

Pennsylvania Wilds Artisan Development Plan



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Introduction

The Pennsylvania Wilds region includes Cameron, Clarion, Clearfield, Clinton, Elk, Forest, Jefferson, Lycoming, McKean, Potter, Tioga, and Warren counties. Shortly after his election, Governor Rendell and other officials visited the region now known as the Pennsylvania Wilds. During this visit, they saw tremendous development opportunities specifically in the areas of travel, tourism and outdoor recreation. They also realized that the infrastructure and resources necessary to be successful in this area were under developed in the region. After this visit, the Commonwealth designated North Central Pennsylvania the Pennsylvania Wilds, and initiated programs and funding focused on improving the infrastructure in the PA Wilds region as well as developing the Pennsylvania Wilds as one of the premier tourist destinations in Pennsylvania. Shopping is a popular activity while vacationing and most visitors prefer the souvenirs of their trip to be native products that have a special meaning, tying the product to an experience and a sense of place. The area of retailing and marketing locally produced artisan products needs to be developed to provide visitors with the products they are looking for. In addition, developing this industry will strengthen the economic vitality of the region by providing additional jobs, income sources and recreational activities for residents.

Project Scope

This project was launched after Secretary DiBerardinis visited the region in June 2006 to attend a meeting sponsored by the Lumber Heritage Region to determine the feasibility of developing a plan to support regional art-centric businesses. Initially, the focus was on wood products, however the scope soon changed to include a wide variety of artisans and artistic media.

The scope of this project is to pull together a workgroup to develop a plan to assist artisans in the region. This workgroup consists of dozens of partners including: PA DCNR, PA DCED, The Lumber Heritage Region, The Route 6 Heritage Corporation, The PA Wilds Marketing Corporation, Local Tourism Promotion Agencies, The PA Wilds Planning Team, Penn State Cooperative Extension, Potter County Education Council, PA Council on the Arts, Local Development Districts, Northern Tier Cultural Alliance, Local Arts Councils, Local Economic Development Agencies, Local Artisans, Non-Profit Organizations, and Local Community Groups.

Several programs throughout the country were identified to be used as benchmarks for our project. These programs include:

- Adirondack North Country Association, NY
- Traditional Arts of Upstate New York, NY
- Kentucky Artisan Trail, KY
- Kentucky Artisan Center in Berea, KY
- Kentucky Craft Marketing Initiative, KY
- Tamarack, WV
- Mountain Made, WV
- Handmade in America, NC
- Women’s Rural Entrepreneurial Network, VT
- Woodnet, VT
- Charles Shackleton Furniture, VT
- Big Bend, TX

The plan itself includes an overview of regional strengths and weaknesses, demographic data, a brief economic overview relating to tourism and retail related industries, information on artisans in the region that have been identified through this process and their responses to a survey that was conducted, and then specific short term and long term recommendations revolving around selling artisan products through a “Shop the PA Wilds” website, improving artisan access to regional physical retail facilities, marketing and branding artisan products using the PA Wilds logo and brand, providing artisans with workforce education and entrepreneurial development opportunities, establishing a PA Wilds certification & jurying process, and proposing special events to promote artisan products.

Regional Weaknesses

The goal of this section is to provide a very brief overview of some of the key weaknesses that the region faces. Very little if any of the information in this section will come as a surprise to those from the region involved in this initiative.

Between 2001 & 2004, the region has seen an overall **decline in various industry sectors including: farming, forestry, utilities, construction, manufacturing, retail trade, information, finance & insurance, professional & technical services, federal government - civilian, and federal government - military.** The biggest decline was in manufacturing jobs with a decline of 7,246 positions, calculated from data available from all counties (U.S. Department of Commerce – Regional Economic System, Bureau of Economic Analysis). Many of these jobs were lost, in large part due to global competition. Art-centric jobs and businesses are a way to provide employment opportunities for residents and build the capacity of the region to produce value added products that are marketed both to tourists and other markets outside the region.

In addition, there are areas where the **digital divide** is very large. There are some communities like Coudersport, Pennsylvania, which at one time housed the headquarters of the now bankrupt Adelphia Corporation, has access to some of the finest fiber networks, broadband connectivity and technology infrastructure in America. However, there are several other communities in the region where there is no access to broadband service at all. Without access to broadband, local companies have issues utilizing technology to streamline their process and improve efficiencies. Art-centric businesses in other areas have developed a strong web-presences incorporating web sales and promotion into their business plans. Without access to

high speed service, art-centric businesses throughout the region are at a competitive disadvantage.

In many ways the region **lacks access to affordable and short term educational programs** (industry specific certification programs and associate degrees) and the cost of education in the PA Wilds region is very high approaching \$450 or more per credit at some Universities. In addition, there are no community colleges located in the PA Wilds region to provide low cost access to education for residents. The digital divide also impacts access to distance education opportunities. The lack of reasonably priced educational opportunities coupled with the **Brain Drain** that the region is experiencing is leaving the region with a population that is below the state average regarding educational attainment. The chart below summarizes the educational attainment of residents from within the Wilds on a county by county basis (Center for Rural PA). In addition, the limited access to technical education in the region is also leaving various sectors with a **limited “skilled” workforce** to draw from.

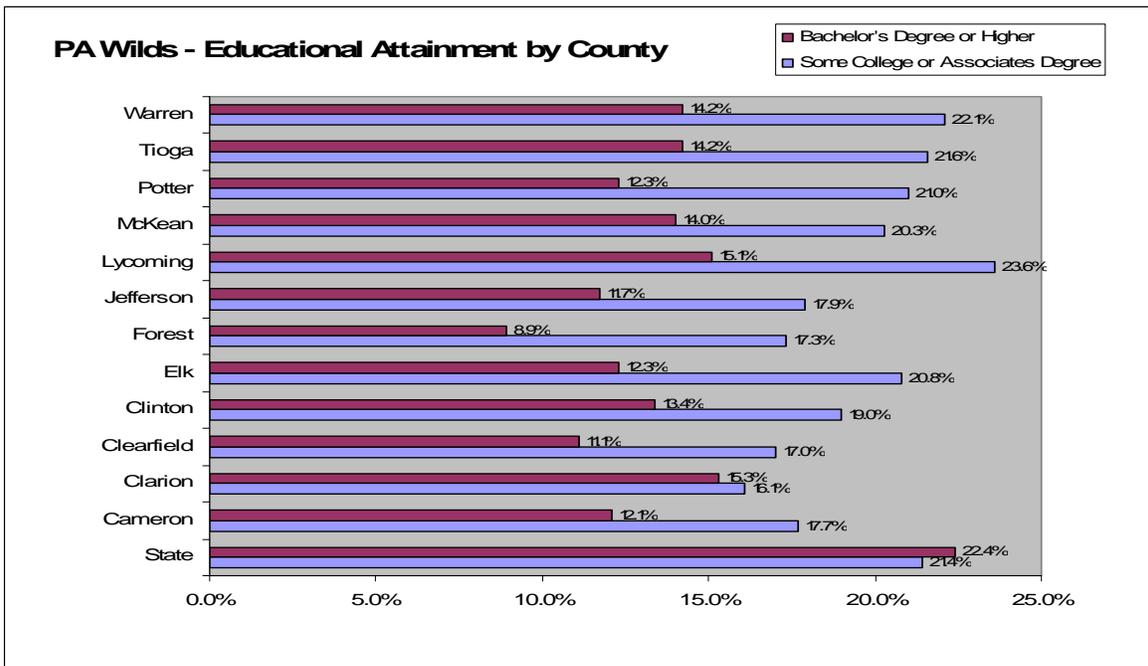


Table 1: PA Wilds – Educational Attainment by County (Center for Rural PA)

Regional Strengths

The goal of this section is to provide a very brief overview of some of the key strengths that the region has. Although there are a lot of issues that the region needs to address, there are plenty of positives to build on.

The region has many **scenic amenities** including: dense hardwood forests, beautiful mountains, pristine lakes and streams, and ample wildlife (including one of the only elk herds east of the Mississippi river). In addition there is a state park in Potter County that has been designated as a “dark sky” preserves and has the darkest skies on the east coast, which makes it a haven for astronomy enthusiasts. The only way to appreciate the scenic beauty of the region is to see it first hand. The fortunate thing for the region is that people are traveling to the area to witness its scenic beauty first hand. These visitors provide regional art-centric businesses with access to a market willing to pay a premium price for locally made, hand crafted pieces.

With the exception of some pockets, the **land values** in the region are very reasonable. In some of the rural areas, land values are as low as \$500 to \$1000 per acre for residential properties. Commercial sites also tend to be significantly less than they are in urban areas.

Currently, the **transportation infrastructure** is adequate to accommodate most business needs. There are several major roadways that run through the region including: Route 6 and Interstate 80 running east and west, Route 219, Route 44, Route 155, and Route 15 running north and south and access to Interstate 86 in New York state is within 30 minutes to 1 ½ hours for most of the PA Wilds region. In addition there are various roadways connecting the communities and providing easy access to the major transportation routes. Some transportation issues that should be reviewed further include access to airports and access to the rail system. Although these are available throughout the region, access in these two areas is limited. The Route 6

Corridor already has an established Artisan Trail System and runs through the 4 northern counties in the PA Wilds.

Although low cost education is an issue for the region, there is **access to higher education services**, including: workforce development, research, small business assistance, and many other “business consulting services”. There are also grant programs to help fund educational opportunities, although as a rule of thumb, they typically can only be used to provide training in areas that lead to “high demand” occupations. One of the main issues with these programs and the PA Wilds initiative is that artisan and tourism industries are not designated as “high demand” occupations. These educational providers will be instrumental in providing access to educational programming for local artisans.

In the PA Wilds region, the most popular training programs for the unemployed or dislocated workers are Workforce Investment Act Individual Training Accounts or funding through the TAA/TRA program for those who lost their jobs due to foreign competition. The state also offers various programs to existing companies to provide educational programming for their employees. The two main programs are WEDnet Guaranteed Free Training Grants and Customized Job Training Grants. These funding programs have two main purposes: 1) to provide the employers with the tools needed to have an educated workforce so the company can remain competitive and 2) to provide the employees with access to education to pursue advancement opportunities. Neither of the above grant programs provide funding for retail sales or art centric businesses.

From an economic development perspective, one of the benefits the region has is the reasonable **cost of labor**. 2003 annual household incomes range from \$29,407 in Forest County to \$39,776 in Elk County (PA Department of Labor & Industry, Center for Workforce

Information & Analysis). This is \$13,000 - \$3,000 below the state average median household income. Access to a lower cost labor pool is one competitive advantage the region has in attracting companies to the region and can also be a benefit for entrepreneurs from within the PA Wilds looking at starting their own businesses.

Unemployment

It is important to take a look at the current employment situation in the PA Wilds region. All of the counties in the

region have higher unemployment rates than the state average. As higher paying manufacturing jobs and jobs in other sectors continue to be lost, local residents need to find new employment opportunities. This may come in the form of pursuing educational opportunities to obtain job skills that are more marketable regionally, or starting their

own businesses. The field of Arts, Entertainment and Recreation is under-represented in the PA Wilds Region and entrepreneurial development in this field would provide employment opportunities for local residents. The PA Wilds Planning Team has developed a workgroup to identify the various entrepreneurial assistance programs available in the PA Wilds region and educate the public about them. These programs include funding programs available through the NewPA initiatives, funding programs that are managed by local development districts, and technical assistance programs

County	2003 Median Household Inc.
Cameron	\$33,685
Clarion	\$32,683
Clearfield	\$35,892
Clinton	\$32,938
Elk	\$39,776
Forest	\$29,407
Jefferson	\$32,882
Lycoming	\$35,892
McKean	\$34,402
Potter	\$35,003
Tioga	\$33,054
Warren	\$36,303
PA Avg.	\$42,933
Table 2: PA Wilds – 2003 Median Household Income (PA Department of Labor & Industry, Center for Workforce Information & Analysis)	

County	Unemployment Rate
Cameron	6.7%
Clarion	6.3%
Clearfield	7.5%
Clinton	7.2%
Elk	5.6%
Forest	9.3%
Jefferson	6.3%
Lycoming	6.4%
McKean	6.1%
Potter	7.3%
Tioga	6.7%
Warren	5.7%
PA Avg.	5.3%
Table 3: PA Wilds – January 2007 Unemployment Rates (PA Department of Labor & Industry, Center for Workforce Information & Analysis)	

provided by various partners. One such program that is offered by the regional workforce investment boards is the Self Employment Assistance Program for those who have recently lost their jobs and are looking to start their own business. This program provides extended unemployment compensation benefits that can overlap with the starting of a business providing a supplemental income while the new business gets off the ground.

Economic Base Estimate

The table below shows the Economic Base for the Pennsylvania Wilds using data from each county within the PA Wilds and the United States as a whole. The data pertaining to art-centric businesses and tourism will be discussed later in the report. The data used in compiling the table was gathered through the US Department of Commerce, Bureau of Economic Analysis and reflects information from 2004 (the most recent year available for review). The Economic Base Estimate is calculated by identifying what our expected employment in each industry segment would be if we were representative of the national average. For example, if the national average of workers in farming is 1.75%, then it is projected that 1.75% of the population in the PA Wilds would be employed in farming. This type of analysis helps regions identify clusters that they have in their region that are above the national average, as well as identify industries that are under-represented leading to a potential for the region to not be able to fill its own needs and have to import goods and services to the region. Data from this analysis can also be used to determine the estimated multiplier for the region. More specific data analysis regarding these estimates will be reviewed in the industry specific analysis later in the document. For the regional analysis, counties with incomplete data were removed from calculations. Cameron, Forest, Potter, and Tioga Counties were excluded due to incomplete data.

PA Wilds – Economic Base: Actual vs. Estimated

Industry	PA Wilds	US Avg. %	US Emp #	US Total Emp	Column O x Total County Employment = Expected Industry Employment	Column N - Column R = Basic Employment in Industry – LQ
Farm Employment	4555	1.75%	2,969,000	170,091,500	4107	448
Forestry, Fishing, Rel. Activities	1483	0.58%	979,300	170,091,500	1355	128
Mining	3710	0.50%	843,000	170,091,500	1166	2544
Utilities	1003	0.34%	582,300	170,091,500	806	197
Construction	11671	5.99%	10,195,800	170,091,500	14104	-2433
Manufacturing	41259	8.75%	14,876,100	170,091,500	20579	20680
Wholesale Trade	5709	3.64%	6,192,600	170,091,500	8567	-2858
Retail Trade	31729	11.04%	18,771,900	170,091,500	25968	5761
Transportation & Warehousing	10150	3.15%	5,360,600	170,091,500	7416	2734
Information	2662	2.08%	3,534,600	170,091,500	4890	-2228
Finance & Insurance	6849	4.74%	8,053,900	170,091,500	11141	-4292
Real Estate & Rental / Leasing	4213	3.70%	6,289,900	170,091,500	8701	-4488
Professional / Tech. Services	5846	6.35%	10,803,100	170,091,500	14945	-9099
Management	388	1.04%	1,764,100	170,091,500	2440	-2052
Administrative & Waste Services	5784	6.05%	10,288,900	170,091,500	14233	-8449
Educational Services	2493	2.02%	3,437,900	170,091,500	4756	-2263
Health Care & Social Assistance	26704	9.93%	16,884,400	170,091,500	23357	3347
Arts, Entertainment & Recreation	2338	2.03%	3,456,600	170,091,500	4782	-2444
Accommodation & Food Services	13571	6.75%	11,480,100	170,091,500	15881	-2310
Other Services	13823	5.68%	9,661,400	170,091,500	13365	458
Federal / Civilian - Gov't	2086	1.61%	2,731,000	170,091,500	3778	-1692
Military	1365	1.22%	2,082,000	170,091,500	2880	-1515
State Gov't	11237	2.99%	5,082,000	170,091,500	7030	4207
Local Gov't	16989	8.10%	13,771,000	170,091,500	19050	-2061
Total Employment	235298				Total Basic Employment	40504

Table 4: PA Wilds Actual vs. Estimated Economic Base
(U.S. Department of Commerce – Regional Economic System, Bureau of Economic Analysis)

Multiplier

A multiplier is an estimate of the impact a change has in the region, with no implication on how long it will take for the effect of the change will take to occur, it may take 6 months, it may take 6 or more years. If the multiplier is 3, then for every one dollar spent in the region, 3 dollars are created through increased employment, re-circulating the money through the region, and other activities that cause the money to be spent locally, this can also be applied to job creation as well. The multiplier is based on identifying the jobs that are local and keep money local (non-basic employment) and the jobs that are primarily for export (basic employment). Obviously, a job that keeps money local has a bigger impact on the region than a job that sends product and / or revenue outside of the region. Basic employment consists of the jobs in a region that go to support production or services that are produced for export. Non-basic employment includes the jobs that are needed to fill local needs. Two methods were used for calculating the multiplier in this report. The first method is using the LQ method, which identifies basic employment based on national averages, if the national average predicts you will have 200 jobs in a field and you have 300, 100 of those jobs are producing goods or services for export. If there is a prediction of 200 jobs and the region only has 100, then you are importing goods or services in that industry to fill local needs. The calculation of basic employment using this method is the sum of excess jobs producing for export in fields where there is an excess. If there is an industry where there is a need to import, this does not affect your basic employment. The other method is the assumption method where all (agriculture, mining, manufacturing, and federal government jobs are classified as basic) producing for export. As basic employment in a region increases, the multiplier in the region decreases, because of leakages from the community to other areas.

The multiplier for the PA Wilds region only incorporates data from some of the counties, because a majority of the data for the following counties was unavailable: Tioga, Potter, Forest, and Cameron. The multiplier was calculated from Table 4: PA Wilds Actual vs. Estimated Economic Base from page 9 of this report. The multiplier for the region is high because the basic employment is a small percentage of the total population, meaning that right now, although we have some sectors that export a great deal, we have others that export very little. This means that there is tremendous possibility for growth with a potential for high returns on investments to develop new industries or grow existing ones. The multiplier for the region is approximately 5.8 based on the LQ method for determining basic employment and is 4.4 based on the assumption method of calculating basic employment. The multiplier is calculated by dividing total employment in the region by the total basic employment in the region for both methods. An investment in the PA Wilds region could yield very significant returns in the form of jobs, increased income, and an increased tax base.

$$\textit{Multiplier} = \textit{total employment in the region} / \textit{total basic employment in the region}$$

Shift Share Analysis

The Economic Base table explains what the PA Wilds should have if it were representative of the national averages, a Shift Share Analysis looks at what we do have and provides a snapshot of how regional growth compares to national growth and how competitive the PA Wilds region is in the major industrial sectors. Share – Mix – Competitive. For the regional analysis, counties with incomplete data were removed from calculations.

The share is a calculation of the change in employment if employment in a sector grew or declined at the same rate as the national average for that sector.

Share = 2001 industry employment in region x national % change

The mix is a calculation of the growth rates in terms of fast growth or slow growth based on whether the industry grew at a faster rate than the national average, or a slower rate than the national average and compared to the actual change in each sector. A positive number indicates that it was a fast growth sector and allows you to compare the actual growth in your region with the growth at a national level.

Mix = (national % change in industry – national total % change) x 2001 employment in region

The Competitive column shows what type of competitive advantage a region has in an industry. A positive number shows a competitive advantage, the higher the number, the bigger the advantage. A negative number shows a disadvantage for that industry in a region.

Competitive = (regional % change in industry – national % change in industry) x 2001 employment in region

A table displaying information on national & PA Wilds employment is below. The data from this table was gathered from years 2001 and years 2004 to show growth or loss over a multi-year period. Information in the table was gathered from data set - *CA25N Total Full-Time and Part-Time Employment by Industry* for the US, and for each county within the Pennsylvania Wilds (U.S. Department of Commerce – Regional Economic System, Bureau of Economic Analysis)

Table 5: PA Wilds – Shift Share Analysis

Sector	United States				PA Wilds 2001 Total	PA Wilds 2004 Total	PA Wilds Change		Shift Share		
	2001 Employment	2004 Employment	Change in Employment	% Change			Change in Employment	% Change	Share	Mix	Competitive
Farming	3,056,000	2,969,000	-87,000	-2.85%	4777	4633	-144	-3.01%	88	-224	-8
Forestry	1,022,500	979,300	-43,200	-4.22%	1927	1483	-444	-23.04%	35	-117	-363
Mining	811,400	843,000	31,600	3.89%	3459	3710	251	7.26%	64	71	116
Utilities	618,800	582,300	-36,500	-5.90%	1116	1003	-113	-10.13%	21	-86	-47
Construction	9,846,700	10,195,800	349,100	3.55%	11928	11671	-257	-2.15%	220	203	-680
Manufacturing	16,994,600	14,876,100	-2,118,500	-12.47%	46263	41259	-5004	-10.82%	852	-6619	763
Wholesale Trade	6,273,400	6,192,600	-80,800	-1.29%	5271	5709	438	8.31%	97	-165	506
Retail Trade	18,528,800	18,771,900	243,100	1.31%	33082	31729	-1353	-4.09%	609	-175	-1787
Transportation & Warehousing	5,474,000	5,360,600	-113,400	-2.07%	9489	10150	661	6.97%	175	-371	858
Information	4,053,800	3,534,600	-519,200	-12.81%	2899	2662	-237	-8.18%	53	-425	134
Finance & Insurance	7,839,600	8,053,900	214,300	2.73%	7221	6849	-372	-5.15%	133	64	-569
Real Estate, Rental & Leasing	5,551,400	6,289,900	738,500	13.30%	3812	4213	401	10.52%	70	437	-106
Prof. & Tech Services	10,575,800	10,803,100	227,300	2.15%	6334	5846	-488	-7.70%	117	19	-624
Management of Companies & Enterprises	1,779,300	1,764,100	-15,200	-0.85%	271	388	117	43.17%	5	-7	119
Administrative & Waste Services	9,621,000	10,288,900	667,900	6.94%	3866	5784	1918	49.61%	71	197	1650
Educational Services	3,058,300	3,437,900	379,600	12.41%	2389	2493	104	4.35%	44	253	-193
Health Care	15,611,400	16,884,400	1,273,000	8.15%	24382	26704	2322	9.52%	449	1539	334
Arts, Entertainment & Recreation	3,243,100	3,456,600	213,500	6.58%	2076	2338	262	12.62%	38	98	125
Accommodations & Food Service	10,825,200	11,480,100	654,900	6.05%	13223	13571	348	2.63%	244	556	-452
Other Services	9,049,600	9,661,400	611,800	6.76%	14130	13823	-307	-2.17%	260	695	-1262
Federal Gov't Civilian	2,728,000	2,731,000	3,000	0.11%	2152	2086	-66	-3.07%	40	-37	-68
Federal Gov't Military	2,099,000	2,082,000	-17,000	-0.81%	1476	1365	-111	-7.52%	27	-39	-99
State Government	5,031,000	5,082,000	51,000	1.01%	10540	11237	697	6.61%	194	-87	590
Local Government	13,322,000	13,771,000	449,000	3.37%	16964	16989	25	0.15%	313	259	-547
Total	167,014,700	170,091,500	3,076,800	1.84%	234658	235298	640	0.27%	4323	0	-3683

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