

# If I Had a Billion Dollars

## THINKING BIG FOR PHILADELPHIA'S FUTURE

### **The Philadelphia Inquirer**

The Pennsylvania Economy League asked some of our civic and political heavyweights this question: "If you had a billion dollars, what would you do to improve the Philadelphia region and its communities?" Even if, for the time being, the dollars are hypothetical, this kind of thinking is good practice. Real money follows smart ideas.

**Richard A. Bendis***President and CEO**Innovation Philadelphia*

We can anticipate generating matching funds at a historical two-to-one return rate. The billion we started with would become a \$3 billion investment. I'd invest \$300 million (leveraged to \$900 million) to establish the Distinguished Innovator Program to recruit 10 world-class scientists and researchers to the region and support the Knowledge Industry Partnership to attract and retain additional students, scientists and researchers.

I would establish a High School Scholarship Program/Innovation and Entrepreneurial Academy to stimulate interest in math, science and engineering among area high school students, leading to careers in technology.

I'd invest \$305 million (leveraged to \$915 million) to establish two national federal research centers based on key Philadelphia strategic technologies located at the Philadelphia Naval Business Center and the Science Center in University City. With these funds, I'd upgrade the Science Center's infrastructure and establish a new commercialization center there to convert innovative research into new companies.

I'd use \$300 million (leveraged to \$900 million) to create the Philadelphia Economic Stimulus Fund to make strategic investments managed by the city's Commerce Department, the Philadelphia Industrial Development Corp., and Innovation Philadelphia in technology companies.

Finally, we'd invest \$95 million (leveraged to \$290 million) in a high-quality regional infrastructure for new housing, transportation and cultural programs to address the needs of the "creative class."

Our \$1 billion would create 500 start-ups, 15,000 jobs, \$3.75 billion in annual wages, \$7.5 billion in regional business revenues, and \$84.5 million in tax revenues.

**Peggy Amsterdam***President**Greater Philadelphia  
Cultural Alliance*

The most dynamic companies are increasingly making decisions to relocate based not on tax breaks and cheap labor, but on quality of life and availability of talented and mobile workers. Such workers seek out areas with culture, entertainment, and foot traffic day or night.

Energizing our creative culture is the best way to invigorate Philadelphia. So I recommend investing our \$1 billion in our cultural institutions and programs.

My centerpiece would be a \$645 million endowment through the Philadelphia Foundation to preserve and protect our cultural institutions.

I would allocate \$200 million to preserving "authenticity of place." A major portion would be used in the form of \$20,000 incentives to 5,000 homebuyers in Center City. Those incentives would help people purchase homes and restore them to their original design. Another \$50 million would be used to restore public buildings of distinction, and \$50 million more to neighborhood revitalization.

The remaining \$155 million would go to programs that would celebrate our cultural heritage and stimulate the arts ready to bloom in the region. These would include \$25 million for a street performers' fund, \$20 million to highlight a history of Philadelphia's music scene, and \$35 million to protect Fairmount Park's assets and our public art. Author and thought-leader Richard Florida says the regions that truly compete in the future will be those that cater to what he calls the creative class. The best way to grow Philadelphia is to bring more vibrant and energetic people here. Investing in our cultural arts will ensure that this happens.

**Lewis Gantman***President**Kravco Co.*

The building blocks of a community are: 1) job opportunities, 2) a successful public school system, 3) market-rate housing affordable to a diverse population, and 4) excellent retail, cultural and entertainment venues.

To invigorate these elements, here's how I'd invest my theoretical billion dollars:

I'd put \$250 million into a fund that would allow us to significantly reduce the city wage tax. This fund would be used annually to balance the city budget. As the wage tax reduction results in increased jobs and property values in the city, reliance on this sinking fund would be reduced.

Under my plan, \$200 million would be used as seed money to support what comes after phase one of the city's ambitious Neighborhood Transformation Initiative that will acquire and demolish abandoned properties. This will let us create desirable mixed-use revitalization developments.

A successful public school system is critical. I'd devote \$150 million to fund vital improvements in physical assets in the School District of Philadelphia, including buildings, supplies, books and computers.

Another \$150 million goes to provide more market-rate residential projects affordable by a diverse population. I'd spend \$75 million on the Convention Center expansion — critical to create more jobs. Another \$75 million would be used to create a venture capital fund to invest in high impact retail, cultural and entertainment projects throughout the neighborhoods of Philadelphia.

That leaves me \$100 million. Half goes to an endowment to continue Operation Safe Streets; the other half goes toward efforts to attract the best college students to our region, engage them in a vibrant college experience, and retain them after graduation.

### **Bruce Crawley**

*President*

*Crawley Haskins & Rodgers*

I'd spend \$232 million to fund our city's share of the cost of the Convention Center expansion. About 57,000 jobs, additional permanent jobs, and the viability of an entire industry hang in the balance.

I'd invest \$50 million to expand, over 10 years, the Philadelphia Convention and Visitors Bureau's ad campaign to attract international travelers. Another \$100 million would fund infrastructure improvements, including stimuli for new Center City retail development. Another \$110 million would jump-start efforts to attract the summer Olympics.

But there's a core issue that deserves our remaining \$508 million: All our challenges in the region are exacerbated by our unwillingness to set race and gender aside long enough to put all hands on the economic wheel.

There are 62,894 businesses in Philadelphia County, according to the most recent Business Census data. Those businesses generate \$86.6 billion in sales and account for 556,055 employees and a payroll of \$17.9 billion.

Of that amount, black-owned businesses generate just 0.8 percent of the total gross sales, Hispanic-owned businesses 0.3 percent, Asian-owned businesses 0.8 percent, and women-owned businesses 2.1 percent. Businesses owned by white males (20 percent of the city's population) generate 96 percent of all sales and about 95.8 percent of the city's payroll.

If I had \$1 billion, I'd do everything I could to allow the other 80 percent to make a contribution beyond serving mainly as sources for entry-level employment.

Where would we start? In the schools. With a regionwide attitudinal adjustment driven by elected officials and business leaders, and an understanding that this kind of economic inclusion is in everyone's interest.

The city should establish mentoring programs between large businesses operating in the city and emerging minority and female businesses. We have always had programs that taught management and technical assistance technologies to minorities and women in business. But graduates of those programs have not done well; we can do much better.

We're proud of our construction projects in Philadelphia, but a dirty little secret is the underrepresentation of diverse workers on those sites. In Philadelphia, with 55 percent of its population composed of African Americans, Hispanics and Asians, we have these great, fenced-in areas throughout the city where good work is being done — and where white men have nearly all the jobs.

That situation, too, has to change. We must expand union apprenticeship programs to a wider range of Philadelphians, as both contractors and workers, on public- and private- sector construction sites. Our labor unions and development community have a great deal of work to do in this regard.

The most direct route to growth is to encourage more economic impact from the other 80 percent of the city's population.

### **Paul R. Levy**

*Executive Director*

*Center City District*

My biggest investment is regional: \$400 million to add runways at Philadelphia International Airport, expanding our national and international business and tourism potential.

Next: \$240 million to buy down the wage tax for the next few years to 3.5 percent until job growth replaces lost revenues. We can reverse Philadelphia's decades-long job decline, expand high-skill jobs that will retain college students, while creating new opportunities for neighborhood residents.

I'd allocate \$215 million to expanding the Pennsylvania Convention Center. If the labor and management issues can be resolved, a professionally

run, expanded center will sustain our hotels and restaurants and animate new areas of the city.

Seventy-five million dollars and matching funds could transform the Benjamin Franklin Parkway by bringing Calder and Barnes to Philadelphia; cover the expressway at Logan Circle; and provide a dedicated Phlash service connecting the Parkway to the Independence Visitors Center, Amtrak, SEPTA, and a new underground garage at Eakins Oval.

Thirty million dollars would match private-sector investment to animate the ground floor of City Hall with museums, cafes and shops. Another \$25 million in parking and infrastructure improvements could lure Macy's and Nordstrom's to Market East.

Then I'd make some noise about it all, spending \$10 million in the next four years to market Philadelphia as a business location and another \$5 million to promote our livable neighborhoods.

### **Sharmain Matlock-Turner**

*President*

*Greater Philadelphia*

*Urban Affairs Coalition*

If I had \$1 billion, I'd do two things: put more money in the pockets of low-wage workers and lower the city wage tax.

Before spending, I'd maximize the Earned Income Tax Credit (EITC), which continues to lift more working families out of poverty than any other federal program. Yet it is underused. An estimated 50,000 eligible households in Philadelphia did not file EITC claims last year, leaving at least \$84 million in unclaimed credits.

Let's leverage the federal EITC by getting the state to enact a refundable credit equal to 15 percent of the federal credit. The economic stimulus to Philadelphia would be about \$40 million in tax year 2003, according to the Brookings Institution. Fifteen states — but not Pennsylvania — now offer state EITC credits.

Driving the city wage tax down to 2 percent from the current blended rate of 4.35 percent (city and non-city residents) puts \$588 back into the pocket of a family earning \$25,000 a year. It would bring employers and jobs back to the city. Another benefit: increased property values, because people want to live here. This should translate into higher property taxes, which should help our public schools. A head of household with two children will get back \$2,576 from her new federal and state EITC and a lower city wage tax. That's a 10 percent salary boost

— a real opportunity for asset building. To make this happen, over a five-year period I'd spend \$205 million on the EITC and \$795 million to lower the wage tax.

### **Manuel N. Stamatakis**

*Chairman*

*Delaware River Port Authority*

The most important project we can undertake is "covering" Interstate 95 to connect Old City with Penn's Landing.

With 13 new acres of land built on top of I-95 between Market Street and South Street, we could create high-end retail and office space, reestablish one of the world's great walking neighborhoods, reenergize Center City East, and change the way Philadelphia thinks about itself.

Here's what it would take: \$800 million to cover I-95 and \$150 million to create parking for 6,000 cars (we'd work toward \$2 an hour for the first two hours of parking). That's less than one-half of 1 percent of the region's annual gross product of \$180 billion.

What would we get? Thirteen new acres for development of up to 4 million square feet of commercial and residential buildings. Ten thousand direct jobs, generating \$11 million in annual wage taxes; 20,000 indirect jobs throughout the region, with an increase of \$8 million in annual wage taxes; \$1.5 billion more in the value of land and property around the roadway, bringing in \$29 million in new annual property taxes. Add the new tax revenues and the added value of land and property, and the original \$1 billion investment will bring back \$2 billion more. Not a bad deal.

Other cities have revitalized their economies with big projects — the World Trade Center in Lower Manhattan in the 1960s, and Baltimore's Inner Harbor in the 1970s. We can do the same here. Philadelphia needs a transforming event that will change this city forever.

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