



MAKING SMARTER STATE INVESTMENTS: A Metro Analysis of the Geographic Distribution of Business Subsidies Philadelphia, Pennsylvania



This Metro Analysis is being released in conjunction with a statewide report by Keystone Research Center (KRC), examining the extent to which state economic development funds are directed towards older urbanized areas and to outlying areas. Our hope is that this new localized information will offer new insights to the role of business subsidies locally and suggest opportunities for change in how they promote economic development. The report looks at three state-funded programs administered by the Department of Community and Economic Development: the Infrastructure Development Program (IDP), the Opportunity Grant Program (OGP), and the Pennsylvania Industrial Development Authority (PIDA) program. Covering grants and loans made between May 2003 and November 2008, the report defines cities, boroughs, and first-class townships as older urbanized areas and defines second-class townships as outer areas. Nine metropolitan areas are ranked based on their distribution of funds between older urbanized and outer areas. Those that distribute a greater share of funds to older urbanized areas receive a higher ranking in this analysis. The report and an interactive map, which identifies the location of each subsidy project, may be found at keystoneresearchmap.org.

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Region at a glance

<i>Location</i>	<i>Population 2008ⁱ</i>	<i>Population Change 2000–08</i>
Older urbanized areas	2,605,593	-3.3%
Outlying areas	1,286,601	10.9%
Philadelphia Metro	3,892,194	1.0%

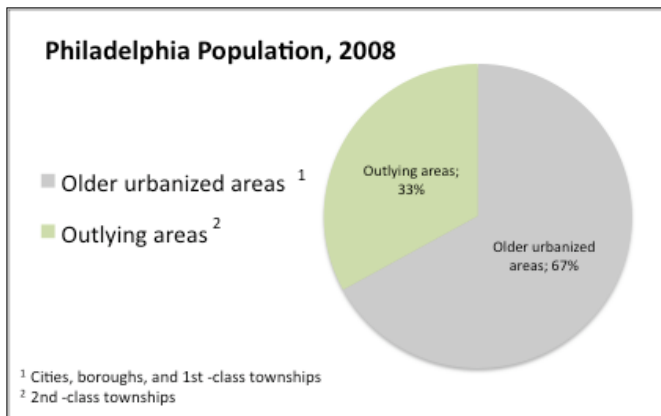
<i>Location</i>	<i>Poverty 2007</i>
City of Philadelphia*	24.3 ⁱⁱ
Rest of Philadelphia Metro	6.3 ⁱⁱⁱ

*Note. Poverty data exist for City of Philadelphia but not for all older urbanized areas.

Philadelphia's outlying areas are growing.

Since 2000, the Philadelphia metro area, defined as Bucks, Chester, Delaware, Montgomery, and Philadelphia counties, has undergone minimal population growth (1%). This growth however is concentrated in outlying areas. Outlying areas of the region have gained 126,000 residents, a moderate growth of 10.9% while older urbanized areas have lost 88,000 residents, a 3.3% decrease. Poverty is also nearly four times higher in the City of Philadelphia than in the rest of the metro region.

Two-thirds of Philadelphia residents live in older urbanized areas



Two-thirds of the Philadelphia population still lives in older urbanized areas.

These older urbanized areas include cities, boroughs, and 1st-class townships in the metro region. If business subsidies are targeted to older urbanized areas, they can help maintain the vitality and the health of the region as a whole. One-third of residents live in outlying areas, which include 2nd-class townships in the metro region.

Dollar for dollar, Philadelphia directs more subsidies to older urbanized areas

On a per person basis, for every \$1 received by outlying areas from 2003 to 2008 . . .



older urbanized areas received \$1.28.



In the 2010 statewide report, *Making Smarter State Investments: The Geographic Distribution of Business Subsidies in Pennsylvania*, KRC found that from May 2003 to November 2008, PIDA, OGP, and IDP contributed nearly \$158.3 million to the Philadelphia metropolitan region. On a per person basis, **for every \$1 that outlying areas received, older urbanized areas received \$1.28**. The graphic to the left illustrates the distribution of business subsidies toward older urbanized areas in the Philadelphia region.

Philadelphia receives fewer subsidies per person than five PA regions

From 2003 to 2008, Philadelphia distributed **87% of the state average in business subsidies per person to older urbanized areas and 68% of the state average to outlying areas**. These subsidies come in the form of grants (OGP, IDP) and loans (PIDA). Both older urbanized and outlying areas of Philadelphia received less *grant* dollars per person than other metros, with outlying areas receiving more than older urbanized areas. Conversely, older areas received significantly more *loan* dollars than the average, while outlying areas received far less than the average.

Business subsidies received per capita as a percentage of the Pennsylvania average: Philadelphia

	Total	Grant	Loan
State average	100%	100%	100%
Older urbanized areas	87%	57%	111%
Outlying areas	68%	74%	62%

Statewide, Philadelphia runs in the middle of the pack

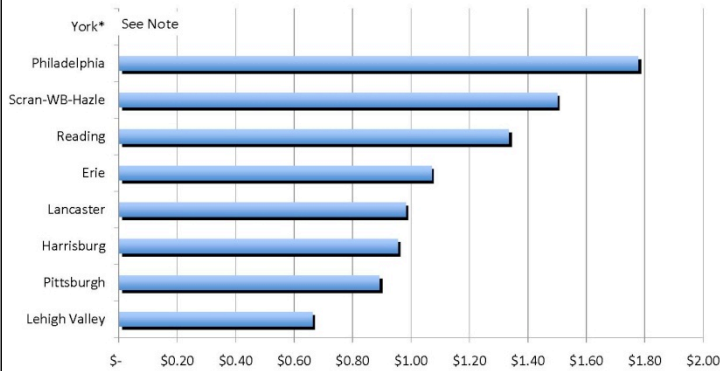
Business Subsidy Targeting to Older Communities	
Erie	#1
Reading	#2
Harrisburg-Lebanon-Carlisle	#3
Philadelphia	#4
Scranton-Wilkes-Barre-Hazleton	#5
Pittsburgh (tie)	#6
Lancaster (tie)	#6
York	#8
Lehigh Valley	#9

Suburban sprawl consumes scarce land while endangering older communities by reducing jobs and population, weakening tax bases, and concentrating poverty. Targeting subsidies to older communities can combat sprawl by promoting well-planned, concentrated development using existing infrastructure. In a comparative ranking of business subsidy targeting in nine Pennsylvania metro regions, Philadelphia ranked fourth. This ranking takes into account both the business subsidies that go to older urbanized areas versus outlying areas and the grant dollars received by outlying areas.^{iv} The rankings for the components of our comparative analysis follow on the next page.

Philadelphia targets loan dollars more than grant dollars to older areas

Philadelphia Ranks Second in Loan Assistance to Older Urbanized Areas

On a per person basis, loan assistance to older urbanized areas per dollar distributed to outlying areas, 2003 - 2008



Note: York distributed \$6.80 in loan assistance per person to older urbanized areas and zero to outlying areas.

Philadelphia ranks highly based on the distribution of *loan assistance* to older urbanized areas versus outlying areas

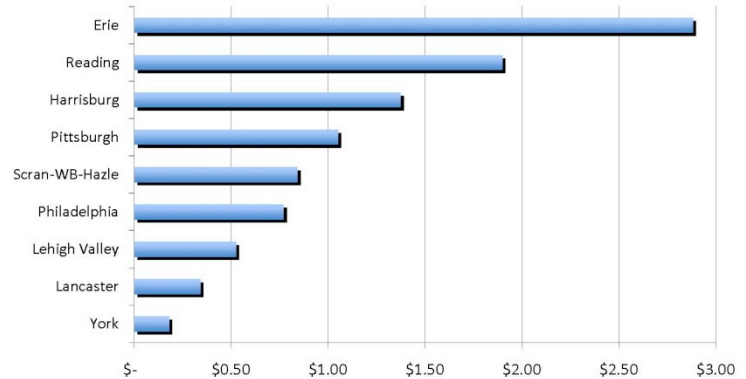
In comparison to nine other Pennsylvania metro regions, Philadelphia does very well in distribution of loan assistance to older urbanized areas versus outlying areas, ranking second. In terms of geographic distribution, on a per person basis, **older urbanized areas received \$1.87 for every loan dollar received by outlying areas.**

Philadelphia ranks sixth: Distribution of *grant assistance* to older urbanized areas versus outlying areas

Grant assistance (as opposed to loan assistance) is the most valuable form of business subsidy, because it does not have to be repaid. In comparison to other PA metros, Philadelphia falls in the bottom half. On a per person basis, **older urbanized areas received just \$0.77 for every grant dollar received by outlying areas.**

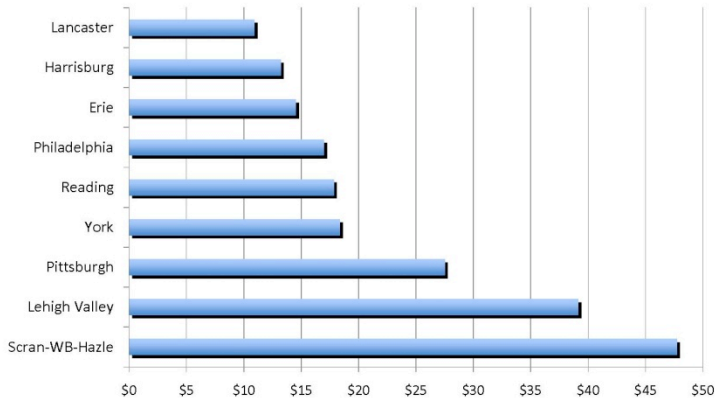
Philadelphia Ranks Sixth in Grant Assistance to Older Urbanized Areas

On a per person basis, grant assistance to older urbanized areas per dollar distributed to outlying areas, 2003 - 2008



Philadelphia Distributes Moderate Amount to Outlying Areas

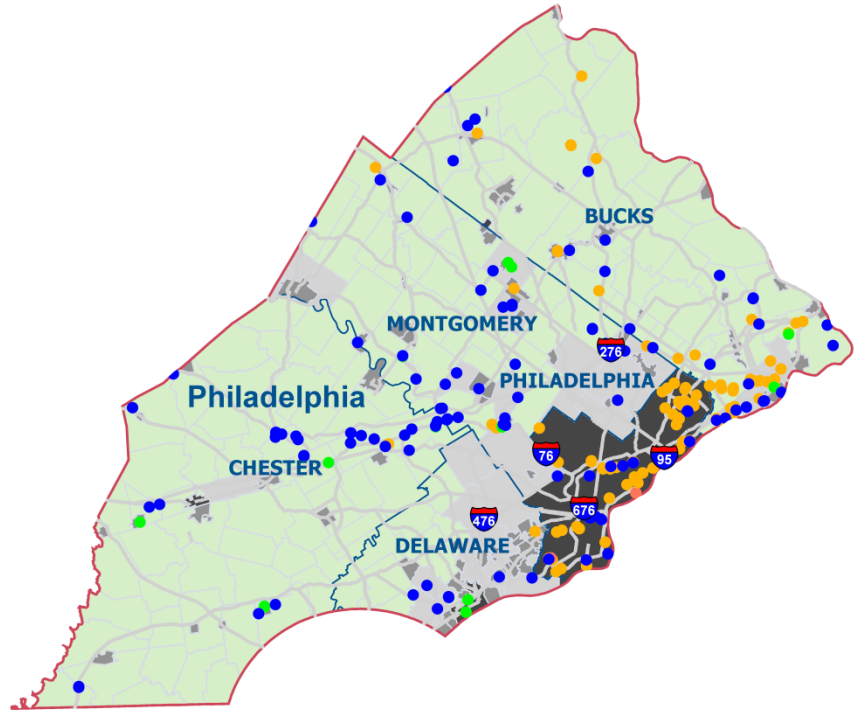
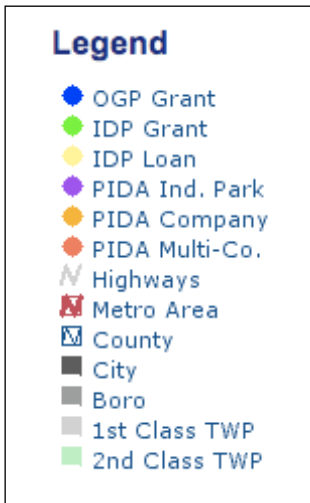
Grant assistance on a per person basis to outlying areas, 2003 - 2008



Philadelphia distributes a small amount of grant dollars to outlying areas

In comparison to nine other metro regions, the Philadelphia metro distributes less grant assistance to outlying areas than five other metros. **At approximately \$17 a person the Philadelphia region distributes half as much to outlying areas per person than much smaller metros like Lehigh Valley and Scranton-Wilkes-Barre-Hazleton.** The Lehigh Valley distributes \$39 per person while Scranton-Wilkes-Barre-Hazleton's per person distribution rate is almost \$48.

Philadelphia Region



The figure at the right represents the entire Philadelphia metro region, defined as Bucks, Chester, Delaware, Montgomery, and Philadelphia counties. As the map indicates, business subsidies in the region are somewhat targeted to older urbanized areas, represented here in three shades of gray.

On a per person basis, older urbanized areas received \$43.83 as compared to outlying areas, which received \$34.28. To view the map in more detail and to leave feedback, please visit keystoneresearchmap.org.

As part of its data analysis of business subsidies in Pennsylvania, the Keystone Research Center has made its data available at keystoneresearchmap.org where viewers can see the location of all PIDA, OGP, and IDP business subsidies in the last 10 years by county, municipality, metro region, and school district. Viewers can also pull up summary reports with the name of each company receiving subsidies and the amount of each subsidy.

The Keystone Research Center is a nonprofit, nonpartisan research organization that promotes a more prosperous and equitable Pennsylvania economy. Learn more online: keystoneresearch.org

ⁱ U.S. Census Data 2008 Estimate, <http://www.census.gov/popest/cities/SUB-EST2008-5.html>

ⁱⁱ *Source.* Poverty Status in the Past 12 Months, 2006-2008 American Community Survey 3-Year Estimates, <http://factfinder.census.gov/servlet/DatasetMainPageServlet?_lang=en&_ts=278606458090&_ds_name=ACS_2008_3YR_G00_&_program=>>. The poverty figure shown is of the City of Philadelphia only. No data exist for the entire older urbanized areas of the Philadelphia metropolitan region.

ⁱⁱⁱ *Source.* Keystone Research Center estimate for poverty in the Philadelphia metropolitan division *excluding* the City of Philadelphia

^{iv} *Note.* Methodology: The smart-growth ranking is a composite score based on three rankings: 1) ratio of loan assistance per capita to older urbanized areas versus outlying areas; 2) ratio of grant assistance per capita to older urbanized areas versus outlying areas; 3) grant assistance per capita to outlying areas. (For the third component, the area with the lowest amount of grant assistance per capita going to outlying areas received a rank of one.) Ranks based on the second measure (ratio of grant assistance per capita), were weighted double.