



Department of
Commerce

CITY OF PHILADELPHIA

**SUBSIDY AND JOB CREATION REPORT
TAX YEAR 2019**

CONTENTS

TOPIC	PAGE
EXECUTIVE SUMMARY	3
METHODOLOGY	4
BUSINESS INDUSTRY	5
FINANCIAL ASSISTANCE TYPE	6
FULL-TIME JOBS	7
PART-TIME JOBS	10
TEMPORARY AND CONTRACT JOBS	13
NEW JOB CREATION BY JOB TYPE	14
YOUTH EMPLOYMENT	15

EXECUTIVE SUMMARY

Survey Objective

In 2019, the Department of Commerce engaged a third-party consultant to evaluate seven of the City's most utilized economic incentive programs. It was found that a key challenge with our incentives portfolio is the complexity of our current system. Currently, many different programs are administered by different agencies, and tracking is limited due to state and federal taxpayer confidentiality laws. The City continues to work with City Council to evaluate all of our business supports and economic development incentives, including improved processes for collecting, reporting, and using data.

Previous versions of this report included the Job Creation Tax Credit (JCTC) and other tax-based subsidies. To ensure taxpayer confidentiality, we no longer collect this information. However, the Department of Revenue produces reports on several tax credit programs, including JCTC, which can be found at www.phila.gov/document/2018-tax-credit-reports/.

Report Background

In accordance with [Bill #160015](#), the Department of Commerce uses an online self-reporting form to collect economic development and job creation data from Philadelphia businesses that: a) received \$50,000 or more in non-tax-based subsidies or financial assistance through City approval; or b) are located in a Keystone Opportunity Zone and had \$2 million or more in gross annual revenues.

Main Results

In 2019, businesses who participated in the survey created 101 net full-time jobs, 117 net part-time jobs and 134 net temporary jobs, creating a total of 352 new employment opportunities in Philadelphia. Survey respondents also provided a number of non-quantifiable benefits to their community, ranging from apprenticeship opportunities for youth to co-op programs with local colleges and universities.

METHODOLOGY

Surveys were received from April 2020 through September 2020 using Survey Monkey. Surveys were sent to potential qualifying businesses through various program and contact lists. After the survey responses were received, they were checked for completeness and accuracy. Surveys with fewer than two complete sections, duplicate submissions, and responses with numerical inconsistencies were omitted from the analysis. In total, 64 survey responses were received. After cleaning, only 40 out of the 64 responses were deemed appropriate to be included in the analysis.

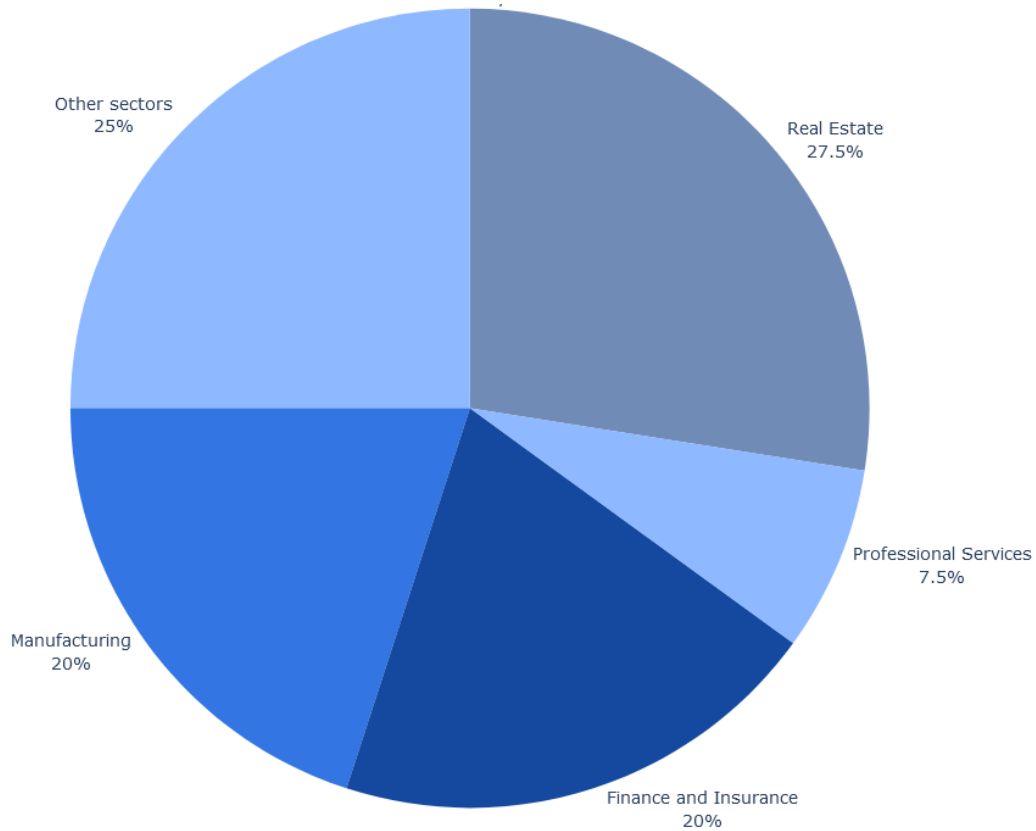
All analysis was conducted in Python. Item nonresponse was addressed by conducting the analysis for each section of the survey separately with only the data from respondents who filled out that section in its entirety. Although this methodology is a potential source of selection bias, the increase in sample size for each section was deemed to be worth the trade-off.

Furthermore, the number of respondents in each given analysis is included in the graph for transparency. Additionally, some respondents did not give responses to certain sections because the sections weren't applicable to their business (i.e. the business had no part-time jobs so they did not fill out the section on part-time employment).

This year, the number of survey respondents was lower in comparison to previous years. We presume this was due to the economic disturbance created by the COVID-19 pandemic. The small sample size of this year's survey may affect the representativeness of the analysis. The Department of Commerce is working on improving survey outreach and design to improve survey response rate for the upcoming year.

BUSINESS INDUSTRY

The largest industry represented in the survey data was real estate, comprising 27.5 percent of all survey responses. Manufacturing and finance and insurance tied as the second largest industries. Altogether, these three industries comprised over two-thirds of survey responses (67.5 percent). The industries of remaining respondents are shown in the graph below. All 40 respondents eligible for the analysis provided industry data.



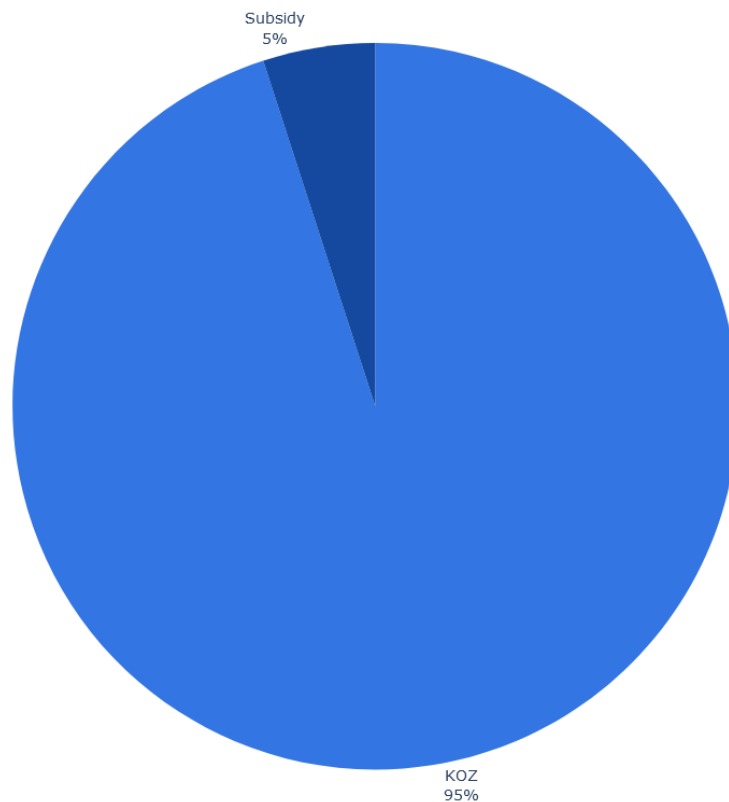
<i>Sectors Reporting</i>	<i>Total</i>	<i>Percent</i>
Real Estate	11	27.5%
Other sectors	10	25.0%
Manufacturing	8	20.0%
Finance and Insurance	8	20.0%
Professional Services	3	7.5%
Total	40	100.0%

FINANCIAL ASSISTANCE TYPE

To be included in the report, businesses had to meet one of two qualifications:

- Be located in a Keystone Opportunity Zone (KOZ) with gross revenues greater than \$2 million
- Or receive subsidies of \$50,000 or more through City approval in 2019.

95 percent of survey respondents were located in KOZ zones, while 5 percent of respondents received more than \$50,000 in subsidies. A total of \$317,935 in subsidies was granted to the businesses who qualified to be in the survey through subsidies. 100 percent of these subsidies were from the Department of Commerce’s Neighborhood Economic Development (NED) Program. The amount of subsidy given to each business is shown in the table below. All 40 respondents eligible for the analysis provided financial assistance type data.



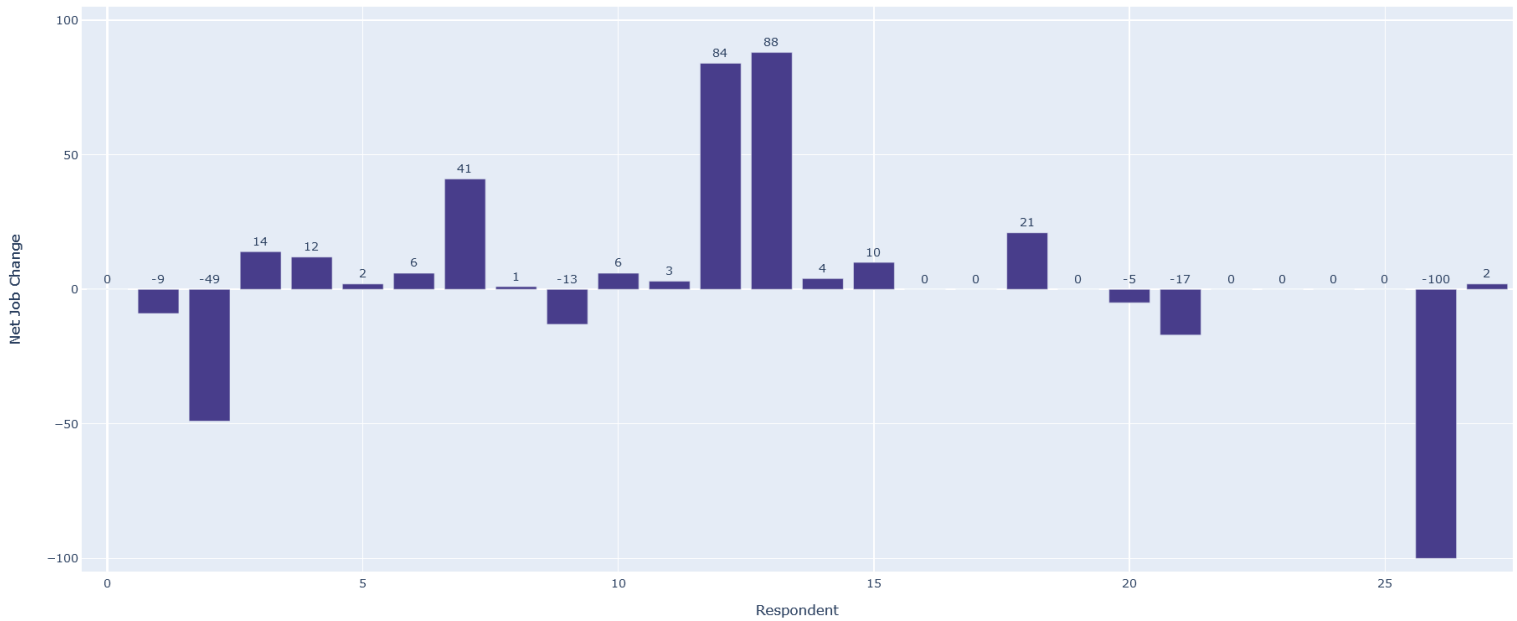
<i>Type of Financial Assistance</i>	<i>Total</i>	<i>Percent</i>
KOZ	38	95.0%
Subsidy	2	5.0%
Total	40	100.0%

Loan Type	Loan Source	Amount
Neighborhood Economic Development Program	Department of Commerce	\$250,000
Neighborhood Economic Development Program	Department of Commerce	\$67,335

FULL-TIME JOBS

Creation

Overall, the respondents reported a 101-net increase in full-time jobs*. This means that there were 101 more full-time jobs in Philadelphia amongst subsidy-recipient in 2019 compared to 2018. The number of jobs at most respondents' businesses stayed the same. There were three respondents that created 213 new jobs at their businesses altogether. These three businesses account for the majority of the net increase in jobs. 28 out of 40 respondents eligible for the analysis provided full-time employment data.



Number of Full-Time Jobs

As of January 1, 2019

As of December 31, 2019

Net Change in Full-Time Jobs

Total

5193

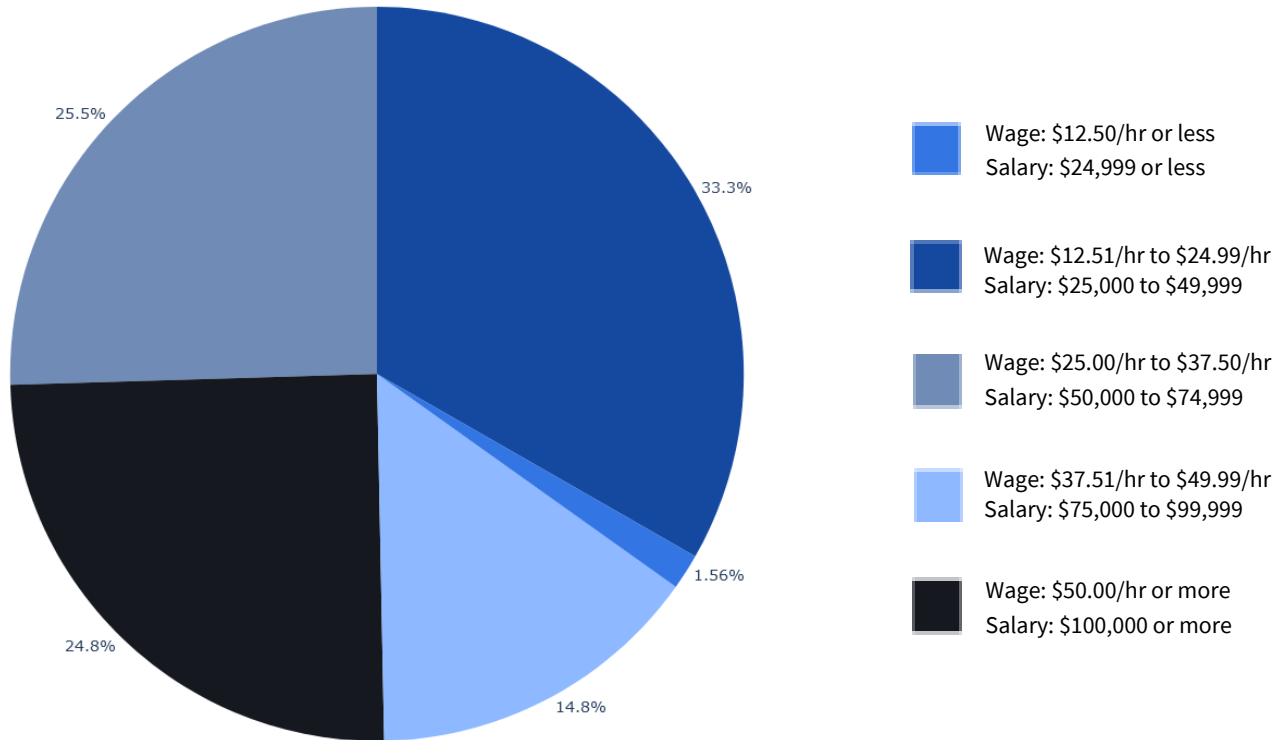
5294

+101

*The data for 2019 contained an extreme outlier which was omitted from the analysis to ensure the analysis was representative of the average business in the sample. The outlier respondent reported a loss of 864 full-time jobs at their business. If this outlier is included in the data, the net full-time job change for 2019 is -763, or a loss of 763 full-time jobs.

Wages

Respondents reported the creation of 640 full-time jobs in 2019. This number represents the number of new employees that respondent businesses hired in 2019 without taking into account the number of employees business laid off. 60.36 percent of these new jobs provided an income of \$0.00/hr to \$37.50/hr or \$0 to \$74,999 annually. The remaining 39.6 percent of new jobs provided an income of \$37.51/hr or higher per hour or \$75,000 or more annually.

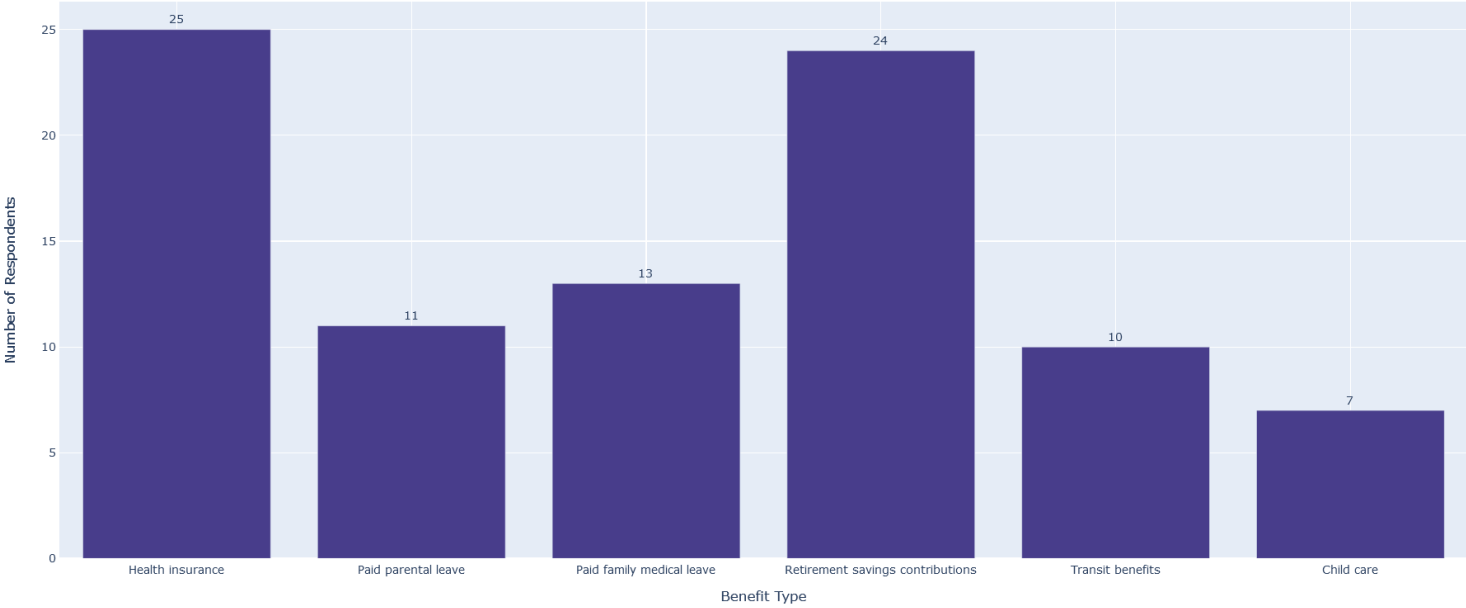


Salary Ranges: New Full-Time Jobs

	Total	Percent
Wage: \$50.00/hr; Salary: \$100,000 or more	159	24.8%
Wage: \$37.51/hr to \$49.99/hr; Salary: \$75,000 to \$99,999	95	14.8%
Wage: \$25.00/hr to \$37.50/hr; Salary: \$50,000 to \$74,999	167	25.5%
Wage: \$12.51/hr to \$24.99/hr; Salary: \$25,000 to \$49,999	213	33.3%
Wage: \$12.50/hr or less; Salary: \$24,999 or less	10	1.56%
Total New Full-Time Jobs	644	100.0%

Benefits

Almost all respondents (89.5 percent) offered health insurance for their full-time employees. A slightly smaller number (82.8 percent) provided contributions to a retirement savings account. 8 out of 29, or 27.6 percent, of respondents provided five or all six benefits for their employees. These respondents account for the majority of respondents that provided benefits other than health insurance and retirement savings contributions. This means that most businesses provided at least health coverage and retirement savings contributions for their full-time employees, while some businesses provided almost all or all benefits, and a handful provided health insurance and retirement savings contributions plus one additional benefit.



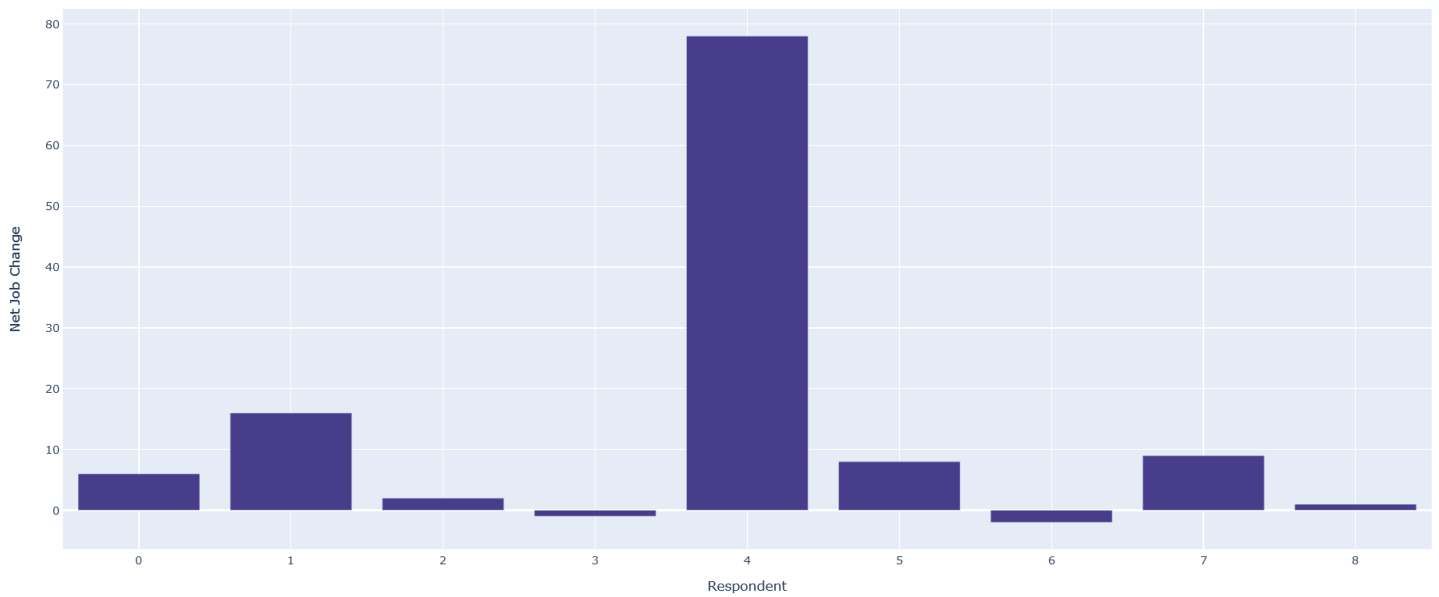
Salary Ranges: New Full-Time Jobs

	<i>Total</i>	<i>Percent</i>
Health insurance	25	89.3%
Paid parental leave	11	39.23%
Paid family medical leave	13	46.4%
Retirement savings contributions	24	85.7%
Transit benefits	10	35.7%
Child care	7	25.0%

PART-TIME JOBS

Creation

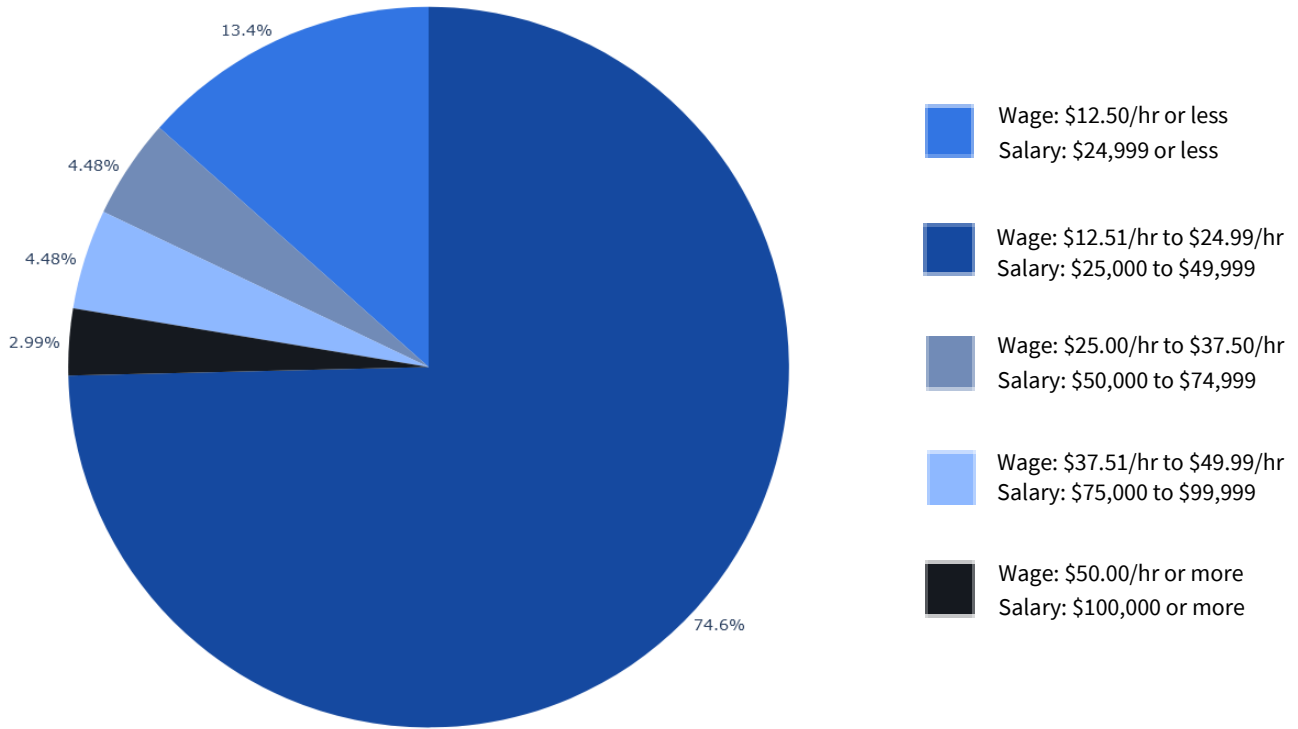
Respondents reported a net increase of 117 jobs. This means that there were 117 more part-time jobs in Philadelphia in 2019 compared to 2018. The increase in net part-time jobs was primarily due to one respondent, who increased the number of part-time jobs at their business by 78. However, almost all respondents who answered the question increased the number of part-time jobs at their business rather than decreased. Nine out of 40 respondents eligible for the analysis provided part-time employment data.



<i>Number of Part-Time Jobs</i>	<i>Total</i>
As of January 1, 2019	330
As of December 31, 2019	446
Net Change in Part-Time Jobs	+116

Wages

74.6 percent of all part-time jobs created in 2019 had a wage between \$12.51 to \$24.99. All jobs created by the aforementioned business are in this wage range.

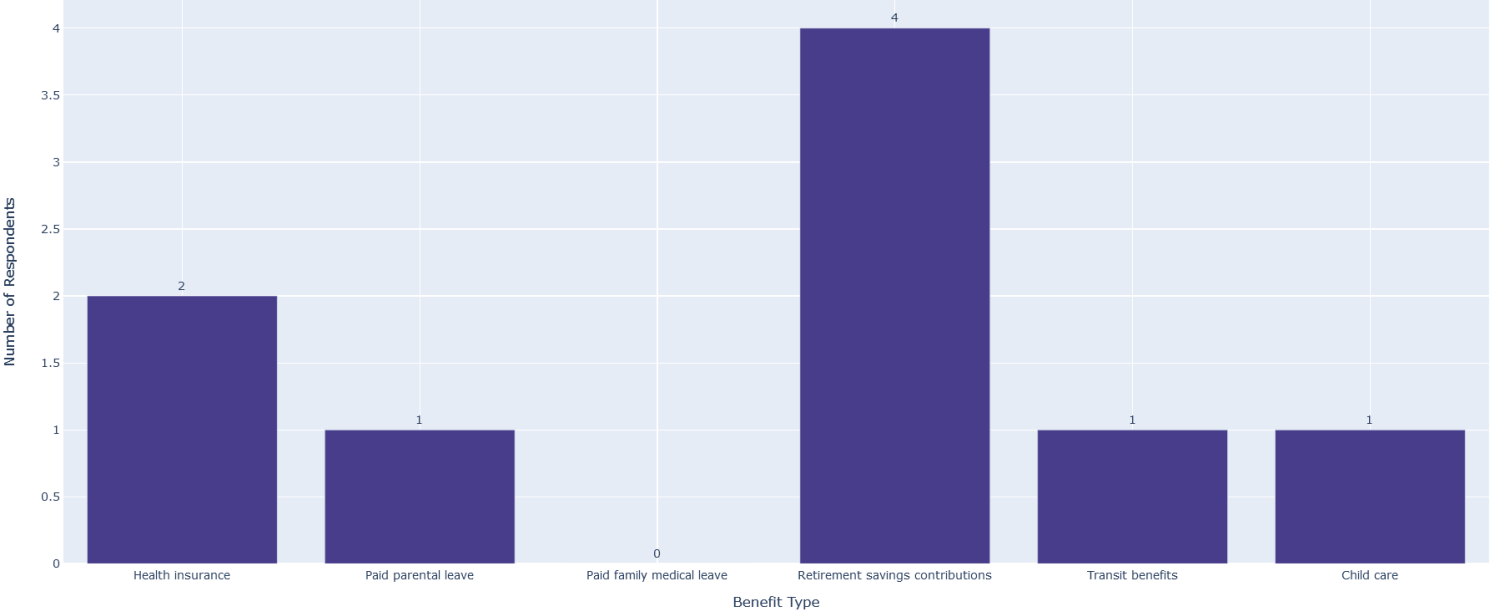


Salary Ranges: New Full-Time Jobs

Wage Range	Salary Range	Total	Percent
\$50.00/hr	\$100,000 or more	159	24.8%
\$37.51/hr to \$49.99/hr	\$75,000 to \$99,999	95	14.8%
\$25.00/hr to \$37.50/hr	\$50,000 to \$74,999	167	25.5%
\$12.51/hr to \$24.99/hr	\$25,000 to \$49,999	213	33.3%
\$12.50/hr or less	\$24,999 or less	10	1.56%
Total New Full-Time Jobs		644	100.0%

Benefits

Six of the responding businesses also provided one to two benefits for their part-time employees. The benefit most frequently provided to part-time employees was retirement savings contributions.



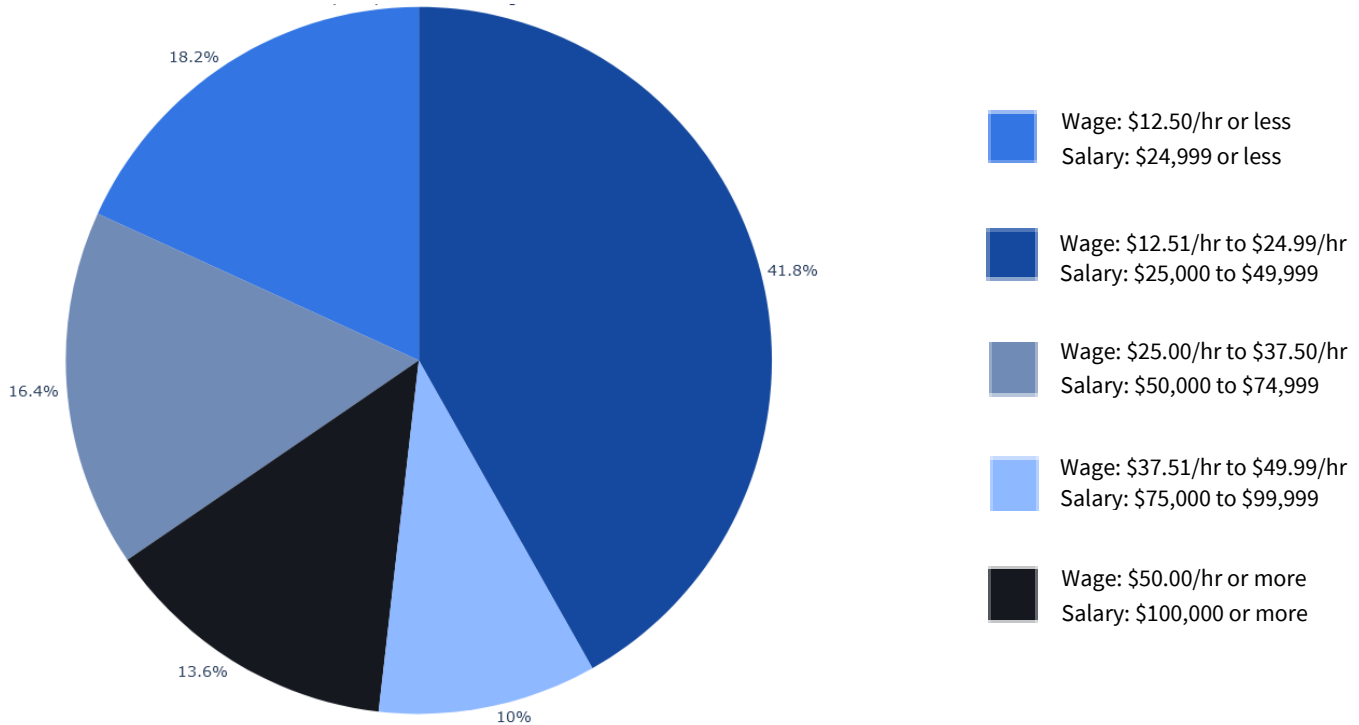
Salary Ranges: New Full-Time Jobs

	<i>Total</i>	<i>Percent</i>
Health insurance	25	89.3%
Paid parental leave	11	39.23%
Paid family medical leave	13	46.4%
Retirement savings contributions	24	85.7%
Transit benefits	10	35.7%
Child care	7	25.0%

TEMPORARY AND CONTRACT JOBS

Temporary Jobs

Respondents reported creating 134 temporary jobs in 2019. 60 percent of these jobs had an income between \$0.00/hr to \$24.99/hr, or \$0 to \$49,999 annually. Ten out of 40 respondents eligible for the analysis provided temporary employment data. Only eight of these respondents provided wage data on temporary employees. The wage data shown in the chart represents 110 out of 134, or 82.1 percent, of the temporary jobs created.



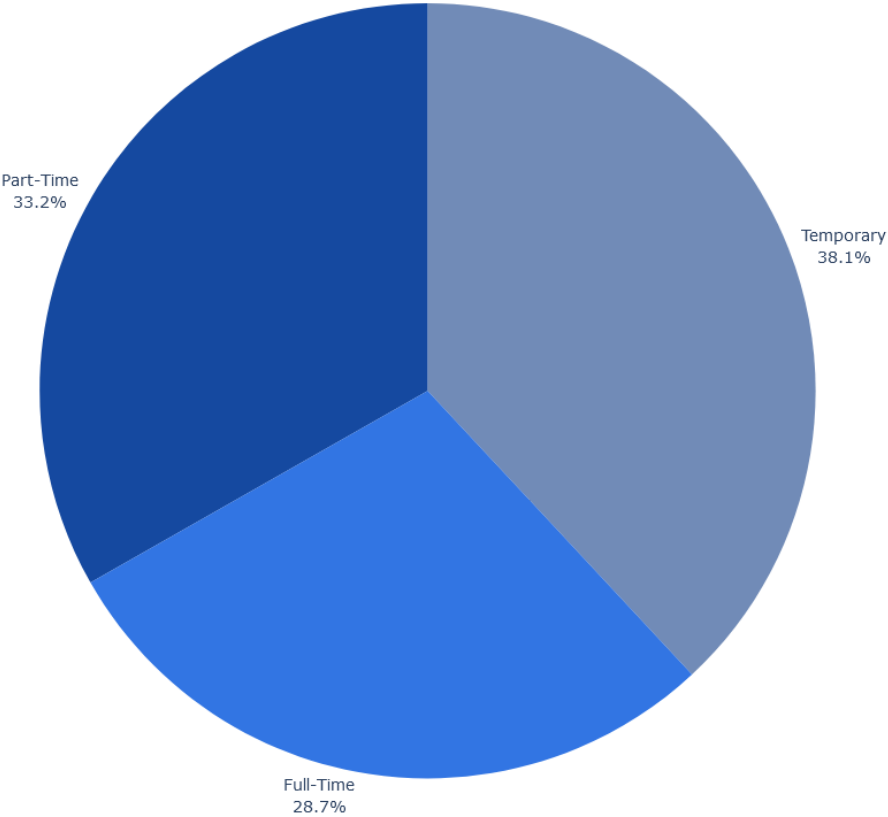
Contract Jobs

Additionally, respondents hired 512 contractors in 2019. The total value of these contracts was \$103,893,453.10. On average, each contractor received \$202,916 for their services. 27 out of 40 respondents eligible for the analysis provided contractor data.

Total number of independent contractors utilized in 2019	512
Total amount spent on independent contractors in 2019	\$103,893,453.10

NEW JOB CREATION BY JOB TYPE

In total, 352 net new job were created by responding businesses in 2019. Roughly one in four of those new jobs were full-time positions, while around a third were part-time positions. The rest of the new employment opportunities were temporary positions.



<i>Type of Job</i>	<i>Total</i>	<i>Percent</i>
Full-Time	101	28.7%
Part-Time	117	33.2%
Temp	134	38.1%
Total	352	100.0%

SOCIAL IMPACT

Respondents reported participating in various activities that connected Philadelphia’s youth to meaningful work experiences. A select sample of these work experiences is shown in the table above. 14 out of 40 respondents eligible for the analysis provided youth work experiences data.

Firm A	“[FIRM A] partners with certain Philly High Schools through an educational/mentoring program focused on educating HS girls about personal finance and finance careers.”
Firm B	“Unpaid internships with local schools”
Firm C	“Local outreach and career days and/or internships”
Firm D	“Co-op participation with Drexel University”