop-out rates or poor test scores, for instance—

³⁸ See, for instance, “Amish Farming Draws Rare Government Scrutiny”, *New York Times*, June 8, 2010.

the entire metropolitan economy suffers, not only because a large number of young workers enter the labor force with poor skills, but also because it will be difficult to draw new businesses to the region.

Access to high-quality public schools is also a vital part of the opportunity structure available to residents. Research from across the U.S. and Lancaster County shows that segregated schools harm students of all races and incomes in many ways. (See section III.B.4 of the Research Findings.) They adversely affect academic performance, educational aspirations, participation rates in higher education, and future earnings.

Schools also play a key role in one of the economy's most important economic institutions—the housing market. Housing and public school policy are closely linked. The concentration of poverty (and de facto racial segregation) in housing markets directly affects the concentration of poverty and race in neighborhood schools—the composition of a school reflects its attendance area. This, in turn, feeds back into housing markets because school characteristics affect housing decisions. The feedback can both reinforce existing patterns of poverty and racial concentration in housing markets and accelerate economic or racial transition in changing neighborhoods.

This linkage means that housing and school policies must be designed to work together if the county wants to reduce the concentrations of poverty and race revealed by the neighborhood and school data. Lancaster County can only effectively address the educational challenges arising from the concentration of poverty within the School District of Lancaster, Columbia Borough and some other borough schools by deliberate, sustained policies 1) to open up housing and schooling opportunities for more low-income families in a

wide-range of Central Lancaster municipalities, and 2) to rebuild middle-class enrollment in the city and borough schools.

a. Implement a regional affordable housing strategy

The distribution of affordable housing both reflects and contributes to concentrations of poverty. The fiscal disadvantages associated with low cost housing mean that the county's 60 individual municipalities have little incentive to allow or encourage affordable housing on their own. This means that, if affordable housing policy is not regionally based, low income housing will tend to concentrate in older, more densely settled parts of the region and be underprovided overall county-wide.

The simulation described in section III.A.5 of the Research Findings shows the potential effects of implementing a regional affordable housing program designed to produce a more equitable distribution of affordable housing across the county. The results suggest that a county-wide housing strategy could be designed to both distribute affordable housing more evenly and ensure that low and moderate income families have access to housing near jobs and good schools with little or moderate effects on local housing markets.

The Advisory Group should investigate the means available to implement a regional affordable housing strategy in Lancaster County. For instance, the county was able to implement a county-wide growth management strategy—the DGA's—with limited formal powers. The same can be done for a regional affordable housing strategy, using powers of persuasion, technical assistance, and funding. In addition to the Advisory Group, key players in this effort should include the Lancaster County Planning Commission, the Lancaster Inter-municipal

Committee, and other local municipalities not members of LIMC, and other key organizations with a mission to promote the development of affordable housing throughout the county such as The Lancaster County Housing and Redevelopment Authorities and the Lancaster Housing Opportunity Partnership.

b. Implement inter-district choice programs to reduce the concentration of poverty in schools throughout Lancaster County.

The school data in Section III.A.5 of the Research Findings shows that most of the county’s low-income students and students of color are concentrated in just a few school districts. This means that policies like school boundary decisions and intra-district specialty schools have very limited potential to reduce the concentration of poverty and race in the county schools. Programs where students cross school district boundaries may therefore be an important path to more integrated schools.

Inter-district (region-wide) programs can be difficult to implement because of the decentralized decision making structure of the public education system in Lancaster County (and throughout most of Pennsylvania). Fiscal issues create difficulties as well. Local taxes finance roughly two-thirds of school spending in the county, which means that school districts are usually not anxious to take on expenses for non-resident students, even if state and federal aid flows follow the student.

There are, however, inter-district approaches which greatly reduce these difficulties. For instance, magnet schools designed to draw students across district boundaries can both bring

middle class students into core areas and open up opportunities outside core areas for poor students.

The key to the first goal—drawing middle-class students into core-area schools—is Lancaster City’s still-vibrant role as home to major institutional employers, such as Lancaster General Hospital (7,400 employees), Franklin and Marshall College (700 employees), and federal, state, county (2,146 employees), and city (589 employees) government offices centered in Downtown Lancaster. Substantial portions of their workforces commute significant distances to their city-based job sites from all over Central Lancaster.

Family structure is changing. The number of single-parent families increases steadily. Also, in most two-parent families, both parents work. Both types of families face “latchkey” problems: how do I assure that my child is safe when the school day ends around 2:30 pm and I must still be at work? Magnet schools with special academic programs—foreign language immersion, science, math or arts emphasis, or baccalaureate programs for instance—and after-school activities located near to major job centers can be an attractive alternative to parents.

Inter-district transfer programs allowing targeted students to transfer from one district to another can be used to meet the other objective—opening up opportunities in suburban areas for low-income city or borough students. There are examples in other regions—St. Louis and Minneapolis for instance—of programs like this involving large numbers of students.³⁹

³⁹ These particular programs were begun under court-order but have evolved into voluntary programs. For a good summary of a wide range of voluntary integration programs, see “Still Looking to the Future: Voluntary

Suburban districts with stable or declining enrollments (due to changing demographics or growth patterns) often find programs like this attractive as a means to maintain enrollments.

In a fiscal environment like Pennsylvania's—the state share of education expenses is very low compared to most of the rest of the country—programs like this create tricky fiscal questions. Some of the difficulty can be removed by agreeing to allow state and federal aid to follow students to their new districts. However, this still leaves much of the expense for transfer students in the receiving district, where the student's parents do not pay taxes. This means that inter-school district agreements are likely to be necessary, but a variety of options are available, ranging from reciprocal enrollment arrangements to financial agreements.

Goal 8: Pursue and strengthen multi-municipal and countywide approaches to land use and infrastructure planning in support of economic development.

Developing a cooperative framework for land-use planning that encourages places to plan together for their common future and to consider the regional consequences of local decisions is an essential part of a strong local economy.

a. Enhance the county-wide and multi-municipal land-use planning system

Regional cooperation in land use planning is essential in order to promote the orderly and efficient use of land identified appropriate for development, reduce patterns of sprawl which

result in higher costs for all types of public services (transportation infrastructure, water, sewer infrastructure, police and fire protection, libraries), reinvestment in the core urban communities of the county and the preservation of farmland and natural areas.

Despite its decentralized local planning system, Lancaster County has two important advantages over many other metropolitan areas. The first is that Lancaster County is a single county metropolitan area and the county government already has a planning commission and staff in place. The planning commission has a more than twenty year history of working closely with local municipalities to implement county-wide comprehensive growth management strategies and of assisting and funding local efforts to develop multi-municipal comprehensive plans consistent with the County Comprehensive Plan. The second advantage is that the community also has a long established council of governments, called the Lancaster Inter-Municipal Committee (LIMC). LIMC recently completed Growing Together, a comprehensive growth management plan for the core region of the county's metropolitan region.

The Advisory Group, the Lancaster County Planning Commission and the Lancaster Inter-Municipal Committee, should work together to identify and implement effective ways to ensure greater consistency between county and regional comprehensive plans and local land use regulations. They should also work together and to ensure that sufficient amounts of land, served by infrastructure and other critical public services, are available to accommodate economic growth (residential, commercial and industrial) in appropriate areas throughout the county and that financial and regulatory

K-12 School Integration," NAACP Legal Defense Fund and The Civil Rights Project, 2008, available at www.civilrightsproject.ucla.edu.

incentives are in place to promote reinvestment in the City, boroughs and villages throughout the county.

b. Ensure that developable land is served by the proper infrastructure

Lancaster County's Urban Growth Area Strategy (as described in the growth management element of the County's comprehensive plan) targets Urban and Village Growth Areas (also known as "designated growth areas" or "DGAs") for future growth. The County's Urban Growth Area Strategy is vital to the county's economic development strategy. The Strategy supports efficient delivery of water and sewer services by encouraging compact development contiguous to already developed areas. DGAs are an effective way to encourage growth in or near fully developed areas - the parts of the county housing populations most in need of nearby employment opportunities. The Urban Growth Area Strategy also complements other planning objectives, like conserving farmland and open space, and protecting water resources.

Recent trends show that the county could do better in implementing its growth management strategies. Too much of the county's growth has been occurring outside of existing DGAs and land inside designated growth areas is not being developed at the highest allowable densities. (See Sections III.A.2 and III.B.2 of the Research Findings.) One reason for this is a lack of adequate coordination of public infrastructure services. For instance, "Balance", the Growth Management Element of the County Comprehensive Plan, estimates that 13,000 of the 31,000 acres of "buildable land" inside Urban

Growth Areas are not served or planned to be served by public water or sewer.

In addition, with more than 35 separate sewer authorities and more than 25 separate water authorities throughout the county, there exists the real possibility that services can be extended across agricultural lands rather than provided by an adjacent service provider. This lack of coordination and planning can then result in higher infrastructure costs and patterns of sprawl and other inefficient forms of development. Sewer and water services are important growth shapers that can be a powerful part of a county-wide development strategy. The current decentralized system makes regional coordination very difficult, if not impossible, as well as greatly reducing the chances for cost savings through economies of scale.

The Advisory Group, in partnership with the county, its local municipal partners and local sewer and water authorities, should work together to enhance coordination of land use regulations and the provision of sewer and water services. The County and its municipal partners should explore ways to ensure that land use and infrastructure policies are consistent with the county-wide growth management plan, and eventually explore ways to consolidate sewer and water service districts and the DGAs into a more formal county-wide, coordinated system.

c. Position the region to maximize the potential benefits from development of the Keystone high-speed rail corridor

New investments in rail infrastructure in Pennsylvania provide potential economic development opportunities for the county. The Keystone Corridor—the rail corridor between Philadelphia and Pittsburgh—includes three stops in the county. Recent and

planned improvements are greatly enhancing service in the Harrisburg to Philadelphia portion of the corridor—run time between Philadelphia and Harrisburg is now about 90 minutes and top speeds reach 110 miles per hour in some parts of the run.

Ridership from the county’s three stations in Lancaster, Elizabethtown and Mt. Joy has increased markedly as a result of the improved service. In Lancaster, ridership increased by 77 percent to 484,000 between 2003 and 2008. The increase was 112 percent (to 90,600) in Elizabethtown and 168 percent (to 53,800) in Mount Joy.

Infrastructure improvements and ridership increases of this magnitude increase the potential for county residents to commute to jobs outside the county, especially in the Philadelphia area. They also create the potential to shape development. The kinds of transit-oriented, mixed-use development often found near rail stations represents an important type of potential future development in the region—land-saving development and redevelopment in the region’s urban cores.

A partnership of federal, state, county and local agencies currently plans to spend \$35 million to improve the train stations in Lancaster, Mount Joy and Elizabethtown. The County Planning Commission should work with the communities involved to use these developments and the growth in train usage as anchors for future higher-density, transit oriented development. This could involve both land use code changes and working with individual developers to encourage the initial investments on the sites.

D. Find the balance between local control and regional approaches to policy

The Lancaster area economy is not a collection of 60 local economies. It is instead a single county-wide economy which in turn is linked to other nearby regional economies. Economic development policies pursued in any part of Lancaster County will impact other parts of the county. The county’s economic development planning system should reflect this. The county needs to plan as a region.

Policy areas where it is important to view the county as a single economic region and where it is important to promote region-wide collaboration include land-use, housing and infrastructure planning, and the delivery of public services.

The “local” tradition is strong in many of these policy areas. Change in how the public sector plans and provides public services that are critical to the functioning of our local economy will involve reforms that promote multi-municipal, district or organizational cooperation and service delivery, and at times county level planning and delivery of services.

Decentralized local governance within a region is associated with greater patterns of sprawl, and higher public service and infrastructure costs. Planning at a regional scale based on strong inter-municipal cooperation can mitigate these adverse effects. Lancaster’s system of Designated Growth Areas (DGA’s) is an example of a regional planning strategy

implemented at the municipal level that has served this function. However, effective and consistent local implementation of this regional strategy along with county-wide coordination is very important, or DGA's can become just another tool in inadvertent inter-municipal competition for economic activity, leading to the inefficient use of land and higher costs in the delivery and maintenance of public services and infrastructure that are essential to leverage private sector investment and promote economic growth and development.

Decentralized governance systems are also related to the concentration of poverty and to fiscal disparities in metropolitan areas. The need for development to “pay its way” affects these patterns significantly. Decentralized governance promotes the concentration of poverty by encouraging exclusionary zoning practices which exclude lower-cost housing—development which is often perceived as not being able to “pay its way” in property and earned income taxes. Since income and race are highly correlated in the United States, this indirectly contributes to racial segregation as well.

Similarly, the need for development to “pay its way,” creates strong incentives for local governments to favor particular types of development—high-value residential, commercial and industrial for instance. This means that in a decentralized system, localities are likely to compete for these types of development. Areas that “win” a round of the competition (or which are in an advantageous fiscal position for another reason) are more likely to win the next round as well because the fiscal dividends they earn on fiscally desirable land uses enable them to provide better or more public services at lower tax rates than areas with less “profitable” land uses.

Finally, the research shows that metropolitan competitiveness is also adversely affected, especially for smaller metropolitan areas like Lancaster. Lancaster's modest job and output growth rates are partly explained by the number of municipal governments within the region.

An effective economic development plan must account for and coordinate activities in each of these policy areas in order to mitigate the economic disadvantages of decentralized governance within a metropolitan region. This is why most of the recommended policies in the prior two sections have clear regional components—countywide cooperation among public and private actors to pursue “targets of opportunity” and improve the quality of the county's labor force in Section IV.B; and coordination of countywide housing policy with inter-district school programs and county-wide and multi-municipal planning, infrastructure, and fiscal policies in Section IV.C. The economic development challenge, then, is for Lancaster's 60 municipalities to learn how to compete as a region when they must in order to provide effective and essential public services to encourage private sector investment and support a healthy and sustainable local economy.

Goal 9: Facilitate and enhance inter-local cooperation

For the last four decades Pennsylvania statutes have authorized and encouraged inter-municipal cooperation. Some provide broad, multi-purpose authority, such as the Intergovernmental Cooperation Act of 1972. Others are targeted on single purposes, such as Transportation Partnership Act, the Environmental Improvement Compact Act, and joint planning and zoning provisions of the Municipalities Planning Code.

All share a common characteristic, however. Inter-municipal collaboration depends on the purely *voluntary* participation of each municipality.

Thus, any municipality has the power to *not* participate in any proposed joint service or policy. The practical effect is that inter-municipal compacts are rarely organized around tough issues, particularly those where a given municipality may view itself as potentially sacrificing an advantageous position for the benefit of others.

a. Develop shared service arrangements under existing law where applicable

The greatest potential for shared service agreements under current law is in two areas: the provision of traditional local services where there may be economies of scale; and general planning and policymaking. Shared police or fire departments, for instance, can allow two or more small communities to pool resources for the purchase of expensive equipment—like fire trucks—with capacity to serve all of the participating communities. Similarly, areas with common borders and interests often find it worthwhile to cooperate on planning and developing policies that cross jurisdictional boundaries.

Examples of both of these kinds of inter-local cooperation already exist in Lancaster County. Existing examples of shared service agreements include the Northwest Regional Police Force, covering Mt. Joy and West Donegal Townships and the Susquehanna Regional Police Force, serving Marietta Borough, Conoy Township and East Donegal Township. There are also six water authorities, six sewer authorities and five joint water and sewer authorities in the region currently serving more than one municipality.

The most prominent example of inter-local cooperation on planning and policy development is the Lancaster Inter-Municipal Committee (LIMC). LIMC is a council of governments with 13 member communities from central Lancaster County. Its purpose is “to serve as a coordinator, facilitator and resource for projects that the member municipalities decide to undertake.”⁴⁰ Its most significant accomplishment has been the production of a comprehensive plan with participation of 11 of its 13 members. Its weakness is that its actions and recommendations are not binding on its members.

Another example is the Lancaster Area Sewer Authority (LASA) which provides sewer service to seven municipalities, including East Petersburg Borough, East Hempfield Township, Lancaster Township, Manheim Township, Mountville Borough and West Hempfield Township. Serving more than 30,000 customers, LASA represents a significant consolidation of providers for a service where significant scale economies are available. However, LASA’s customer base still represents less than 30 percent of the region, showing that there is still a great deal of potential for further cooperation. County planning commission staff should continue to provide assistance and facilitate these kinds of shared programs.

b. Investigate the possibilities for more formal inter-local institutions in the future

The current examples of inter-local cooperation in the county are based on cooperative non-binding efforts that are allowed under the current law, with its strong requirements for voluntary

⁴⁰ “Growing Together: A Comprehensive Plan for Central Lancaster” ACP–Visioning & Planning, Ltd., 2006, p. 1.1.

participation. The Advisory Group should investigate ways to establish more formalized regional institutions in Lancaster County so that effective and binding regional action can be taken. An example of such an approach is the concept of “Communities of Common Interest” (CCI) that was discussed during the development of this plan.

The jurisdictional composition of any CCI would vary depending on the service need or policy issue to be addressed. A CCI might be designated to deal with:

- Joint delivery of a municipal service (such as police and fire protection, libraries or recreation programs);
- Collaboration on major infrastructure (such as a regional utility system or a regional industrial park);
- Or a common policy need (such as a regional land use plan, regional housing plan, or regional zoning ordinance).

CCI embraces local control. CCI simply provides a mechanism for re-defining the size of the locality to fit the nature of the problem to be solved within which the people would exercise their right of self-government.

Up to the point of final ratification of a common plan of action, there is nothing about the CCI strategy that cannot already be accomplished within the framework of current state law. What requires new state legislation is that once ratified by either a super-majority of affected municipal governing bodies or by referendum of the voters in the affected municipalities, the plan must be implemented within all affected municipalities.

“Communities of common interest” with voters expressing their will through multi-jurisdictional elections are common in Pennsylvania. County government is a CCI; county

commissioners are elected by county-wide ballot. State government is a CCI; executive branch officials are elected by statewide ballot.

Applied over time to a range of multi-municipal and county-wide issues and services (with the geography of each CCI shaped to fit the scope of the problem to be solved), CCI could strengthen habits of multi-municipal and county-wide cooperation that are essential to an economically competitive local economy.

Goal 10: Enhance county-level (region-wide) policymaking and service provision where efficiencies and economies of scale will be achieved.

Lancaster County government is not a “higher level” of government (like state or federal government), but it is the region’s 61st local government. But as the county’s largest government, it ranks rather impressively. In population, out of 50,432 local governments nationally Lancaster County ranked 131st behind 33 cities and 98 other counties in 2008, with 502,370 residents. And population is a rough proxy for relative property tax base so Lancaster County has plenty of competitive potential when it comes to the ability to make and coordinate infrastructure investments to support region-wide economic development.

The County already plays an important [regional](#) role ~~as a metropolitan government in policymaking and service provision~~ – through its designation as the regional Metropolitan Planning Organization for federal and state transportation funding; its Farmland Preservation Program, its county wide growth management system of Designated Growth Areas (DGA’s); and through its Urban Enhancement Fund Program

which promotes and leverages private sector reinvestment in the core urban areas of the county.

The Advisory Group should investigate additional ways to enhance the county's regional role, ~~as a metropolitan government. Several Additional~~ policy areas stand out as candidates. ~~First, there are important economic reasons (See section III.B.) to enable the county to have a stronger role in coordinating county wide comprehensive growth management planning with local land use decisions. S~~First, second, ways to coordinate and provide some services at the county level instead of locally could result in more efficient use of land and greater economies of scale and should be investigated. One example of this could be investment in a regional manure digester to assist the county and the very important agricultural sector meet new limits for nutrient and sediment discharges into the Chesapeake Bay. In addition, the lack of coordination in the provision of water and sewer services with local implementation of DGA's provides a prime opportunity for county government to play a more direct role in ensuring greater coordination between these two important components of growth management and economic development.

While new municipalities are formed and expand all the time, counties are remarkably stable entities in both number and territory.⁴¹ County governments were originally conceived as

⁴¹ 1930, there were 3,053 counties plus 8 consolidated city-county governments counted by the Census Bureau as municipalities for a total of 3,061. In 2007, there were 3,033 counties plus 33 consolidated city-counties or a total of 3,066. By contrast, the number of municipalities increased from 16,366 to 19,492 and the number of towns and townships decreased from 20,242 to 16,519 over the eight decades. While some townships disappeared, having been annexed completely by neighboring cities, the primary reason for the decrease in the number of townships was their incorporation as municipalities (often to forestall further annexation by

administrative arms of state governments. Traditionally, counties performed state-mandated duties, which included administration of the criminal justice system (sheriff, courts, district attorney and the county jail), property assessment and tax collection, record keeping (property and vital statistics), and administration of elections. Today, counties are steadily moving into other areas.⁴²

County governments have evolved in many states, often playing very active roles in economic development. Outstanding examples are located just south of the Mason Dixon line: Baltimore County and Howard, Montgomery, and Anne Arundel counties in Maryland; Arlington, Fairfax, and Loudoun counties in Virginia. Other examples include King County, WA (Seattle), Santa Clara County, CA (Silicon Valley), and St Louis County, MO. Even in states with decentralized governance systems and strong local traditions like Pennsylvania, some counties have been mobilized to spur development of ailing cities and stagnant regions, such as Cuyahoga County, OH (Cleveland), Wayne County, MI (Detroit), and Allegheny County, PA (Pittsburgh).

E. Conclusions

The list of recommendations in this section is extensive. Despite the fact that many of the proposals are for further study, the agenda is ambitious and breaks new ground in many

adjacent cities). In most "township states," townships do not have full municipal status as in Pennsylvania.

⁴² In addition to its traditional ministerial functions, Lancaster County government now has departments and agencies dealing with for example, agricultural preservation, children and youth, drug and alcohol treatments, emergency preparedness, employment and training, and mental health/mental retardation/early intervention.

policy areas. Most striking in this regard is the underlying theme of much of the plan—the need for Lancaster County to plan and act as a single metropolitan area. The “local” tradition in the county is strong and can be a most important asset if we can work together as a region in order to support and promote private sector investment in an economy that provides opportunities for all.

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Karen Weibel, *Council President, Lititz Borough*
Phil Wenger, *CEO, Isaacs*
Peter Whipple
James Williams, *Manager, East Petersburg Borough*
Gary Willier, *Agricultural Services Manager, Lancaster Chamber of Commerce & Industry*
Dick Witwer, *CEO, Kalas Manufacturing*

Jack Zimmer, *President, Keystone Chapter Associated Builders
and Contractors, Inc. (ABC)*

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