



ECONOMIC GROWTH & JOB DEVELOPMENT

Foster a prosperous and equitable economy by building partnerships that cultivate entrepreneurship, grow and attract businesses, and recruit and retain talent

World class communities come in all shapes and sizes, they are not determined by geography, and/or natural resources so much as by the mindset of their local leadership.
- Don Allen Holbrook, *The Little Black Book of Economic Development*

The Foundation

Addressing Assets and Challenges

The region's structural economic transition has had sweeping effects. Manufacturing continues to play a key role in the local economy, but it creates fewer jobs. Emerging new sectors are stunted by the lack of technologically proficient talent, entrepreneurial fervor, and risk capital. Regional economic change causes pain: to workers unable to access the training needed to adapt, to companies that don't see new opportunities

or don't recognize when their products are becoming obsolete, and to institutions that do not recognize the impacts of change. Companies that don't adapt lose competitive advantage, resulting in stagnant profits, layoffs and young workers looking elsewhere for opportunities. Many workers who aren't able to get the training or education they need settle for low wage jobs or long periods of unemployment.

The Future

The Vision

The Erie region strives for a future in which new business start-ups are occurring every day. Existing employers are expanding their operations locally to meet national and global needs. Investors are monitoring the opportunities available to fund the next big idea that will create new wealth in the region. Seamless career pathways help connect people, particularly low-income residents, with education and training that lead to family-sustaining jobs.

Success results from a clear common idea about the region's future; regional leaders are implementing a common strategy that recognizes the area's assets in knowledge and technology enterprises that complement the region's strength in advanced manufacturing and logistics. The strategy focuses on growing from the seeds of innovation and creativity among the region's people: by developing world class talent at area colleges and universities, by fostering new business start-ups with the help of local investors and by providing a climate that encourages

risk-taking among the region's existing companies. The result: low unemployment, high wages and a prepared workforce.

Principles

These are the principles that guide the implementation of projects related to Economic Growth and Job Development:

- Develop new sustainable industries that leverage the region's assets and people and diversify its economic base;
- Foster new economic dynamism by promoting a culture of innovation that supports existing fast-growing firms and new business formation;
- Develop world-class assets that provide Erie with a competitive economic advantage;
- Connect residents of all backgrounds with training and education programs that meet their needs;
- Help Erie firms compete globally by preparing, attracting and retaining high quality talent; and
- Energize Erie's economy by developing a culture of collaborative regional leadership that supports regionally transformative economic development initiatives.

Background

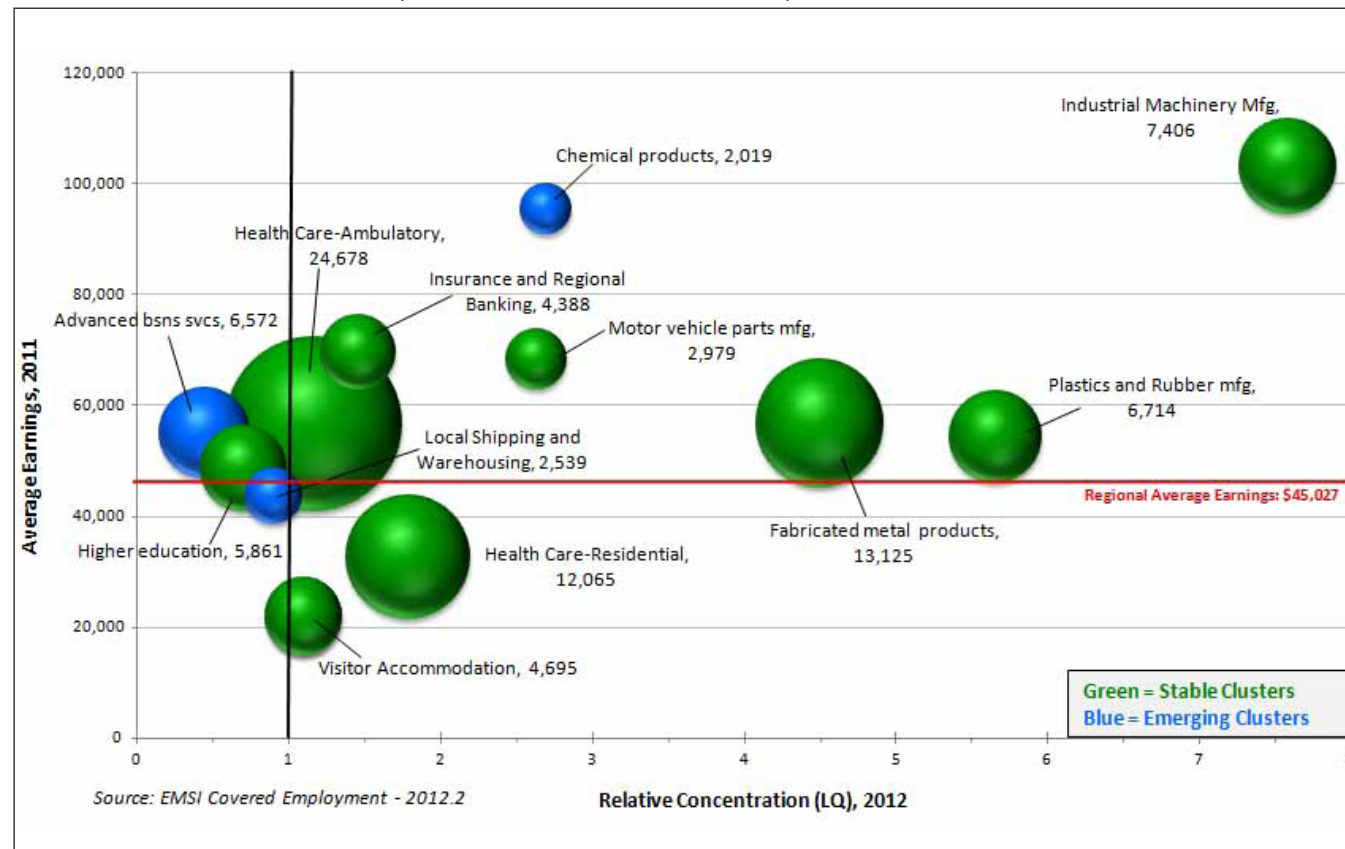
Erie County continues its recovery from the last recession, but it struggled even beforehand. The region's largest industrial segment, manufacturing, has endured a 15-year employment decline, shedding nearly 18,000 jobs. An aging population and greater demand for higher skills have driven short-term growth in health care and education. But the region still has significantly more than its share of unskilled workers and not enough high-skill workers that area companies now demand. As a consequence, workers earn less and companies add good jobs at a slower rate than they might otherwise. There are good things happening in the economy and action is needed to ensure that the region thrives and that everyone will benefit. New companies are emerging in plastics, health care, insurance and regional banking. But the region's high technology sector remains small. The region's success relies on overcoming barriers and building a strong foundation for the next generation of the Erie regional economy. A strong regional tourism brand can cement this sector's importance in the local economy.

What the public said

"Embrace the new economy but acknowledge the old," one public forum participant noted. Participants agree that jobs and better skills are needed for the region to compete in today's economy. Many suggested kinds of business sectors for the region, such as agriculture-related ideas including food processing and an incubator kitchen, health care, the rail terminal, logistics and "eds and meds." Stopping brain drain, promoting entrepreneurs and being adaptable to change were other themes that emerged.

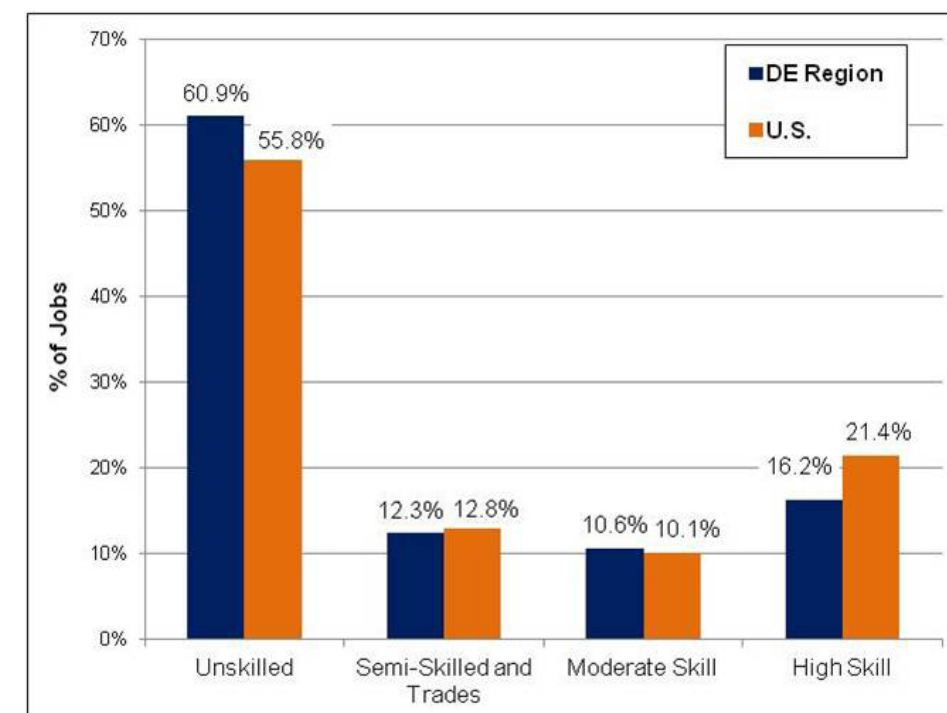
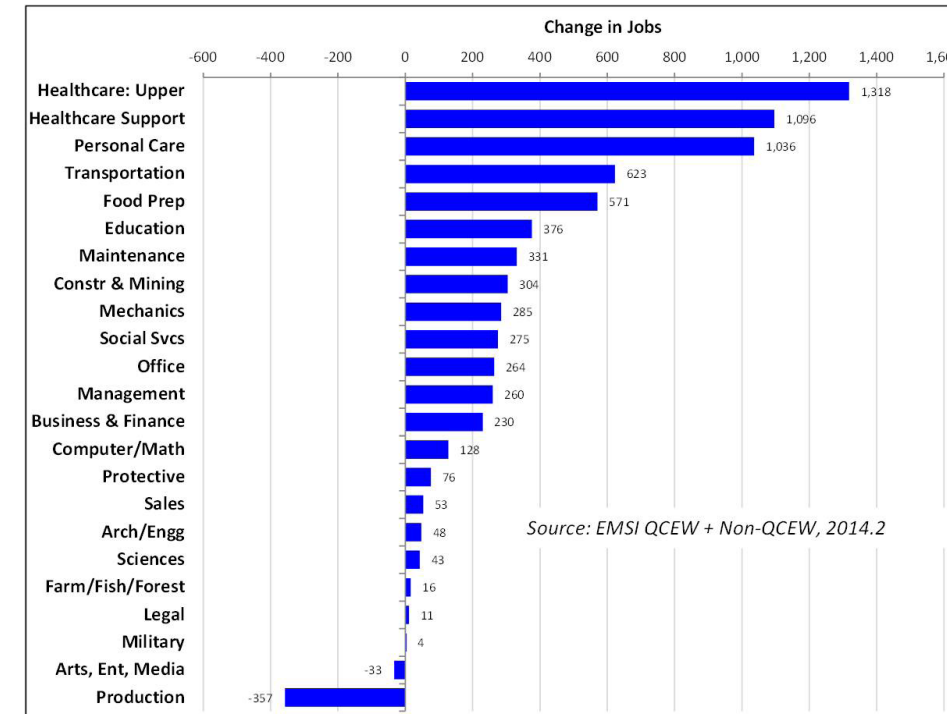
Regional Economic Clusters

This graphic provides an at-a-glance summary of the region's economy. Bubbles farther to the right are regional specializations, employing more workers as compared with the nation. The higher up on the chart, the higher the workers in these clusters are paid. Industrial machinery manufacturing employs many more workers than the national average in this cluster. The 7,400 jobs in this cluster pay very well, but there are far more jobs in health care, more than 24,000 of them. The health care workers earn wages that are closer to the regional average. The emerging clusters: chemical products, shipping and warehousing and advanced business services, are growing. Green bubbles indicate stable clusters. Developed by James Kurre, director emeritus of the Economic Research Institute of Erie, and included in a report from the Center for Regional Economic Competitiveness for the Destination Erie Economy and Workforce Work Group.



Employment Growth and Skill Levels

Health care, healthcare support and personal care are Erie's employment growth areas. Employment growth lags in high tech sectors as recently as the second quarter of 2014, as shown in the top chart. Erie has more than its share of low- and semi-skilled jobs as compared with the U.S. as a whole in 2012, summarized in the lower chart. Source: Center for Regional Economic Competitiveness





Recommendations

Short-Term Priorities:

Build an economy with higher growth potential by creating an environment that is conducive to entrepreneurship and entrepreneurial success.

Educational institutions, businesses, and workforce organizations should ally to address gaps in entrepreneurial development programs, and identify and create educational and financing programs that support entrepreneurship. They should also partner with local policy makers to advocate for initiatives that help provide start-up companies with access to financing and grants for research and development; commercialize innovative technologies, products, and business models; and leverage Erie's state-of-the-art facilities and best talent.

Boost the impact of regional tourism as an economic driver by implementing a coordinated strategy to develop, expand and promote year-round visitor attractions.

Local tourism organizations will lead the effort to improve coordination on tourism activities both within Erie County and among tourism-related groups throughout the tri-state area in order to enhance the nearly \$2 billion economic impact of this sector. A coordinated and proactive strategy will be implemented that will identify new opportunities to attract year-round visitors, seek funding to enhance local assets, and create a coordinated marketing plan to promote the Destination Erie region as a year-round tourism destination. The campaign would support existing regional attractions and events and create new initiatives to draw individuals to the region. Leveraging the region's existing assets (attractions, wineries/breweries, arts/culture, sports events, water, forests, trails, scenic byways, small towns, and public parks), the region will develop a tourism promotion initiative to increase travelers to the region. As tourism becomes an even more significant component of the regional economy, strategies should be developed to ensure the industry grows family-sustaining job opportunities.

Create stable, family sustaining employment opportunities and build wealth by creating and expanding local businesses and pairing them with Erie County anchor institutions.

The region is home to a number of large employers including government, businesses and not-for-profit institutions such as hospitals, universities and authorities that drive the local economy. To increase employment, particularly among low-income communities, the County should expand efforts to connect the purchasing and hiring needs of anchor institutions with businesses and individuals within the region. A close analysis of the procurement and hiring of major employers should be undertaken to identify how to better position local firms to compete against national organizations to ensure that local services and goods are selected whenever possible. Where there are gaps in the local supply, business and job training organizations should work together to assist in the formation of small businesses that will be well-positioned to compete in these markets.

Medium-Term Priorities

Grow the region's "intelligence and data-mining" industry by capitalizing on existing curricula and faculty at local universities to create a regional multi-institutional center for Applied Information Solutions.

Building on existing curriculum and faculty at local universities, seek support and funding for a regional inter-institutional center focused on intelligence and data mining activities. As a result, the region would be better positioned to recruit top-notch researchers working on applied information problems, develop advanced private sector information management and security expertise, and provide access to the world-class broadband infrastructure in the region required to succeed in this industry.

Maximize the economic impact of the Natural Gas Industry by supporting local manufacturing of products targeted to the industry's needs.

Natural gas represents an emerging asset that might be leveraged for export or for the competitive advantage of local firms. The region should leverage its proximity to nearby gas extraction to meet related needs, including service, repair, and manufacturing supplier requirements. This effort will focus on better understanding the supply chain requirements of the industry and the potential for area companies to meet those needs. Furthermore, some related research activities are underway at the Natural Gas and Water Resources Institute located at nearby Youngstown State as well as at the Penn State-Behrend engineering school. These might also be utilized to help identify and develop new engineering technologies to support shale gas extraction or to address environmental concerns.

Strengthen the regional economy by identifying ways to support and expand traditional local manufacturing sectors.

Manufacturing clusters such as plastics, tool and die, and mold-making have had a strong and long-time significance in the regional economy. Economic transition has resulted in reduced activity in these areas, but the ongoing presence of many local firms - along with the regional infrastructure to support these industries - suggests that these sectors should not be discounted as a contributor to the future economy. The region should work to better understand the specific steps that can be taken at a local, regional and state level to expand and promote these industries. Forums of political and industry leaders should be convened to identify what steps should be taken to expand local activity in these clusters.