



The Raja Jobs Plan

Bringing Jobs Back to Allegheny County

Paid for by Friends of Raja

Executive Summary

The Raja Jobs Plan for Allegheny County draws from the regions strengths; a well-educated workforce, world-class educational institutions, major businesses, mineral wealth, transportation infrastructure and most importantly our high quality of life and low cost of living to develop and attract new jobs to the region. This region has always been a source for innovation, from the steel industry to the diversified economy of today. Developing and attracting high quality and good paying jobs to the region is essential in meeting the vision of economic prosperity and higher quality of life for all residents of Allegheny County.

The cornerstone of the Raja Jobs plan resides with the people of Allegheny County. Thanks to our world renowned educational institutions, Allegheny County produces some of the most qualified workers in the country. As county executive Raja will focus on ensuring these students continue to learn the skills that are needed by companies, while providing those graduates who have innovative ideas the tools needed to create successful start-up businesses in the county. Additionally, Raja will work to market the regions talented workforce and low cost of living to companies as the ideal location to relocate to or establish “Back Office” operations.

The emerging Marcellus Shale industry in western Pennsylvania offers the county a once in a lifetime opportunity for job creation in Allegheny County. By leveraging university research, start-ups, and a workforce trained for the needs of the industry; Raja will work to create an Innovation Zone at Pittsburgh International Airport. This zone will create a critical mass of talent and industry that will make Allegheny County the center of the local Marcellus Shale industry and also for start-ups from our universities

Finally, Raja will work with state and local officials to promote the region both nationally and across the world as a region that is open for business. Raja will accomplish this by ensuring the companies have the tools needed to succeed. He will do this by creating a public-private partnership to assist the regions small and mid-sized businesses sell their products competitively in the global economy and by working to ensure companies in Allegheny County are fairly taxed and follow concise and fair rules and regulations.

The Raja Jobs Plan

For years Allegheny County has been in a slow decline. We have faced crippling job loss to competition outside the region. We have lost over 8% of our population since 1990 dropping from 1,336,449 to an estimated 1,223,348 last year.¹ While unemployment figures in the region during this recession are below the national average, we need to look at our performance historically relative to the national average. Our unemployment has essentially doubled in the past 10 years according to the 2010 Allegheny County Comprehensive Annual Financial Report (CAFR). Our universities produce thousands of well-educated graduates a year but we do not create the jobs needed to allow them to stay in the region. Our local and state economic policies have only made it more difficult for start-ups to take hold and become successful in the county and we often lose these innovative ideas and the jobs they create to other regions. Our “business as usual politics” in Allegheny County makes it much more difficult for business to grow locally or relocate to the region. Other policies threaten to make it more difficult to capitalize on the growing local Marcellus Shale industry. Now is the time to rethink how things are done in Allegheny County or we will continue to see the same slow decline that we have been battling for decades.

As a successful business owner, Raja knows what is needed to be done in order to energize the economy of Allegheny County. Having co-founded his own business, he personally understands the difficulties facing young start-ups. As the CEO of his company, he knows what is needed to take advantage of the regions talented workforce, our world-class educational institutions and our low cost of living to bring jobs and prosperity to Allegheny County. As Commissioner in Mt. Lebanon, Raja initiated and implemented policies that foster Main Street development. Raja brings the needed private and public sector experience to capitalize on the wonderful potential in our county so that we can once again become an economic powerhouse.

Raja’s Jobs Plan will focus on the following core areas to meet the vision of economic prosperity and higher quality of life for all residents of Allegheny County.

1. Increased Support for Start Ups
2. Competitive Business Climate
3. Capitalizing on the Region’s Marcellus Shale Resources
4. Promote Allegheny County for “Back Office” Development
5. Marketing the Region to the World
6. Growing the Export Industry
7. Innovation Zone

¹ "Population Trends - 1990-2010." *Pittsburgh Regional Alliance*. Allegheny Conference on Community Development. Web. <<http://www.alleghenyconference.org/PRA/RegionalData/PopulationTrends1990-2010.pdf>>.

1. Increased Support for Start-ups

Allegheny County is fortunate for its world renowned research universities that produce cutting edge ideas everyday. The county has been able to capture some of these university developed ideas and commercialize them through programs such as the Life Sciences Greenhouse, Innovation Works, and the Pennsylvania Angel Network. Start-ups have been important drivers of job growth across the nation for over twenty years. A report by the Kauffman Foundation found that employment for U.S. private-sector business startups from 1980-2005 was about 3% per year. All of this employment reflects new jobs as compared to the overall net employment growth of the U.S. private sector for the same period which was around 1.8%. This pattern implies that, if you exclude the jobs from new firms, the U.S. net employment growth rate is negative on average.² In order to capture the potential for start-ups locally, Allegheny County needs to become known nationally as having the “eco-system” in place for innovative start-ups to begin their business due to the availability of first customers, availability of capital, local talent and other factors.

We have lost out on opportunity in the past. The internet site Groupon has grown dramatically since being launched in Chicago in 2008. Groupon’s founder and now CEO, Andrew Mason, is a native of Mt. Lebanon. Since its founding the company has grown to employ 7,000 and is active in over 43 countries.³ We have to ask ourselves why someone from Allegheny County with a great idea and education did not return home to start his company locally. The answer is that the opportunities that Groupon needed to be successful were not available here in Allegheny County. To make sure that future entrepreneurs have that opportunity here in Allegheny County, Raja will work with business leaders and our partners in Harrisburg to ensure that start-ups have the necessary opportunities and resources in our region.

- Increased Access to Clients: The Raja Jobs Plan calls for supporting local start-up companies by providing them with high profile clients. Raja will launch a pilot program in Allegheny County to drive innovation in county government services. The program will allow start-ups with innovative ideas to partner with the county in order to create a more cost efficient and effective local government. Raja plans on using his experience as a successful CEO to reach out to other local and regional corporations to encourage them to use local start-ups as well. The program will also provide local start-ups with a high profile client that in turn will increase their exposure in their industry.
- Increased Access to Capital: The initial seed capital is often the hardest for any start-up company to acquire. The Raja Jobs Plan seeks to help secure funding by working pro-

² Haltiwanger, John, Ron Jarmin, and Javier Miranda. *Business Dynamics Statistics Briefing: Jobs Created from Business Startups in the United States*. Rep. Kauffman Foundation, Jan. 2009. Web. <http://www.kauffman.org/uploadedFiles/BDS_Jobs_Created_011209b.pdf>.

³ "About Us." *The Daily Groupon | Coupons, Discounts, and Deals on the Best in Seattle*. Web. <<http://www.groupon.com/about>>.

actively with leaders in Harrisburg to ensure that state assistance for start-ups is maintained and built upon while establishing strong ties with private angel investors and venture capitalists.

- State programs exist to help start-ups obtain initial capital. These programs include the Pennsylvania Life Sciences Greenhouse, Ben Franklin Technology Partners, Pennsylvania Angel Network, Innovation Partnership, Idea Foundry, Innovation Works, and the Technology Collaborative. Raja plans to work with the governor and other partners in Harrisburg in order to ensure that these state programs are properly funded and built upon. These programs have locally been successful in helping capture and commercialize research from local universities via incubators such as the Life Science Greenhouse and Innovation Works.
 - The Pennsylvania State Employee Retirement System (SERS) invests a portion of its money in “alternative investments.” A portion of this money is invested with venture capital firms that in turn invest here in Pennsylvania.⁴ Raja will examine whether or not to have a portion of investments from the Retirement Office of Allegheny County invested in local Venture Capitalist firms to help promote start-up growth locally here in Allegheny County.
- Along with improved access to state funding, Raja’s Jobs Plan aims to build partnerships with private equity and angel investors to encourage them to invest in start-ups in Allegheny County. Raja’s experience in starting a company and now being a CEO gives him the necessary skills to make these connections.
- Increased Access to Talent: In order for Allegheny County to retain innovative entrepreneurs and attract others to the region, we must continue to maintain and develop a world class workforce. Without local talent, Allegheny County and the region cannot compete with the rest of the country and the world. Raja helped form the University of Pittsburgh Industry Board, a collaboration of the University of Pittsburgh Department of Computer Science and leaders in industry. This collaboration not only allows the university to keep its curriculum in tune with the skills needed by local industry, but it also provides students’ access to potential employers in the region. Using this experience, Raja will work to create similar partnerships across universities, trade schools, and the Community College of Allegheny County (CCAC) to ensure that we are producing the talented individuals that are needed to make our region’s economy competitive.

⁴ "Private Holdings PDF." *State Employee Retirement System*. State of Pennsylvania. Web. <<http://www.sers.state.pa.us/portal/server.pt/community/investments/14381>>.

- Tech Transfer: Allegheny County is home to world class universities. A key facilitator to supporting start-ups is to ensure that the Tech Transfer policies as these universities foster and support start-up companies. Tech Transfer is the process of universities assisting in the commercialization of student research. Raja has had a long working relationship with universities in our region and understands what is needed from a policy perspective to foster increased commercialization of research. As County Executive, Raja will work to implement policies that foster the commercialization of university research.

2. Competitive Business Climate

Important factors for businesses in deciding where to start up or relocate to is the amount of taxes they will pay, the simplicity and clarity of regulations and expediency of permit approval. Raja's Jobs Plan aims to make Allegheny County known as a place where businesses' can locate and thrive by ensuring that local government creates a supportive business environment that encourages growth.

- Competitive Business Tax: Raja will work with Governor Corbett and other partners in Harrisburg to advocate for meaningful reforms to the Corporate Net Income (CNI) tax to encourage job growth, retain current employers, and attract new business to the county. These reforms would include the elimination of the cap on net operation losses so that businesses in Allegheny County are able to grow and add employees without taking a unfair hit in taxes. Another reform would be to raise the sales factor weighing in the income apportionment formula to 100% instead of its current 90%. Finally Raja will advocate for a meaningful reduction to the CNI rate so that Allegheny County and the rest of Pennsylvania can be competitive with other markets across the nation.
- Promote Simple, Consistent and Expedient Countywide Policy: A clear deterrent for corporations wishing to locate in the county is complex red tape and bureaucracy. Businesses cannot thrive when the rules for operating may vary by municipality and can be subject to interpretation and political influences. Additionally there are often delays in the issuance of permits from municipalities that can cost a company time and money. Raja will work with all the municipalities in Allegheny County to create consistent and clear regulations. He will also work with local, state, and federal entities to create a one stop shop that will be a single point of contact for businesses in need of permits or approvals and ensure that they occur in an expedient manor without sacrificing proper checks and balances.

3. Capitalizing on the Region's Marcellus Shale Resources

The development of Marcellus Shale in Pennsylvania provides a once-in-a-generation opportunity for Allegheny County to seize. In Pennsylvania alone the estimated value of the

Marcellus Shale is \$1.5 trillion.⁵ If the Marcellus industry is allowed to flourish, it could generate \$13.5 billion in value added and almost 175,000 jobs by 2020.⁶ Allegheny County's position as the economic center of western Pennsylvania gives the county the opportunity to leverage our talented workforce, transportation infrastructure, low cost of living and high quality of life to become the center of Marcellus Shale exploration regionally. Raja's Jobs Plan calls for the cultivation of this important resource to create jobs for local workers and encourages these companies to establish their headquarters within the county while ensuring that exploration is done in a manner that protects the environment.

- Address Environmental, Safety, and Regulatory Concerns: Raja supports responsible shale exploration as long as it is done in a safe and environmentally conscious manner. As a result Raja supports a state wide user extraction fee provided that this fee is not onerous and does not put this industry at a competitive disadvantage. Revenue from this fee would be used to mitigate any environmental damage caused by shale exploration operations and to assist municipalities in addressing the impact of exploration in their communities. Impacts include infrastructure repair and assisting local emergency responders in the purchasing of equipment and necessary training needed to respond to possible Marcellus Shale related accidents. As county executive, Raja will work within Allegheny County to develop a single and coherent Marcellus Shale policy. For example, the city of Pittsburgh's recent ban on Marcellus Shale exploration makes it difficult to attract aspects of the industry to the county as those outside the region often times associate Pittsburgh with the entire county. Raja will work with stakeholders across the county to help develop a single coherent policy at the county level that will make these companies feel more secure in locating within Allegheny County. Without such a policy, we will continue to see these companies locate just over the border in places such as Cranberry and Southpointe.
- Secure Employment Opportunities for Western Pennsylvania: In order to maximize the benefits of Marcellus Shale in Allegheny County Raja will work with our regions trade schools, the CCAC and industry to ensure that the workforce is prepared to take advantage of the opportunities presented by Marcellus Shale. These operations require individuals with skills ranging from advanced engineering to staking, scoping, cementing, completing and fracturing.⁷ It is important that our workforce is prepared to

⁵ Powelson, Robert F. PowerPoint Presentation of "Pennsylvania - Investing In Gas...Naturally." Lecture. American Gas Association Leadership Council. 29 Mar. 2011. Web. <<http://www.aga.org/membercenter/gotocommitteepages/FinanceComm/Documents/AGA%20Presentation.pptx>>.

⁶ Considine, Timothy, Robert Watson, Rebecca Entler, and Jeffrey Sparks. An Emerging Giant: Prospects and Economic Impacts of Developing the Marcellus Shale Natural Gas Play. Rep. Pennsylvania State University. 24 July 2009. Web. <<http://www.alleghenyconference.org/PDFs/PELMisc/PSUStudyMarcellusShale072409.pdf>>.

⁷ *Marcellus Shale Workforce Needs Assessment*. Rep. Marcellus Shale Education & Training Center, June 2009. Web. <<http://www.northerntier.org/upload/Needs%20Assessment%20with%20cover%20revised.pdf>>.

meet the demands of the Marcellus Shale industry so that these secure and high paying jobs are not lost to those from outside Allegheny County.

- Raja will work with trade schools and CCAC to recruit and train the unemployed or underemployed to give these individuals the opportunity at a well-paying and secure career. CCAC's Career Transition Center for Dislocated Workers trains the unemployed and underemployed in skills that are in demand.⁸ The CCAC program serves as a template of the type of training programs that can be established that will provide high quality training to individuals in need of jobs.
- Encourage Companies to Locate Headquarters in Allegheny County: Allegheny County is the most urbanized county in western Pennsylvania and as a result there is less land that is available for exploration. Raja will market the county as the ideal location for headquartering shale exploration companies, shale spinoff companies and other technology start-ups involved in fields related to the industry. Allegheny County's geographic location makes it the ideal location for setting up operations and allows these companies access to transportation infrastructure, talented workforce, and educational institutions. Raja will help encourage these companies to locate in Allegheny County by establishing the Innovation Zone. The Innovation Zone will be covered in Section 7.

4. Promoting Allegheny County for "Back Office" Development

Raja's Jobs Plan calls for promoting our existing pool of talent, low cost of living and high quality of life to encourage companies to establish regional headquarters or back office operations right here in Allegheny County. Back office operations are the administrative functions that operations of a business, such as accounting and personnel.⁹ Raja will work with existing local corporations and those outside the region to promote the county for such operations by focusing on the already existing strength clusters; education, medicine, energy, IT, and the emerging local entertainment industry.

- Work with Corporate Leaders to Address Opportunities to Expand Locally: Raja will reach out to corporate leaders locally and those from outside the region to encourage them to expand their back office operations locally. Allegheny County's low cost of living, high quality of life and trained workforce can make such a move more appealing to a corporation. When the Bank of New York merged with Mellon Financial Corporation in 2007 to form the Bank of New York Mellon Corporation there was a lot of concern locally that the region would not only lose a corporate headquarters, but a

⁸ "Career Transition Center for Dislocated Workers | Community College of Allegheny County." *Home | Community College of Allegheny County*. Web. <<http://www.ccac.edu/default.aspx?id=151465>>.

⁹ "Back Office Definition." *InvestorWords.com - Investing Glossary*. Web. <http://www.investorwords.com/376/back_office.html>.

significant amount of jobs as well. But this did not happen. Instead Pittsburgh became a back office hub for BNY Mellon's national operations. At the end of 2010 BNY Mellon in Pittsburgh employed 1,453 more employees than Mellon Financial Corp employed at the end of 2006,¹⁰ and now employs more people in Pittsburgh than it does in New York.¹¹ This is because it is easier for large corporations, like BNY Mellon, to employ a large well educated workforce in Allegheny County than many other locations in the country due to the regions low cost of living.

- **Focus on Core Strength Clusters for Growth:** After the collapse of the local steel industry, our regional economy remade itself into a diverse economy that is focused on education, medicine, energy, IT, and most recently the entertainment technology industry. It only makes sense that as we move forward attempting to grow the regional economy for the county to focus on these key sectors. The entertainment industry locally has been increasing in prominence in recent years with the help of the innovative ideas coming out of CMU's Entertainment Technology Center (ETC). The ETC brings together artists and computer scientists to create cutting edge entertainment software. The university also provides resources to ETC students to turn their ideas into a business.¹² Ideas being produced by centers like the ETC represent niche markets that Allegheny County needs to capture and allow to grow locally.

5. Marketing the Region to the World

As a business owner, Raja understands that for Allegheny County to be successful in the 21st century the county and region has to be competitive in the global economy. To promote the region, Raja will work at the state level to encourage the development of policy that is pro-business and portrays the image that the Pittsburgh region has changed into one that is innovative, clean, and diverse. The regions image has begun to change in recent years with events such as the G-20 summit and constant top rankings for livability. In order to further the goal of marketing the region, Raja will work with the Allegheny Conference and their affiliate organizations to improve the image of the region as a whole to the business community and skilled workers alike.

- **Marketing to Businesses:** It is easier to gain new jobs from already established businesses than it is to get jobs to move into the region. Raja believes that his Jobs Plan will help retain and grow employers in the region, but that more can be done in order to encourage

¹⁰ Olson, Thomas. "Profit Drives BNY Mellon's Growth." *Tribune Review*. 20 Jan. 2011. Web. <http://www.pittsburghlive.com/x/pittsburghtrib/business/s_718965.html>.

¹¹ Tascarella, Patty. "BNY Mellon Adds Hundreds of Workers in Pittsburgh | Pittsburgh Business Times." *Business News | The Business Journals*. 21 Dec. 2009. Web. <<http://www.bizjournals.com/pittsburgh/stories/2009/12/21/story2.html>>.

¹² "Program Overview." *Entertainment Technology Center*. Carnegie Mellon University. Web. <<http://www.etc.cmu.edu/site/program/>>.

companies from outside the region to relocate to Allegheny County. Bayer, setting up its headquarters in our region, is a good example to emulate. By working with other CEO's with connections in the business world, Raja will work to promote the region and the opportunities that exist here. Allegheny County may have been passed up in years past by companies looking to expand operations not because it was an inferior choice but instead because no one was thinking about the region.

- Marketing to People: An important aspect of Raja's Jobs Plan is the belief that talented workers can be trained and found locally in order to support the needs of local business. As employers in the region continue to grow, they will need to also recruit talented workers from outside the region. By working with partners at the Allegheny Conference, Raja will continue the push to rebrand the Pittsburgh Region. A key drawback sighted by executive level individuals in moving to Pittsburgh is the "lack of a safety net" i.e. lack of companies to find similar good paying jobs in case the job that brings these individuals to our region does not work out. By growing the job base across all segments, our region will be able to provide this private sector "safety net" that is critical to attracting particularly higher level talent.

6. Growing the Export Industry

In a global economy it is important for any region to be competitive on a global level. There are many potential ways to grow the export of goods and services produced here in Allegheny County. Raja believes this can be accomplished by assisting small local businesses in getting their products to the international market and by focusing on large, established organizations that already have experience operating abroad.

- Help Small to Mid-Sized Businesses Sell Their Products Globally: Often times small and mid-sized businesses are unable to sell their products on the international stage due to lack of knowledge, experience, money, or both. They may be unable or unwilling to navigate the complex nature of international trade. To help Allegheny County businesses become internationally competitive, Raja will establish a public-private partnership, bringing together the Allegheny County Economic Development, lawyers, and others with experience in international trade to help these small businesses get their products to international market. This focus would be able to help all forms of business, from small specialty manufactures to tech startups trying to market their new product worldwide. Success would lead to business and job growth in the region.
- Work With Large Established Businesses: Allegheny County's medical and educational institutions are already operating outside the United States. These operations take the form of international students returning to their home country after receiving an education here, to local universities and medical centers setting up offices and campuses

in foreign countries. Raja will work with these medical and educational institutions to help increase their effectiveness in exporting their products and services internationally. Raja will also work with other large local corporations that operate internationally in order to help build a network of support that will provide other locally based businesses greater opportunity to enter the international market.

7. Innovation Zone

Pittsburgh International Airport sits in the center of western Pennsylvania's Marcellus Shale deposits and as such makes an ideal location for university based start-ups to establish operations in addition to shale exploration companies and industry spin-offs. The airport's location offers easy accessibility to shale exploration sites across the region. The Raja Plan calls for the leasing of land to be utilized for Marcellus Shale related development and exploration. Revenues from the leasing of land for Marcellus Shale exploration on airport property can be used to help develop about 1,971 acres of land suitable for structural development at Pittsburgh International Airport into a specialized business and research park known as the Innovation Zone. As County Executive, Raja will help encourage these companies to locate in Allegheny County by establishing the Innovation Zone on the airport property. This critical mass of shale companies, spin-offs, and high tech start-ups will help the county market the airport property to potential tenants. Already located in a tax free zone, the site would be attractive to those companies that can take advantage of these tax incentives. As County Executive, development of the Innovation Zone would be one of Raja's first priorities.

- High-Tech Incubator - Located within the Innovation Zone at the airport will be a new university high-tech incubator that focuses on the commercialization of innovative research in the energy field. The Innovation Zone would offer multiple advantages for firms that locate there. The start-up companies would have the infrastructure needed to cutting edge technology such as access to broadband, clean rooms, and production space.
- Marcellus Shale Companies - There is almost 1,800 more acres of land not suitable for structural development at the airport due to the geography of the site that can be used for Marcellus Shale exploration.¹³ The site would be attractive to Marcellus Shale companies due to proximity to well locations. Additionally the site would be attractive to Marcellus Shale companies since many already own and operate their own aircraft to quickly move their employees around the country.¹⁴

¹³ *Pittsburgh International Airport Development Master Plan*. Rep. IDC Architects, 2011. Print.

¹⁴ *Airports and Marcellus Shale: Marcellus Shale Case Study - Williamsport Regional Airport*. Rep. L.R. Kimball. Web. <<http://www.slideshare.net/LRKimball/marcellus-shale-case-study-williamsport-regional-airport>>.

- Shale byproduct Companies - Shale byproducts can be used to produce products such as ethane, plastics and other chemical products. These products can become a significant industry in itself. Because of this the county would work to attract firms that produce products using shale byproducts. Along with being located near high tech start-ups, these companies would benefit from being located so close to wells located on the airport property.
- Safety and Environmental Companies - A major part of the Innovation Zone's mission will be the promotion of responsible drilling by addressing safety and environmental issues. The county will work to market the zone to shale spin-off companies and high tech start-ups that produce technology that could make Marcellus Shale exploration safer, more efficient, and cleaner.
- Transportation based companies - Other companies could be attracted to the Innovation Zone due to the availability of hanger space and easy access to a runway. Dicks Sporting Goods recently constructed its new corporate headquarters on Pittsburgh International Runway with its own hanger and taxiway for that reason.