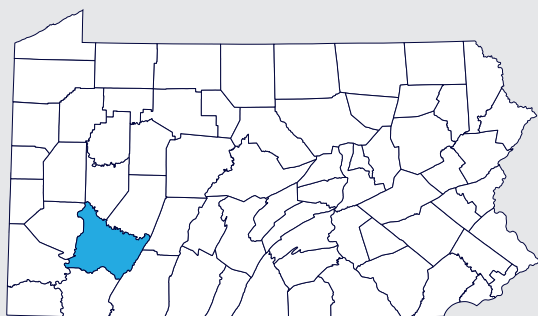


Lean Economic Development Playbook: Mini-case

BRINGING ECONOMIC REVITALIZATION TO THE RUST BELT IN THE DIGITAL AGE



Location: New Kensington, PA

Demographics¹:

- 85.7% White alone
- 8.9% Black or African American alone
- 2.2% Asian alone
- 1.8% Hispanic or Latino
- 0.2% American Indian or Alaska Native alone
- 0.0% Native Hawaiian and Other Pacific Islander alone
- 1.7% Two or more races

Population¹: 11,979

Median Age²: 45.24

Poverty Rate¹: 22.9%

Median Household Income¹:
\$43,308

Median Property Value¹:
\$106,500

¹ 2020 US Census – census.gov

² Pennsylvania Department of Community & Economic Development - DCED.PA.gov

[Visit The Corner LaunchBox](#)

BACKGROUND:

For most of the 20th century, downtown New Kensington thrived as the home of the Aluminum Company of America (ALCOA), one of the company’s largest production facilities, employing 20% of New Kensington’s population. When Penn State put a campus in an old school building downtown in 1958, the city 17 miles north of Pittsburgh had several theaters, hotels, restaurants, department stores, and a host of after-hour clubs, all run by the largest mafia organization north of Pittsburgh. The city was the place to be for the 25,000 residents and visitors from across four counties. By 2010, the decline of steel and the end of the mafia reduced the city to a boarded-up shell, home to only 12,000 people.

Penn State New Kensington had moved to a rural setting 4 miles outside of New Kensington in 1966 but couldn’t escape the effects of the Rust Belt. The number of students in schools across southwestern Pennsylvania fell at an alarming rate. In 2008, a new chancellor determined that the future of the campus was inextricably linked to the future of the city, and developed a long-

term strategy to engage local community members in efforts to economically revitalize the area. After leading the development of two successful consortia—one of local governments and the other of 14 school districts—to develop consistent STEM programming, University leadership was still struggling with how to impact the city that bore the campus name.



INITIAL OFFERINGS:

Penn State New Kensington developed a scalable and replicable entrepreneurial ecosystem model (entrepreneurial programming, coworking, and eventually a makerspace) and opened Corner LaunchBox in downtown New Kensington in 2017 to serve the entrepreneurial programming and coworking needs of local entrepreneurs. The idea was to jump-start and support the city's vitality by

bringing students, faculty, and staff into the city to develop their ideas. Those ideas, along with ones from community members, would become startups through programming. Entrepreneurs needing offices could rent coworking space until they reached the next level and could move into their own storefronts downtown.

WHAT WE LEARNED:

We've learned that being able to pivot, collaborate, and engage in innovative problem-solving are critical pieces to our success. We had to become entrepreneurial ourselves.

In need of a way to continue to fund this initiative, we envisioned that the coworking component of Corner LaunchBox would be a source of revenue to aid in paying for operation of the space and programming. We believed that the combination of a Penn State campus and free, or low-cost, resources for entrepreneurs could help to

revitalize downtown New Kensington.

We worked to define and refine a business plan to pitch that model to Invent Penn State administrators, private residents, government agencies, companies, local programs, and others in order to raise money to execute on the idea. The county was our largest partner and, with their help, we attracted 11 partners and raised just over a million dollars to build Corner LaunchBox.

HOW IT'S GOING:

The results have exceeded our expectations. During 2021–2022, a year that included the recovery from the COVID-19 pandemic, Corner LaunchBox leveraged \$1.4 million, served 83 entrepreneurs, housed 114 coworkers, and hosted 22 accelerator participants, and 350 participants at functions.

The impact on the downtown area has also exceeded expectations. Around 65 new businesses have come to New Kensington, and more than \$50 million has been invested since we opened Corner LaunchBox in 2017, with additional funds coming every year. Many of those businesses have benefited from our entrepreneurial programming. The town is energized and on the way to recovery.

Additionally, Penn State New Kensington extended the Corner LaunchBox success into a concept called "[Nextovation](#)," a comprehensive model for Rust Belt renovation based on preparing for the Digital Age. Nextovation has resulted in over \$13 million raised to build a digital makerspace to meet the needs of multiple stakeholders. This enabled the campus to receive an additional \$5 million in grants for workforce development in digital skills to help companies navigate an era of innovation, adoption, and discovery.

In Nextovation, we have found a return to the roots of the land-grant mission, preparing a workforce that will help the state successfully compete in a global market. In the process, our small campus has turned ideas into businesses, created learning opportunities for students, and changed the trajectory of an entire region.



PennState

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