

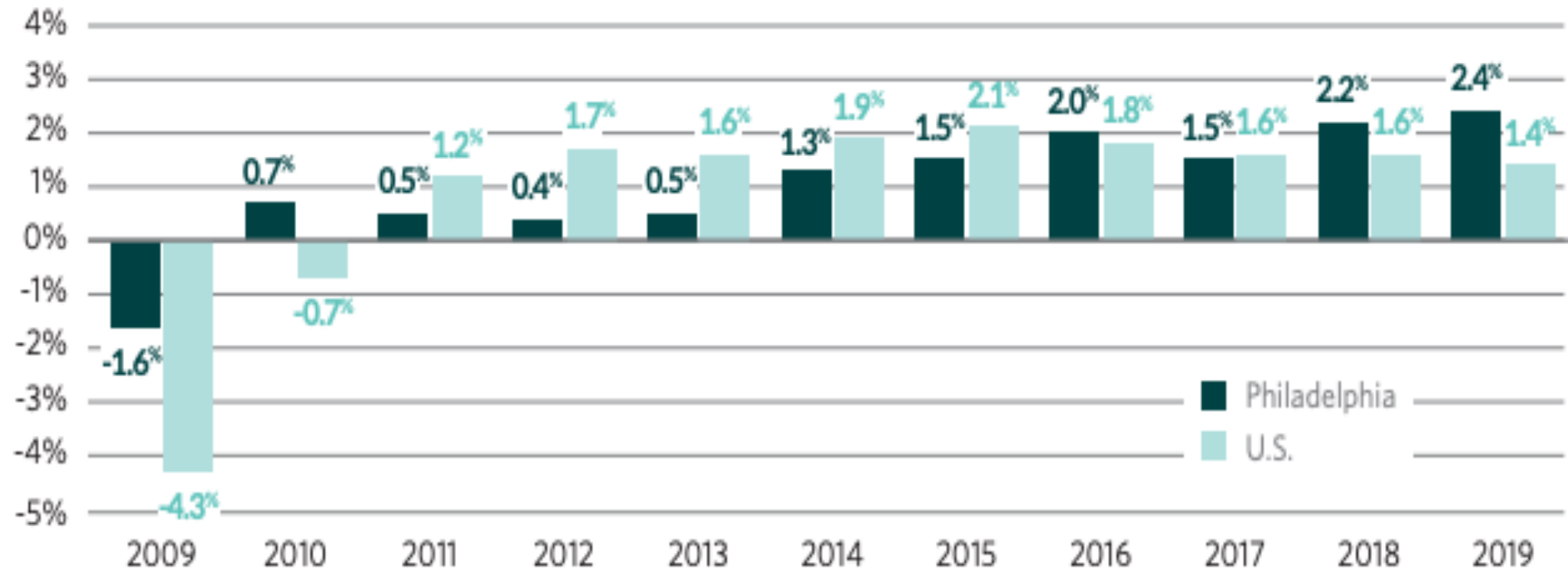
THE PEW CHARITABLE TRUSTS

Benchmarking Philadelphia: Small businesses and wages

Pre-pandemic status, trends, and comparisons

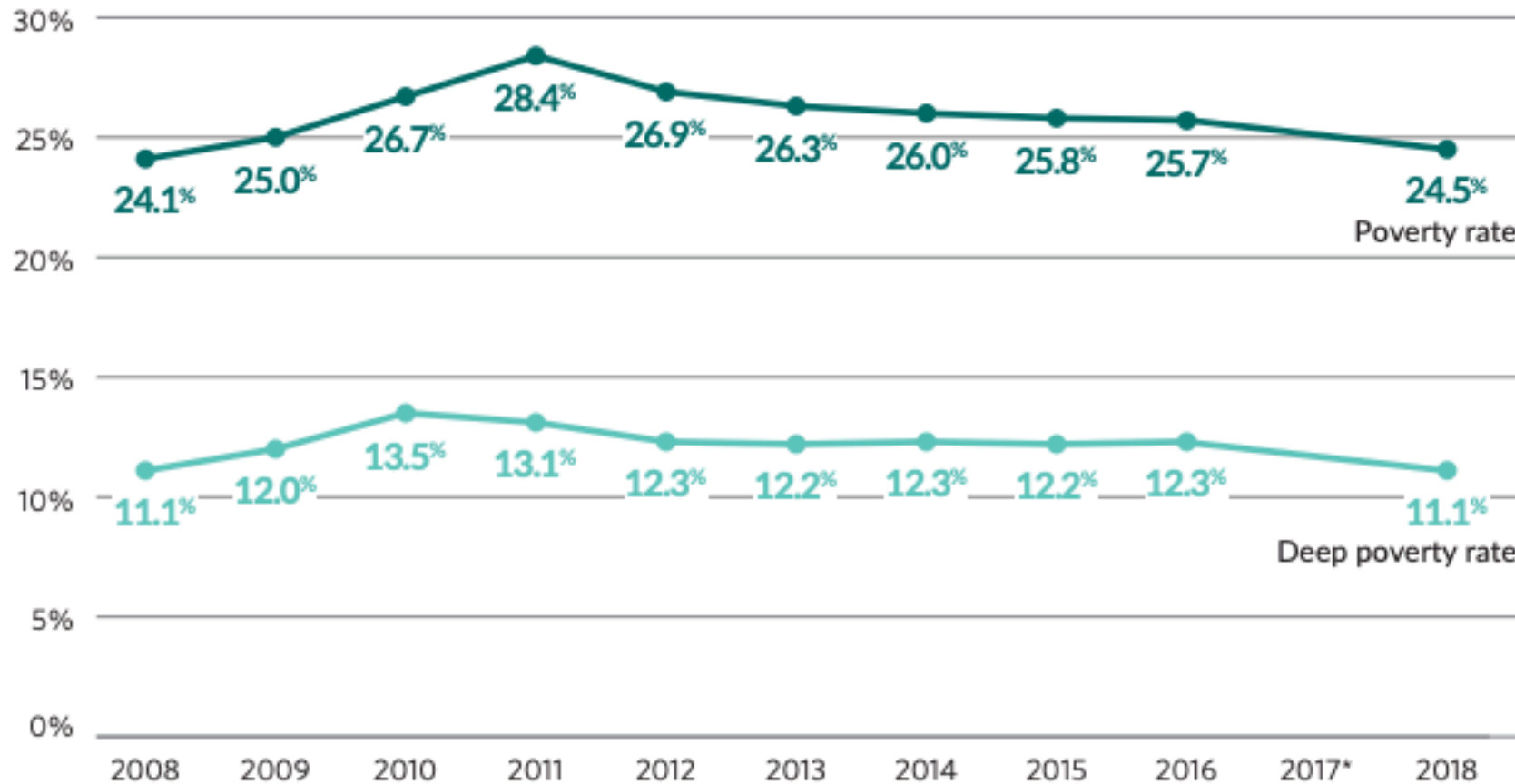
Philadelphia's economic context

Job Growth and Decline, 2009-19



Philadelphia's economic context

Poverty and Deep Poverty in Philadelphia, 2008-18



Small and midsize business landscape

Minimum wage comparisons

Focus on Philadelphia and current implications



Small and midsize business landscape

Minimum wage comparisons

Focus on Philadelphia and current implications



What we studied and why it matters

Small
1-99

Midsized
100-499

Large
500+

No employees



What we studied and why it matters

Small 1-99	Midsized 100-499	Large 500+	No employees
---------------	---------------------	---------------	--------------



What we studied and why it matters

Small 1-99	Midsize 100-499	Large 500+	No employees
---------------	--------------------	---------------	--------------

Baltimore (city) Boston (Suffolk) Denver (Denver) Indianapolis (Marion) Jacksonville (Duval) Lexington (Fayette) Philadelphia (Philadelphia)	Nashville-Davidson (Davidson) New Orleans (Orleans) New York City (5 counties) San Francisco (San Francisco) St. Louis (city) Washington DC (city)
--	---

What we studied and why it matters

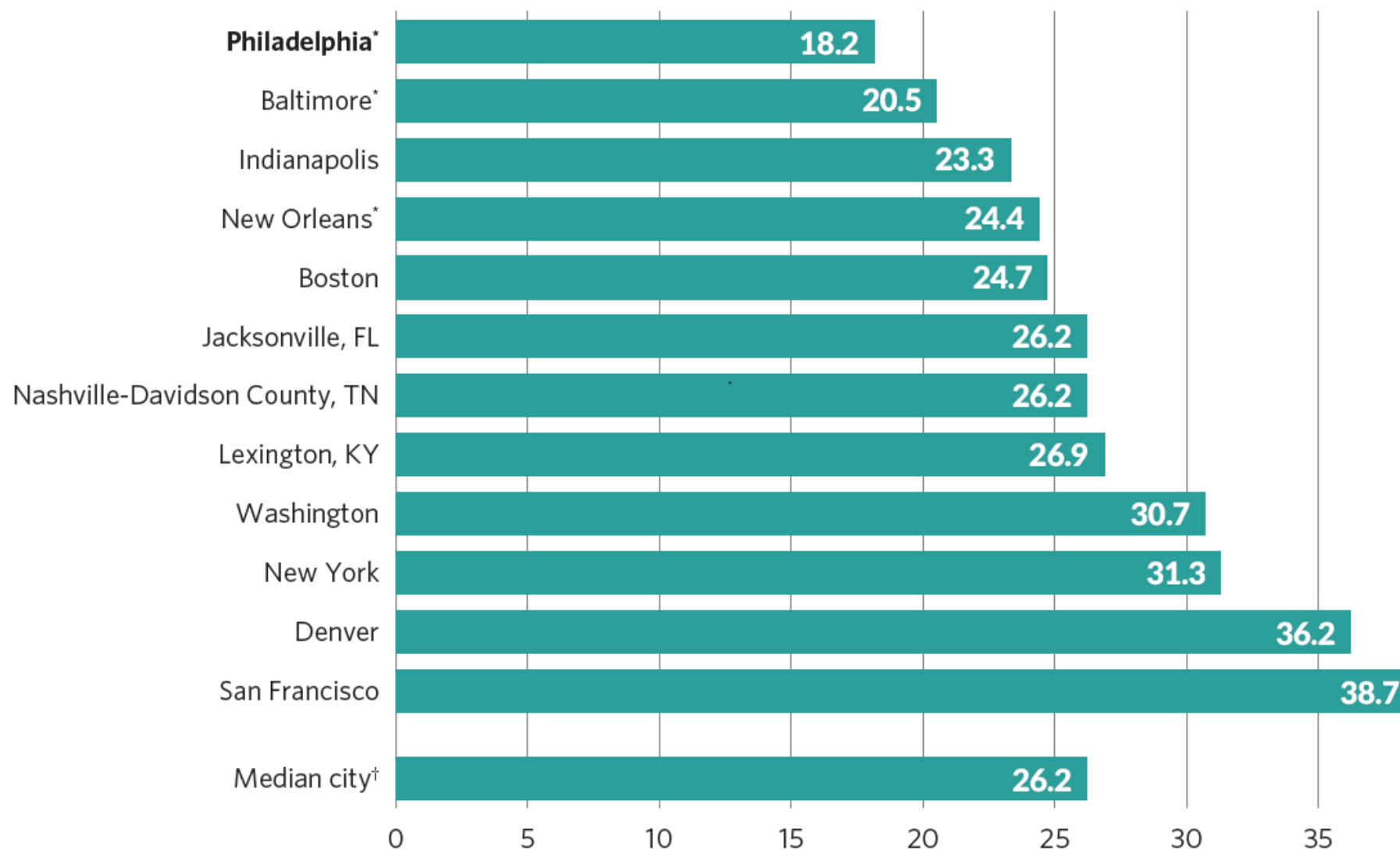
- Employers
- Sellers and innovators
- Neighborhood and community institutions
- Personal/family/community wealth builders
- Avenue of opportunity for diverse groups
- Local conditions and impact



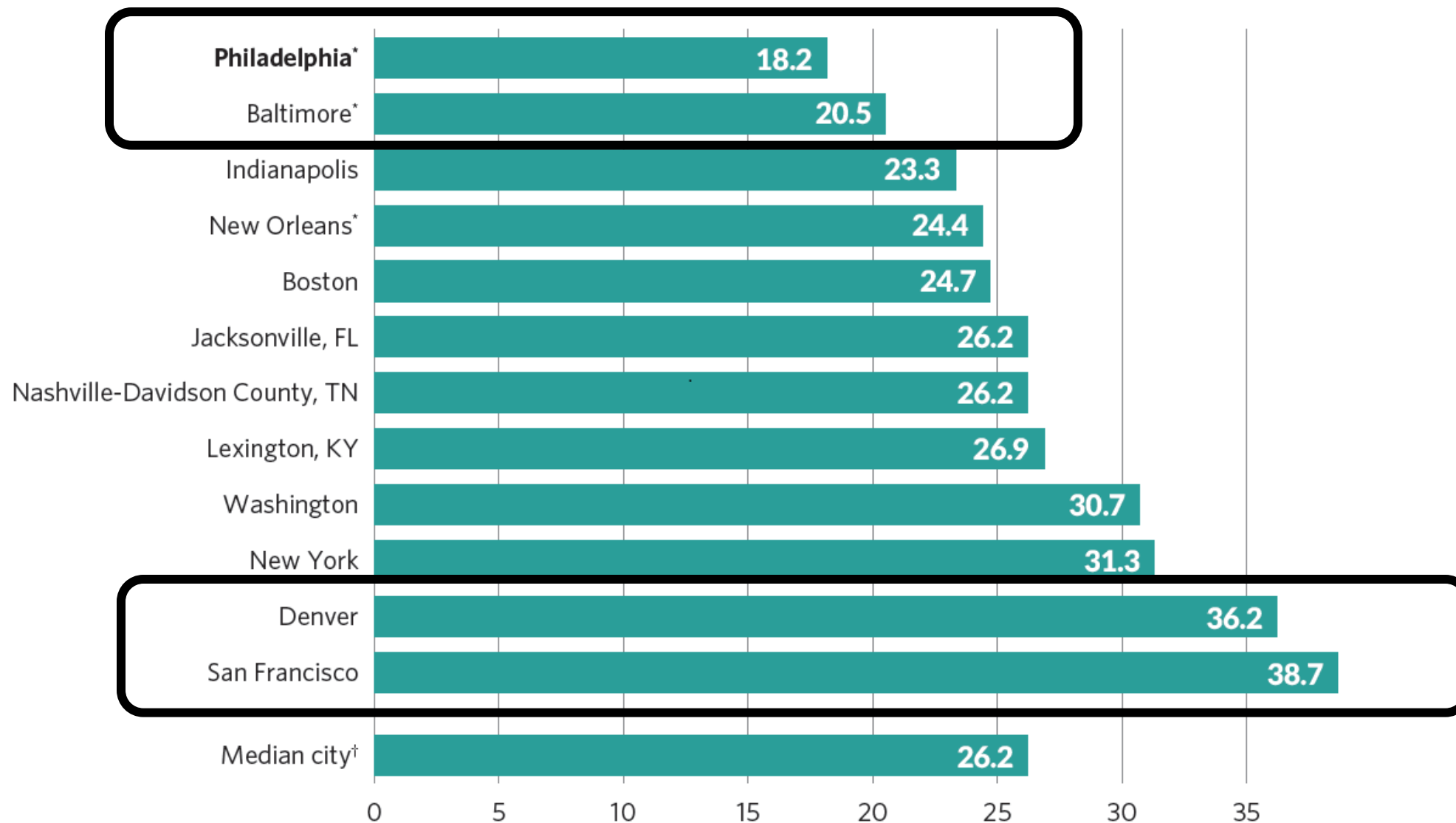
How important are small and midsize businesses (SMBs)?



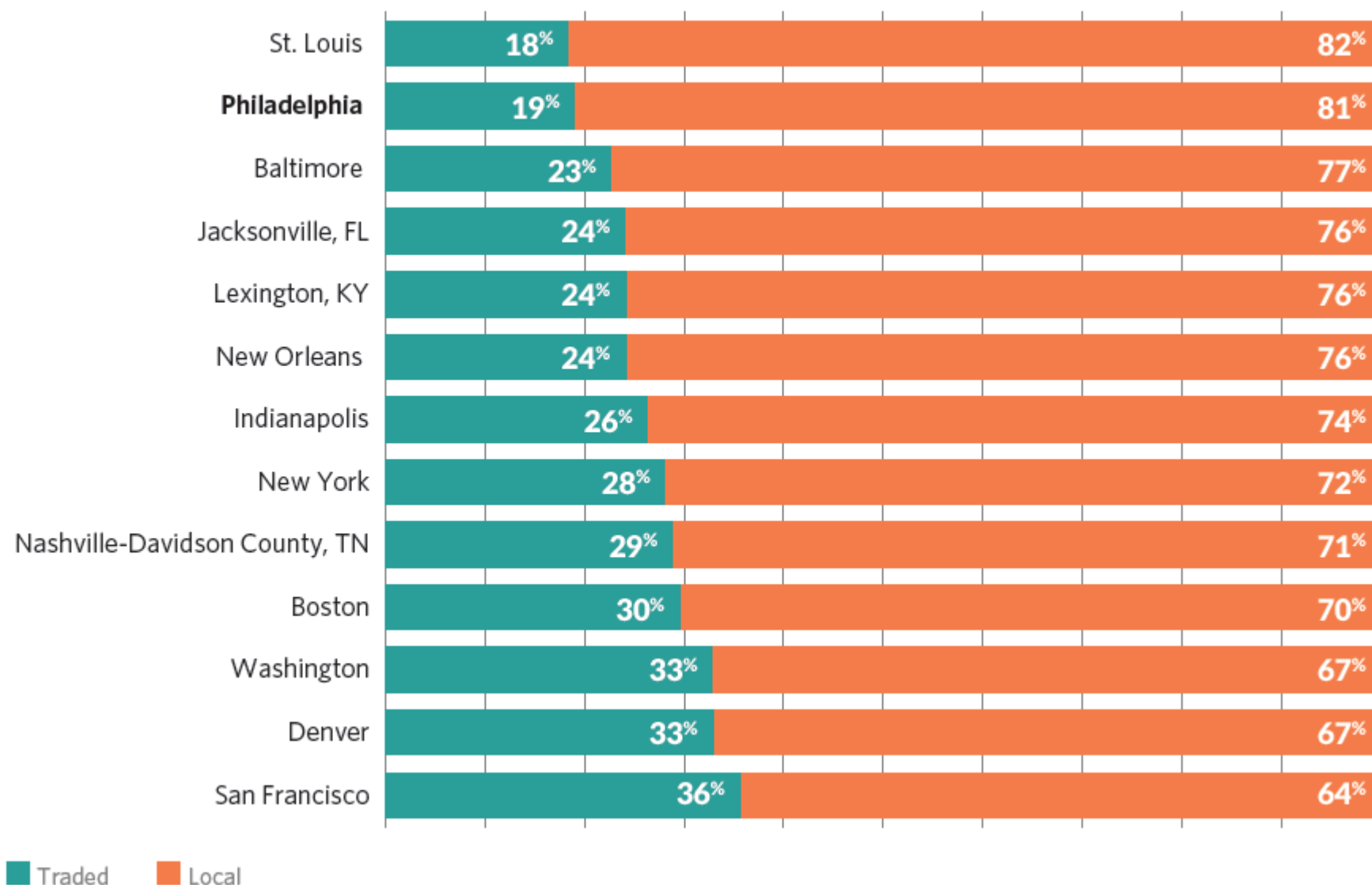
Small and midsize business density across cities



Higher SMB density associated with income

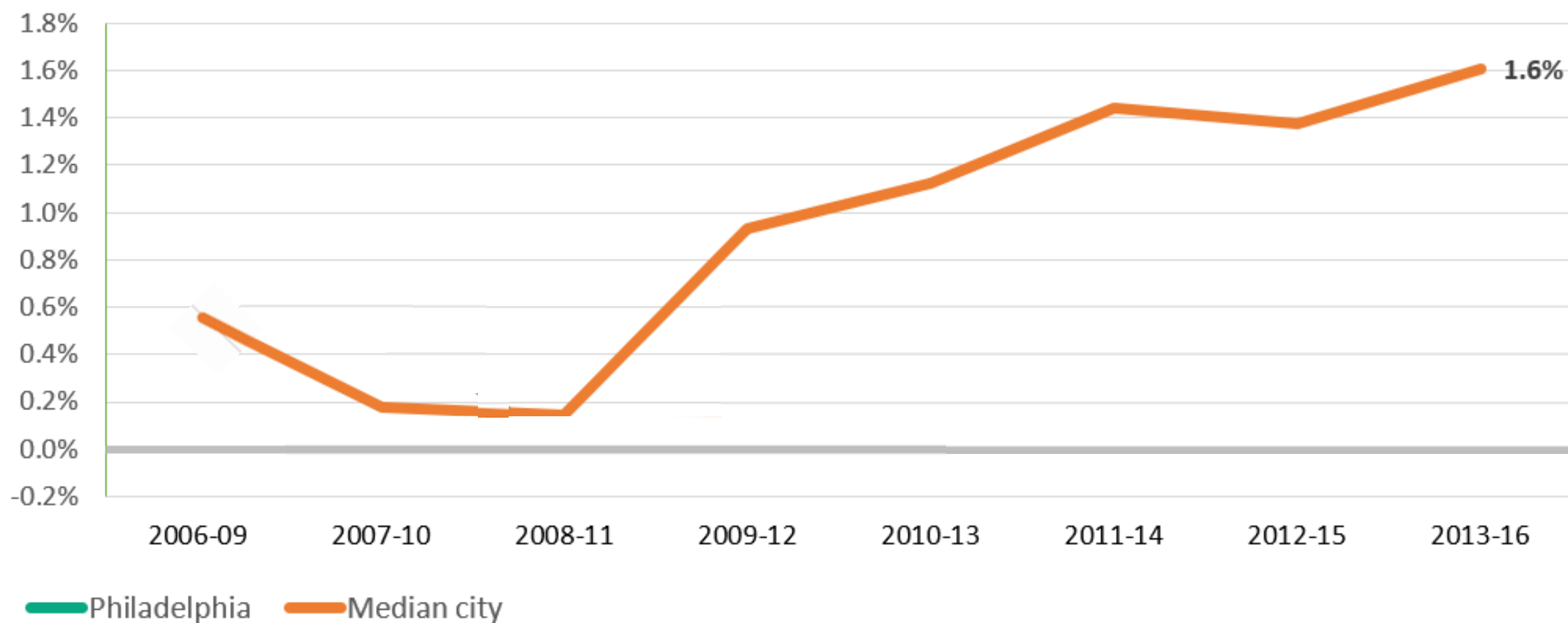


Small and Midsize Businesses in Traded or Local Category, 2015



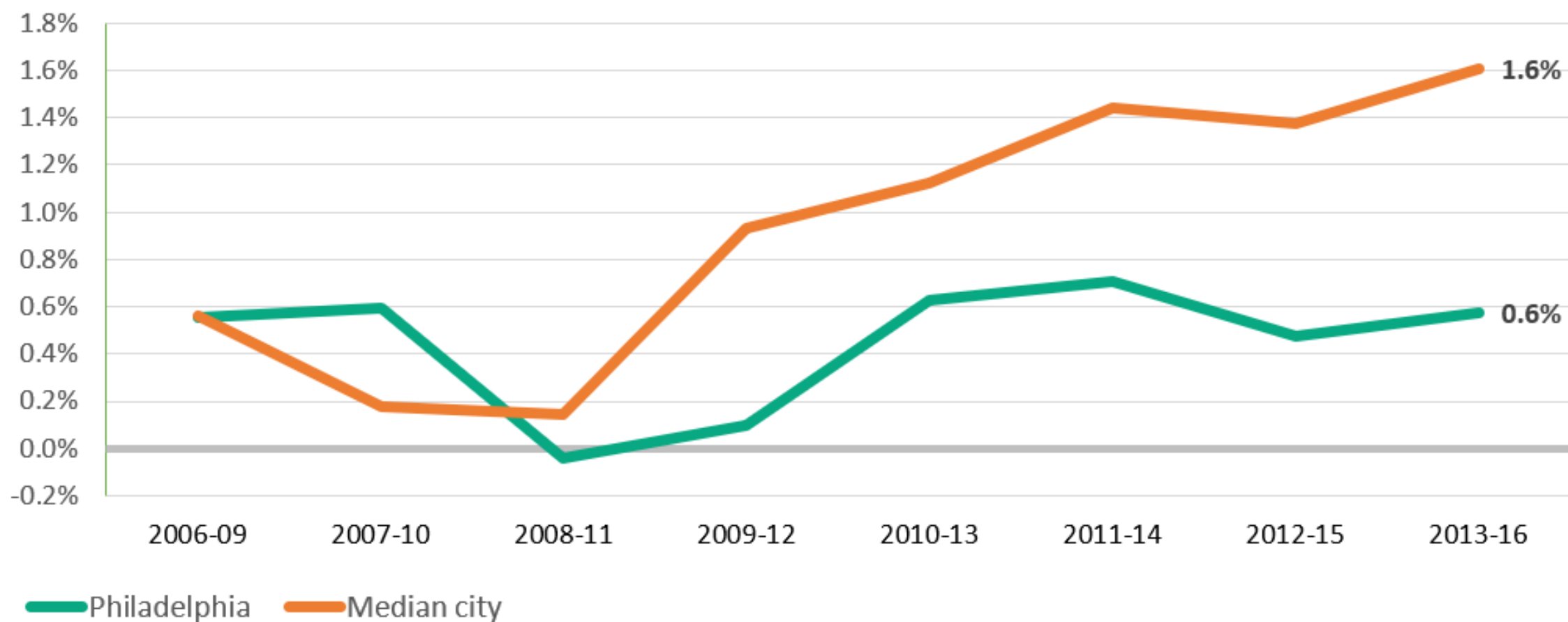
Business formation steadily rose in most cities

Net business formation rate (birth rate minus death rate)



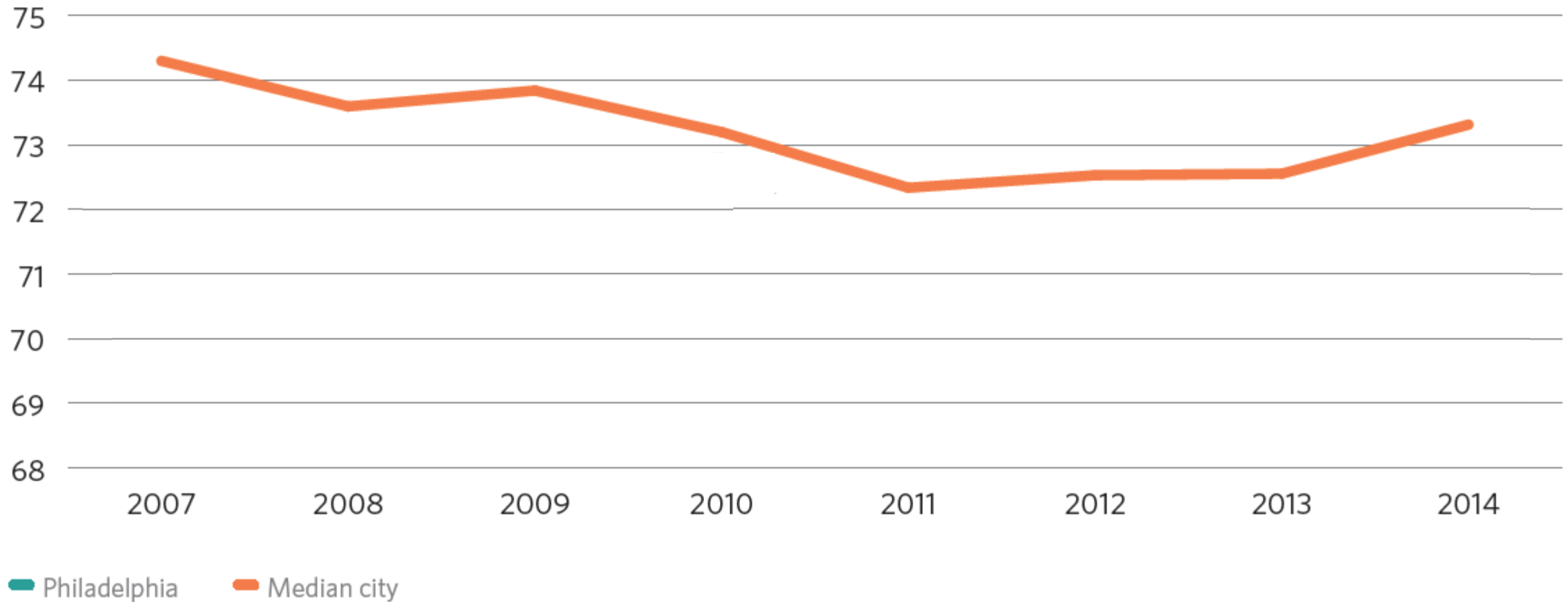
Business formation steadily rose in most cities

Net business formation rate (birth rate minus death rate)



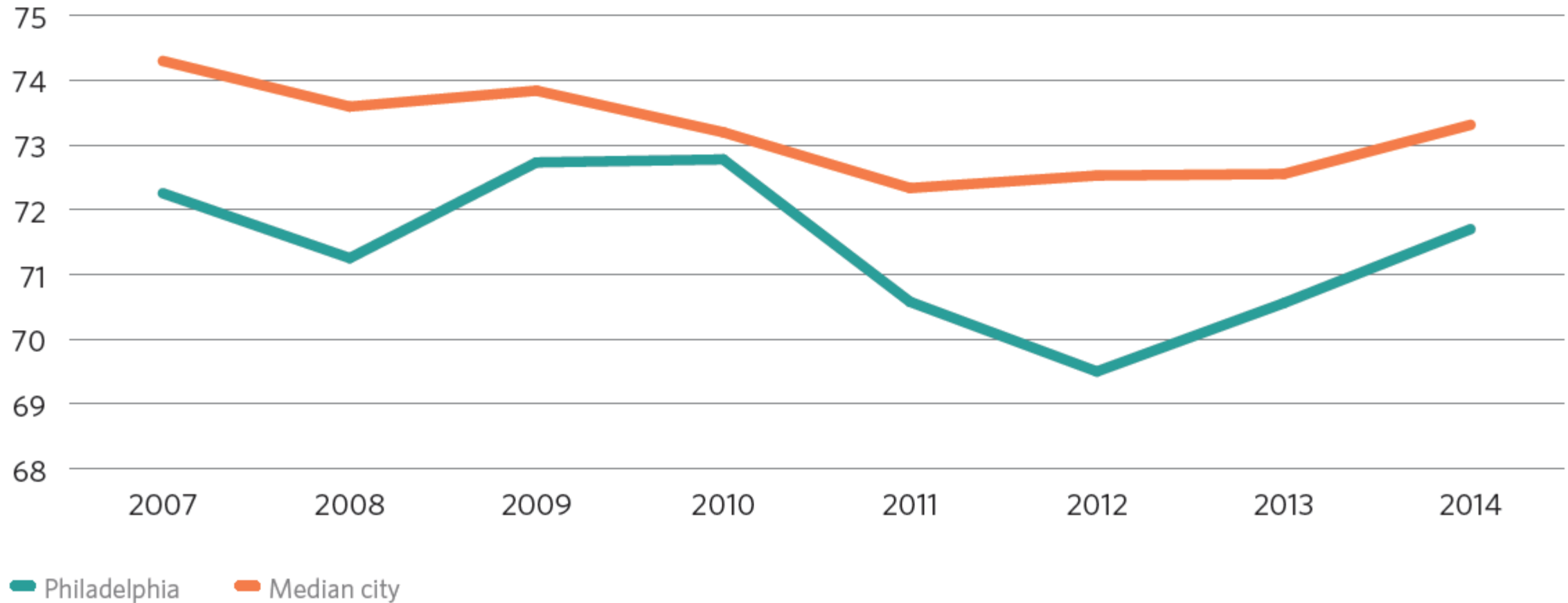
Financial health took a hit and was recovering

Average business rating on timeliness in payments



Financial health took a hit and was recovering

Average business rating on timeliness in payments



Key takeaways

- Pre-pandemic, small and midsize establishments were increasing and reached their highest number since 1990.
- Philadelphia underperformed 12 other cities on business formation, self-employment, and other measures.
- Poverty translates into fewer people with training, access to capital, and networks to succeed in businesses.



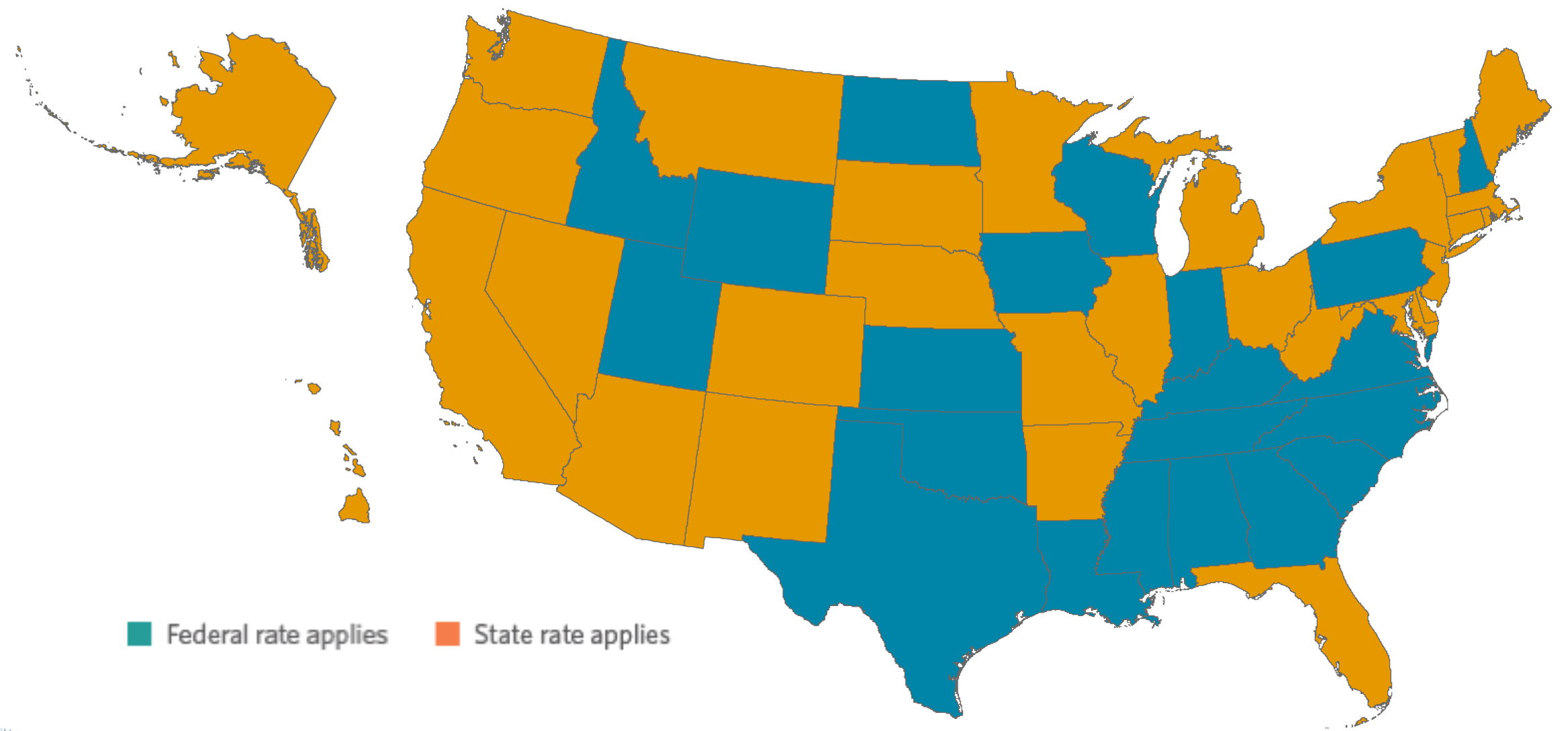
Small and midsize business landscape

Minimum wage comparisons

Focus on Philadelphia and current implications



Sources of Variation in the Minimum Wage



Legend:

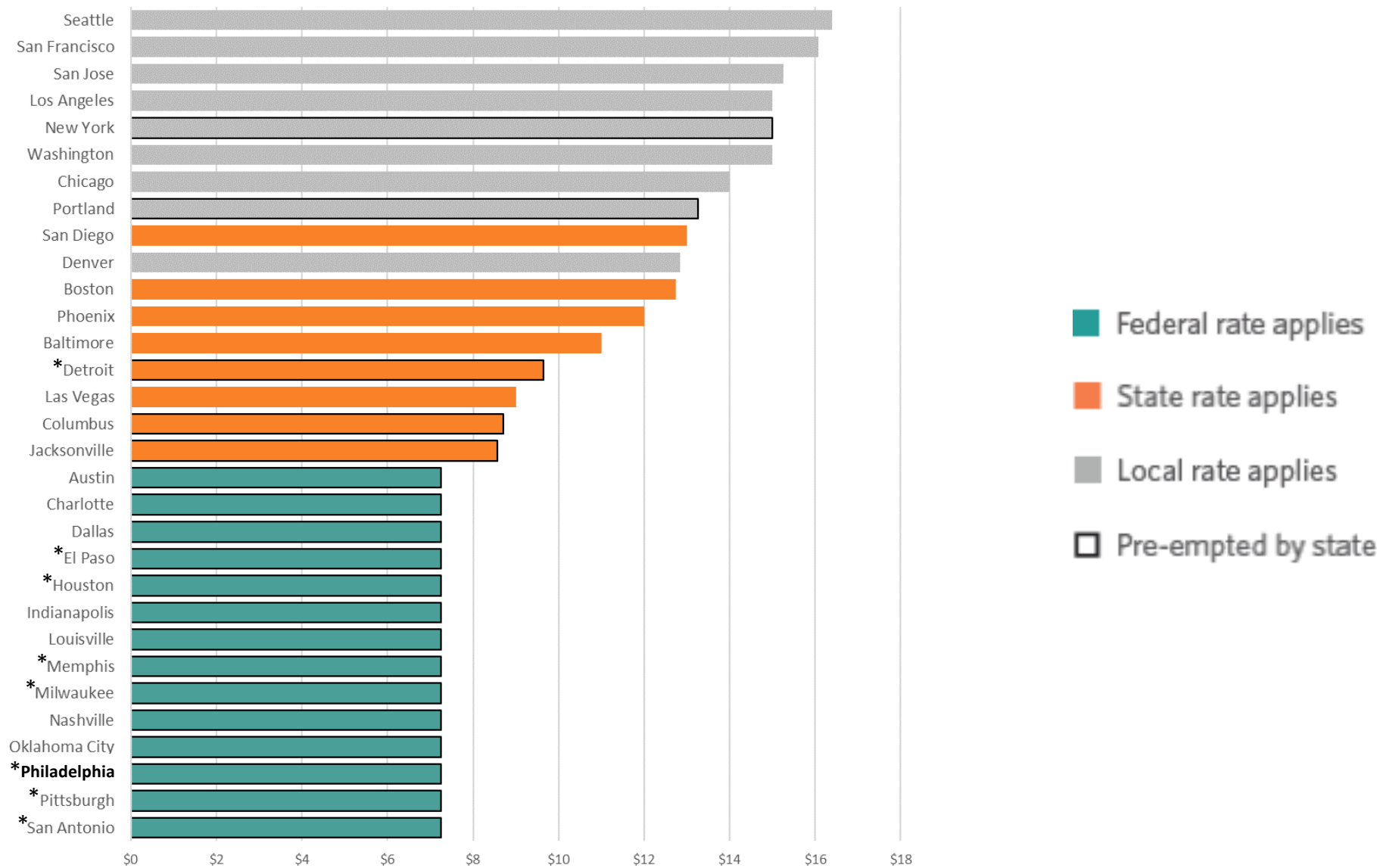
- Federal rate applies
- State rate applies
- Pre-empted by state from setting a local rate

Minimum wage

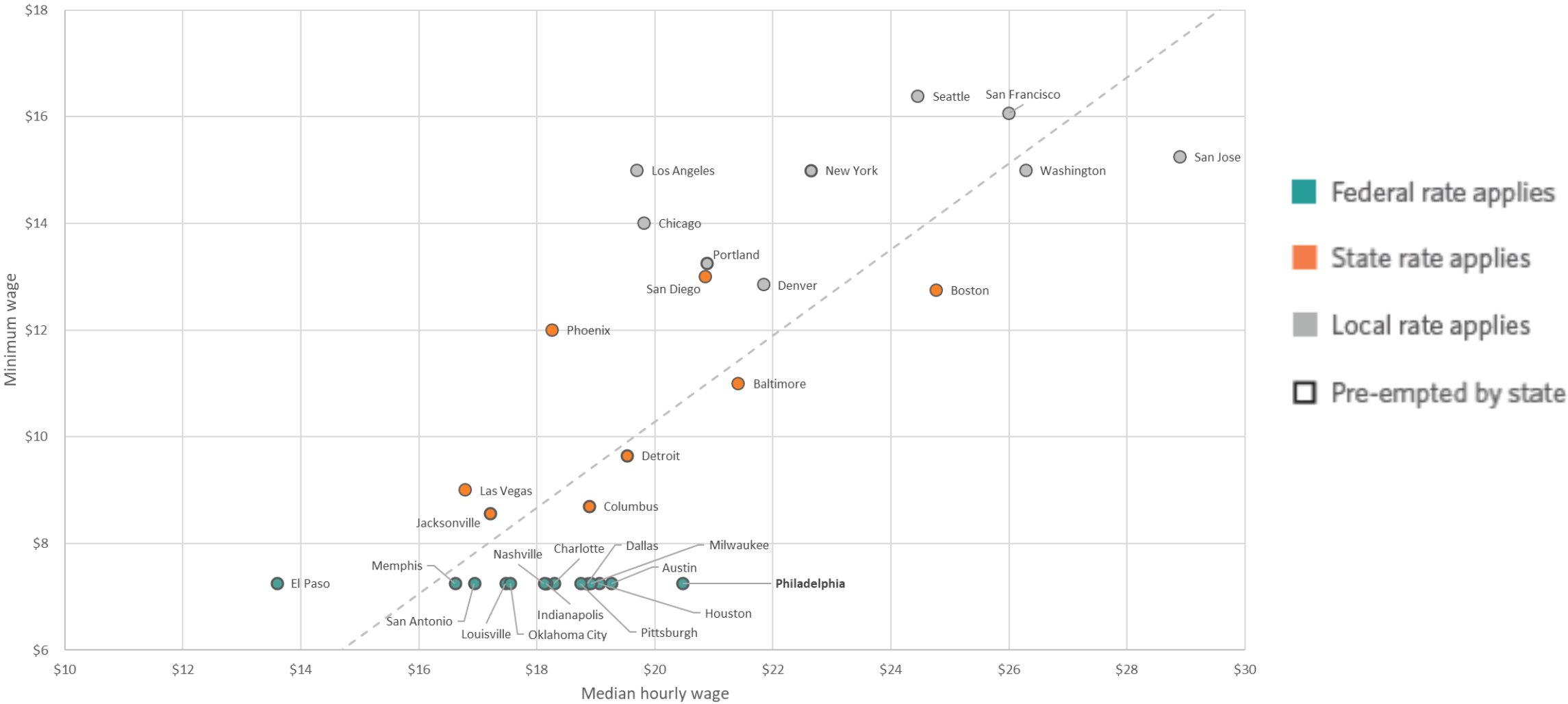
\$7.25 \$15.00

Pre-empted by state from setting a local rate

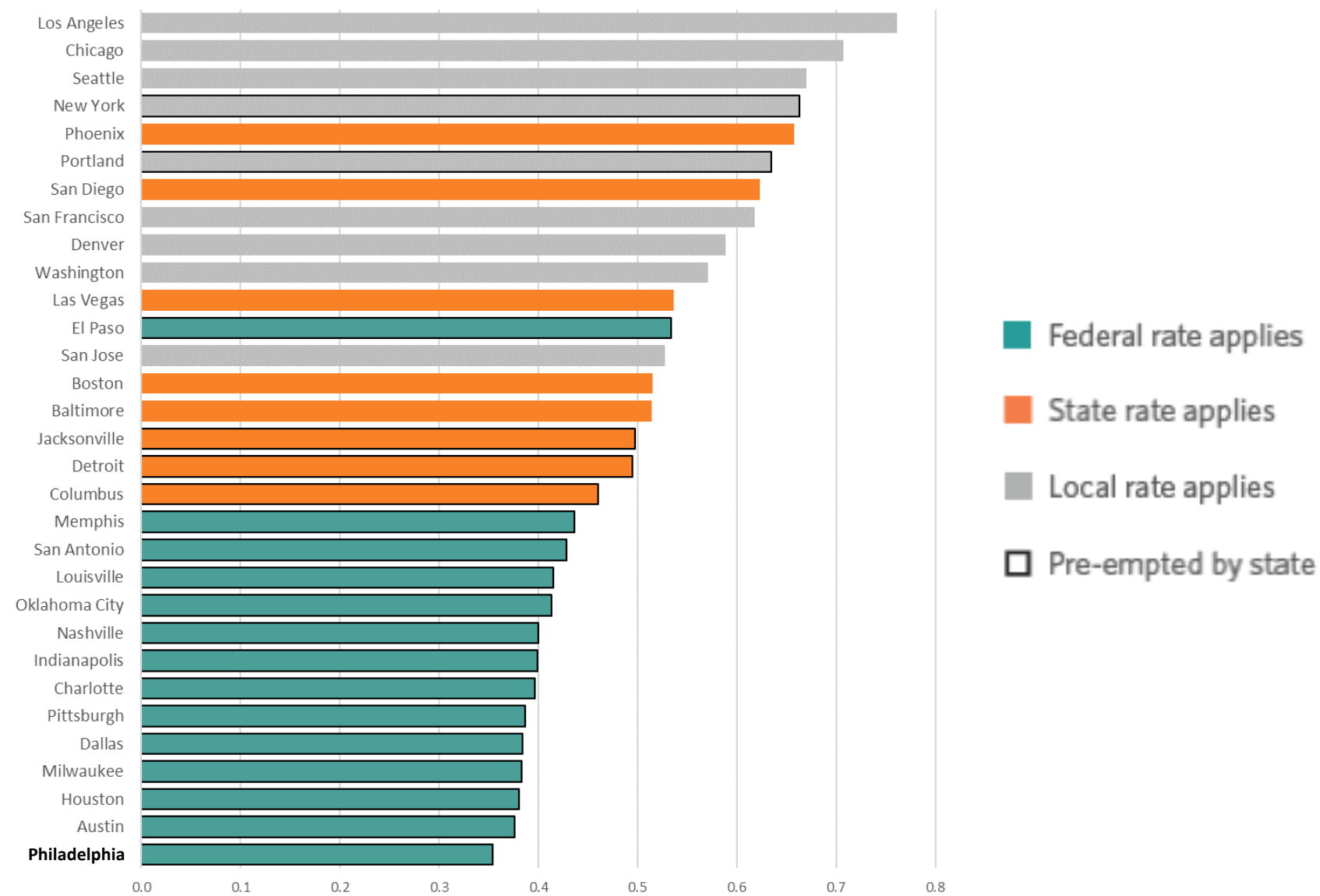
The local minimum wage in major American cities



Comparing minimum wages to regional median wages



Ratio of minimum wage to median wage



Changes in minimum wages, 2006-2020



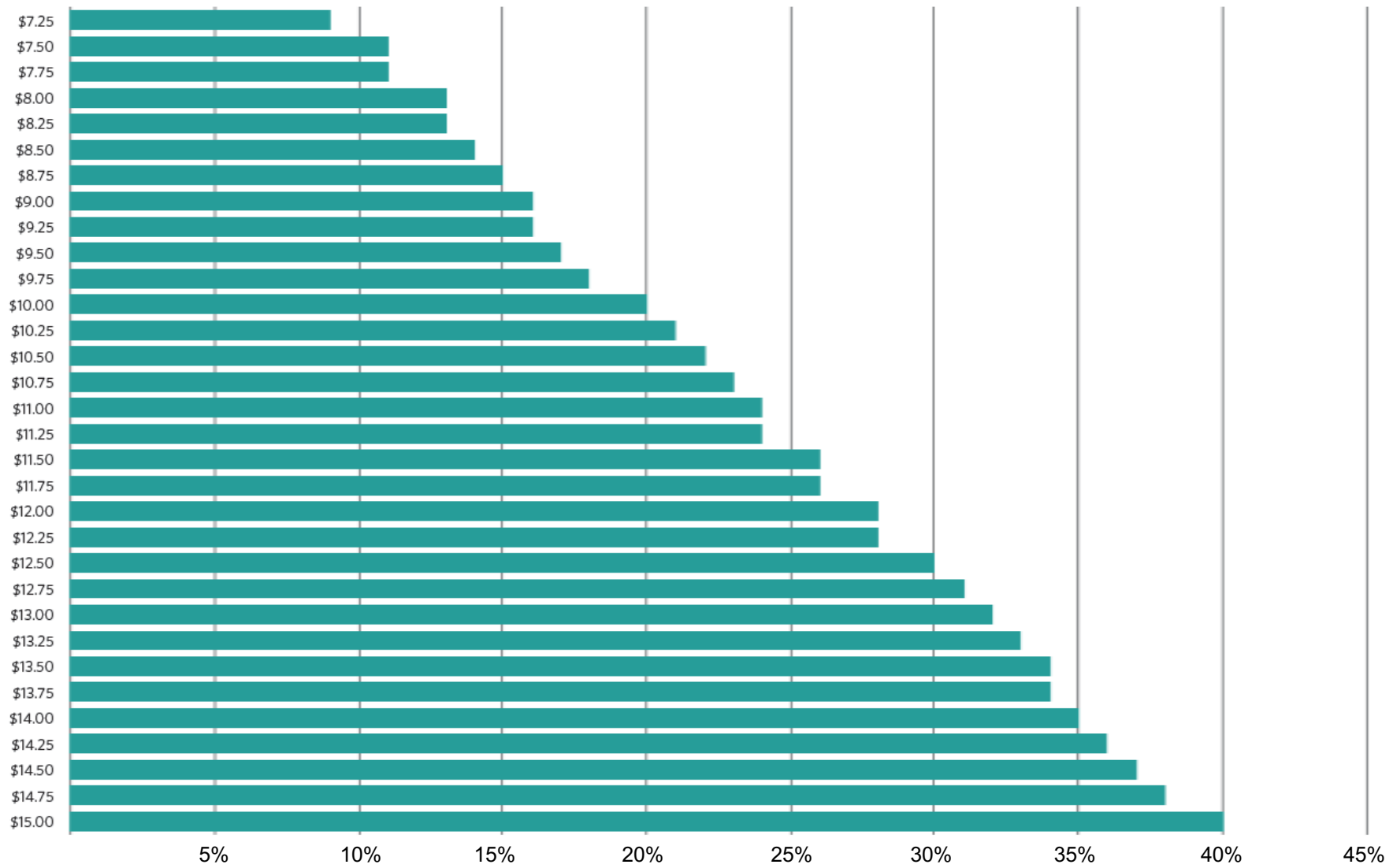
Small and midsize business landscape

Minimum wage comparisons

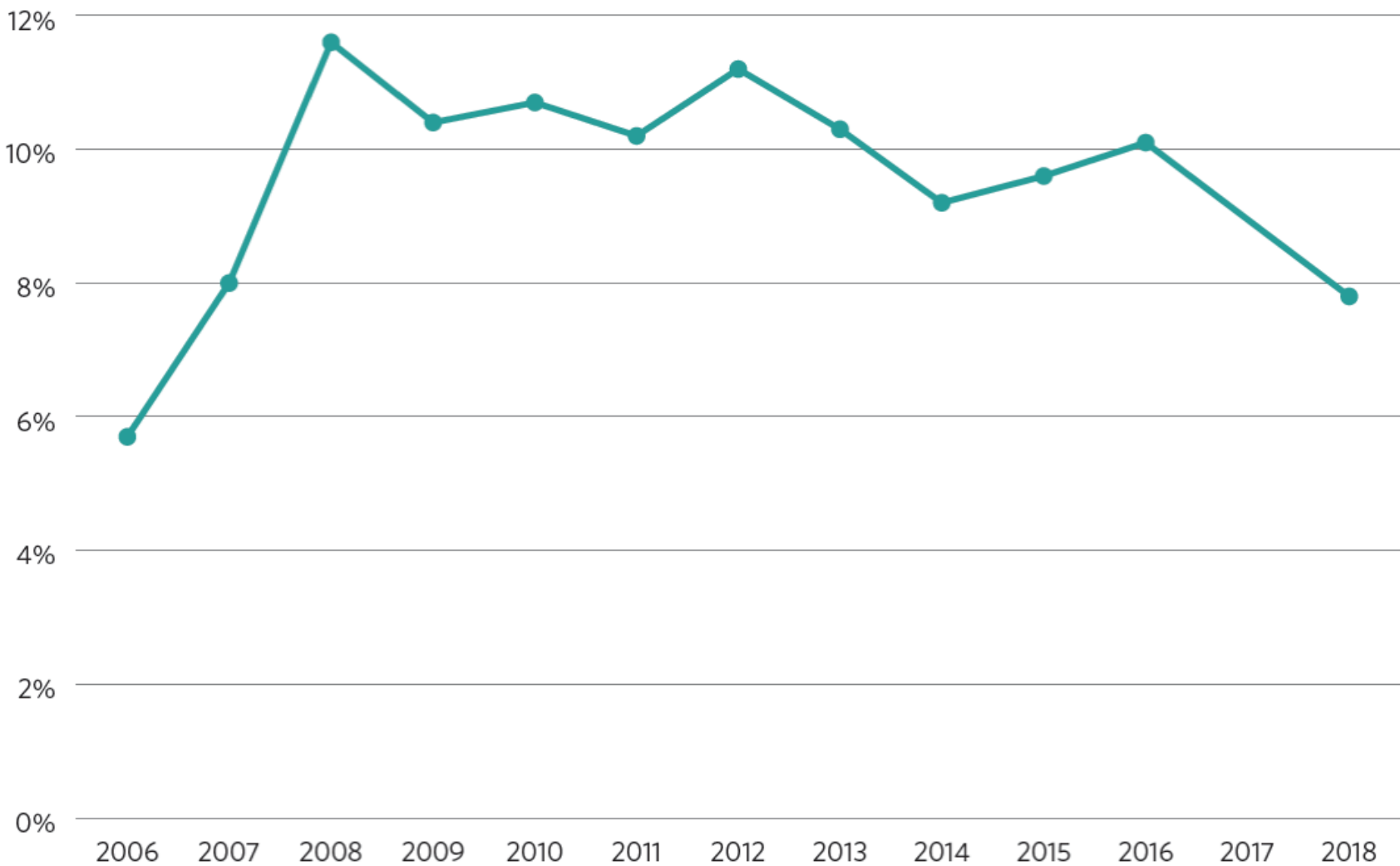
Focus on Philadelphia and current implications



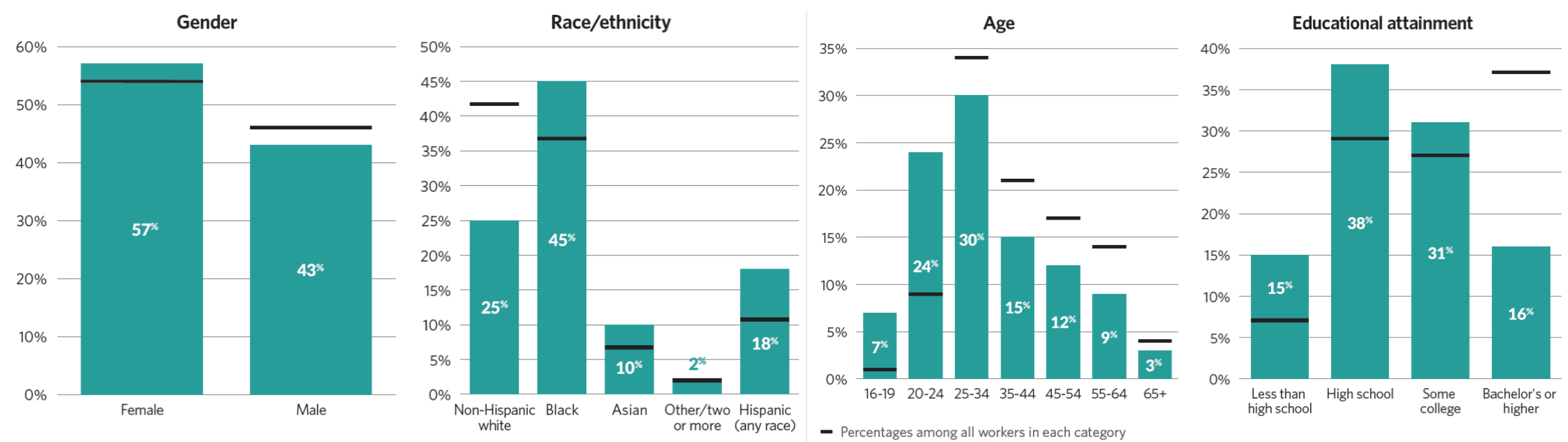
Forty percent of employed Philadelphians earn less than \$15 per hour



Share of employed Philadelphians earning minimum wage or less



The Demographics of Philadelphia Residents Earning the Minimum Wage or Less Compared With the City's Total Working Population

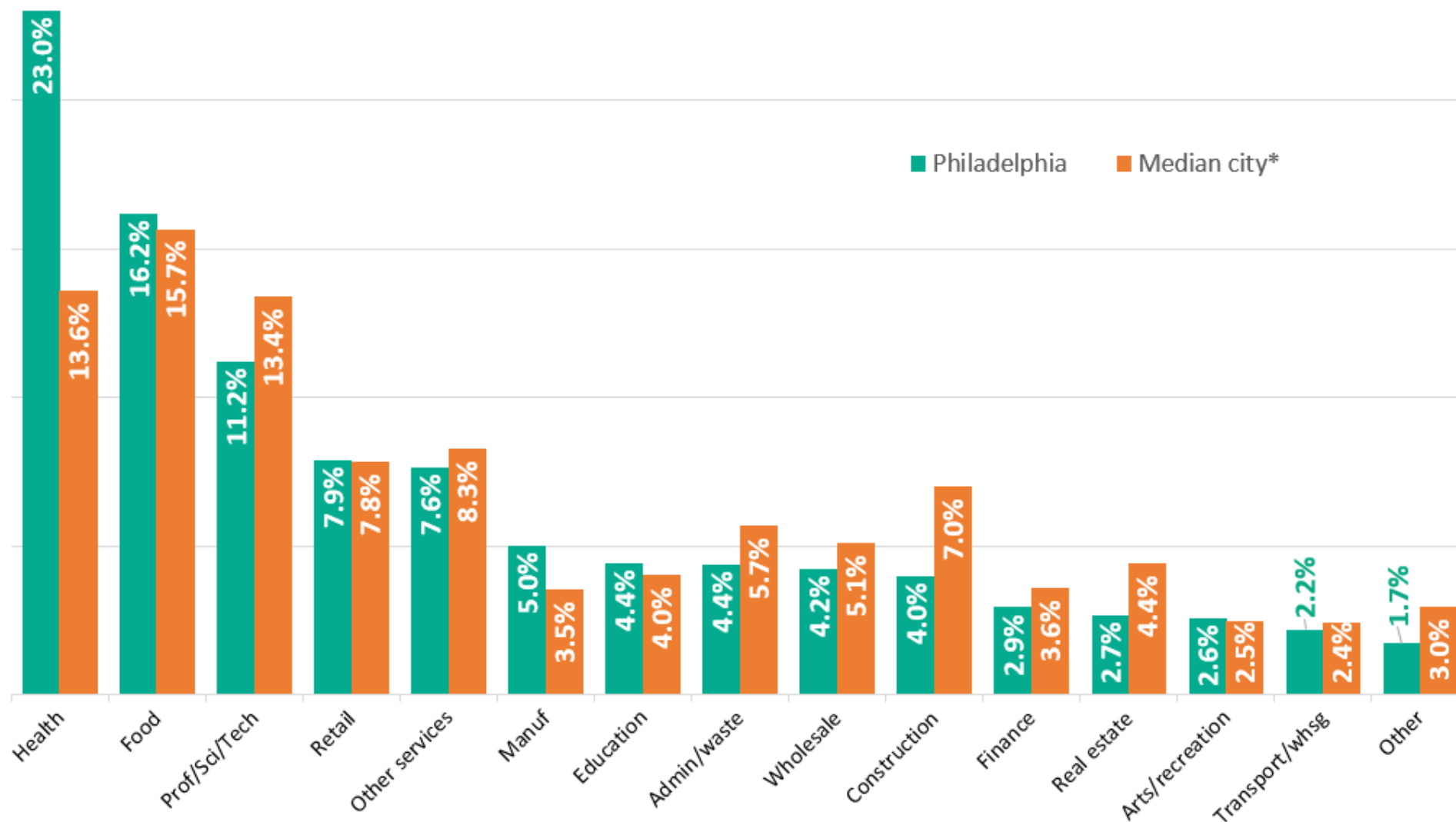


Characteristics of the clusters of Philadelphia residents earning \$7.25 or less

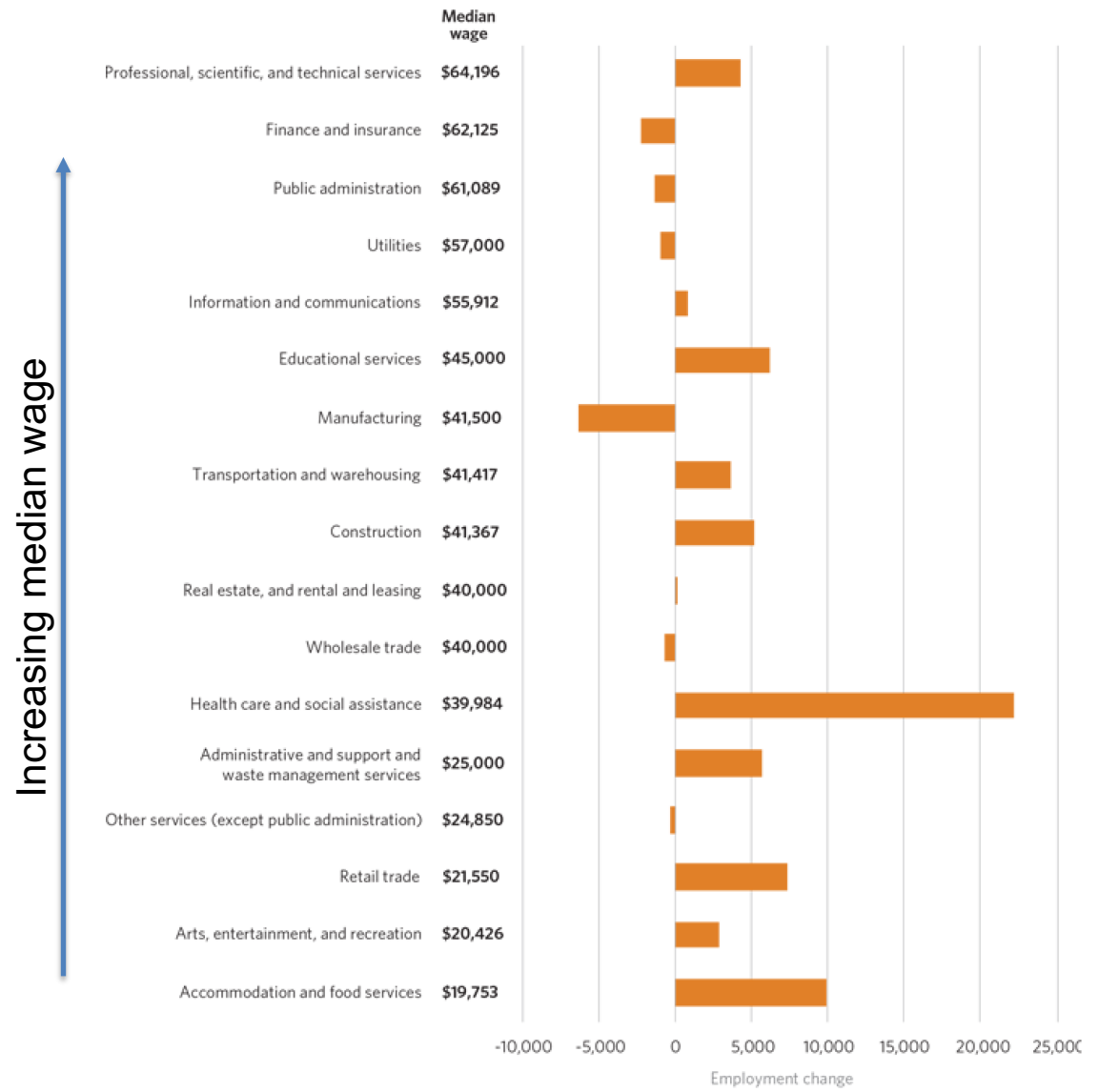
Cluster	Percentage of earners	Age	Household Income	Sex	Race	Educational attainment	Marital Status	Nativity
1	24%	29	\$24,732	Male	Black	High school	Single	U.S.
2	19%	25	\$43,787	Female	Black	Some college	Single	U.S.
3	15%	55	\$25,031	Female	Black	High school	Single	U.S.
4	15%	28	\$43,752	Female	White	Some college	Single	U.S.
5	12%	32	\$32,765	Female	Hispanic	High school	Single	Non-U.S.
6	11%	46	\$36,585	Male	Asian	Less than high school	Married	Non-U.S.



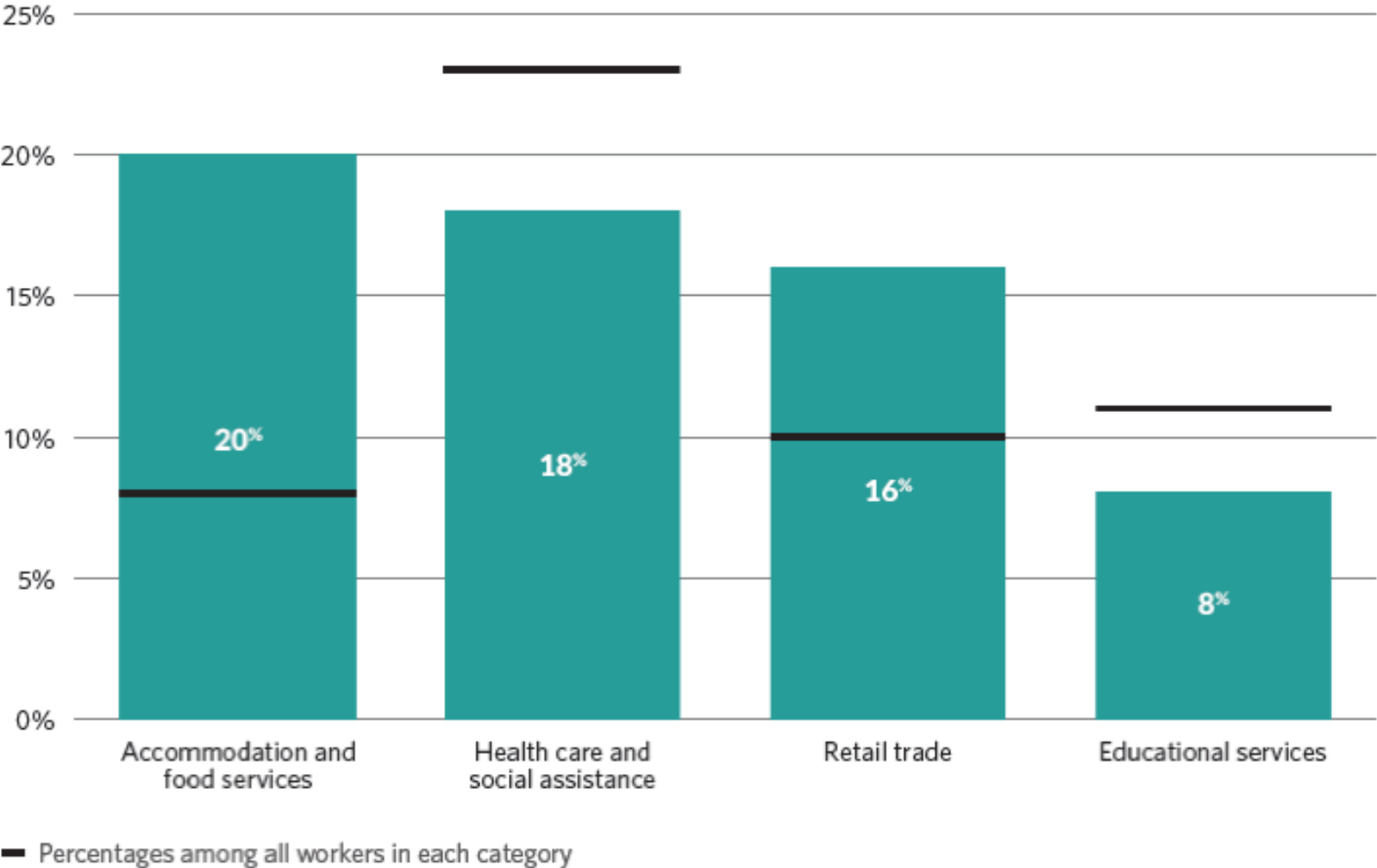
Percent of SMB employees by industry sector



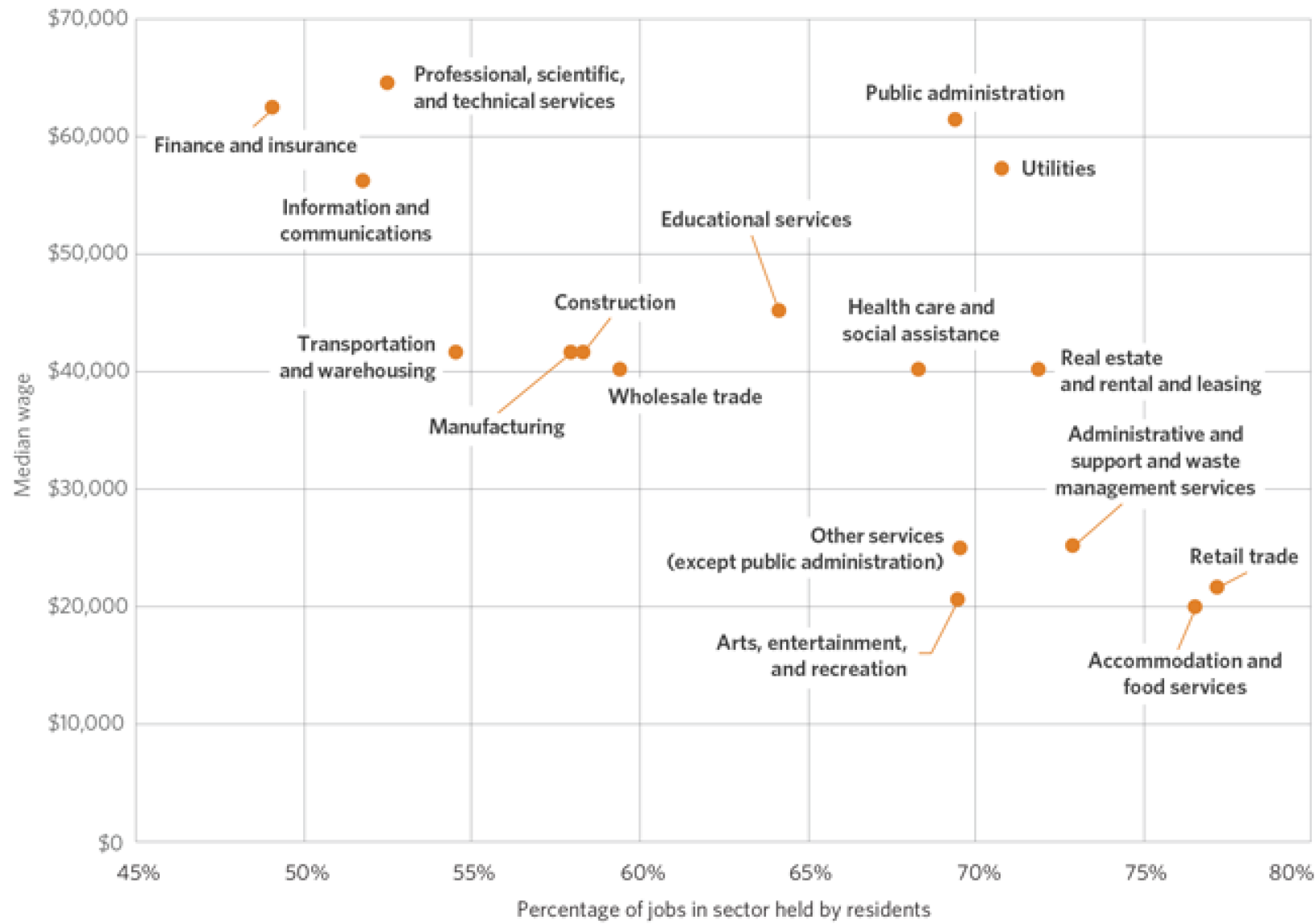
Change in Number of Workers in Philadelphia, by Sector



The Percentage of Philadelphians Earning the Minimum Wage or Less and of Workers Overall in Sectors of the Local Economy



Median Wage and Percentage of Philadelphians in Various Sectors



Questions?



THE PEW CHARITABLE TRUSTS

Thank you