

The Economic Impact of Ben Franklin Technology Partners



SIXTH EDITION

Executive Summary
Five-Year Report, 2017-21

Ben Franklin helped to create 16,006 high-paying jobs, generated \$400 million in tax receipts for the state, and boosted the commonwealth's overall economy by \$6.1 billion between 2017 and 2021. Every dollar invested by the commonwealth into Ben Franklin generates \$4 in additional state taxes.

2022 Executive Summary - Sixth Edition

In 1982, Pennsylvania Governor Dick Thornburgh and the Pennsylvania General Assembly created the Advanced Technology Centers of the Ben Franklin Partnership—to promote technological innovation and spur economic growth and prosperity across the Commonwealth. The organization became Ben Franklin Technology Partners (BFTP) through a series of subsequent legislative acts.

BFTP remains flexible and continues to adapt and evolve in response to market and economic conditions, and to meet the needs of the community that it serves. Those needs include: accelerating technology commercialization; supporting start-ups, entrepreneurs and established manufacturers; encouraging public and private investment. BFTP is one of the nation's longest-running technology-based economic development programs. BFTP has been embraced by every Pennsylvania governor and the PA General Assembly since its inception, four decades ago.

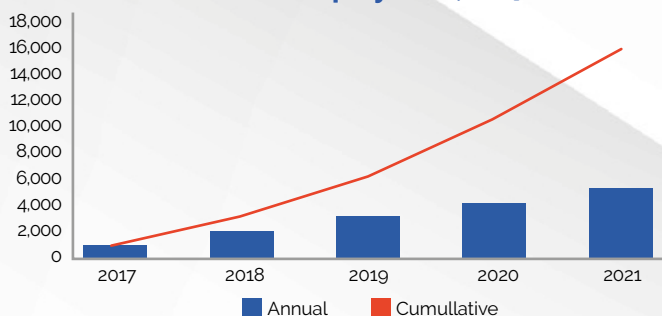
To measure its success, BFTP periodically supplements its annual performance assessment with in-depth economic analysis looking at the organization's impact across the Commonwealth. BFTP's many stakeholders—program managers, legislators, government officials and others—all share an interest in understanding the extent to which BFTP succeeds, to ensure that public funds are well spent, and to strengthen the organization's programs. Periodic evaluation creates a "virtuous cycle," thereby helping to achieve future success.

This independent economic analysis covers the period 2017 through 2021 (the last available year for which all data were available at the time of the study), focusing on the organization's role in providing financing and related services to early stage and established technology-based firms across the Commonwealth. This analysis is one of a series commissioned by BFTP that uses similar design methodologies. The earliest such study for BFTP was conducted in 1999, and covered the period 1989 to 1996. This is the fifth study in the series.

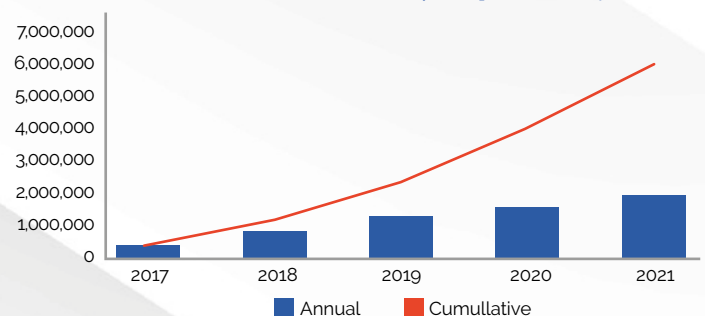
Rather than rely on client reported impacts, these studies have compared the performance of BFTP clients to a comparison group of companies in Pennsylvania with similar characteristics but that did not receive BFTP funding. The comparative analysis is then used as the basis for estimating the additional value added, employment and tax revenues in Pennsylvania that would not otherwise exist were it not for BFTP intervention.

BFTP operates through four independent, nonprofit organizations strategically located throughout the state. The organization maintains regional headquarters in the Lehigh Valley, Philadelphia, Pittsburgh and State College. Each regional center participates within the business, academic and economic development community for its portion of the state. Over the years, BFTP has helped identify needs within the specific counties served by each center, and has launched initiatives to promote innovation and growth in technology-based businesses. Through the injection of funds and the commitment of

Impact of Ben Franklin Technology Partners on Statewide Employment, 2017 - 2021



Impact of Ben Franklin Technology Partners on Gross State Product, 2017 - 2021 (\$000)



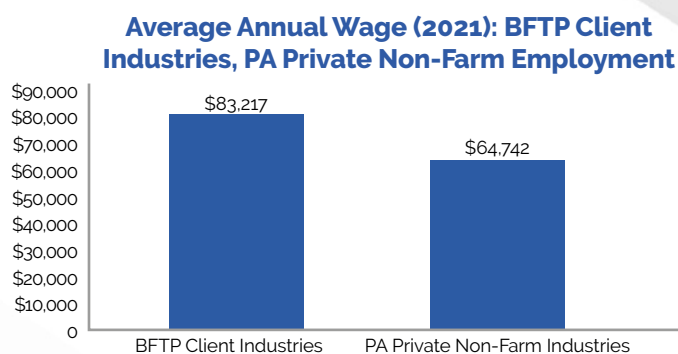
staff time, BFTP has improved and expanded the financial, physical and knowledge infrastructure available to technology-based companies in the Commonwealth.

BFTP has made more than 5,100 financial investments in Pennsylvania companies since it began. Funds are provided to companies that are selected through a competitive process that carefully considers each firm's potential for success and job creation. Many companies in the BFTP portfolio are at the earliest stages of development when they first seek assistance, a time when funding is critical and often difficult to access. BFTP is often the first institutional investor for firms, providing seed capital for initial product development and early commercialization.

BFTP clients create significant positive economic impact across the Commonwealth. From 1989 through 2021, BFTP boosted GSP by more than \$30 billion. From 2017 through 2021, the Commonwealth received \$352 million in additional state tax receipts as a direct result of BFTP investments in client firms. Another \$48 million in state tax receipts flowed from related BFTP client services, for a total increase of \$400 million in state tax receipts due to BFTP. New state tax revenue generated because of BFTP represents a 4-to-1 payback to the Commonwealth on its \$101 million investment in BFTP.

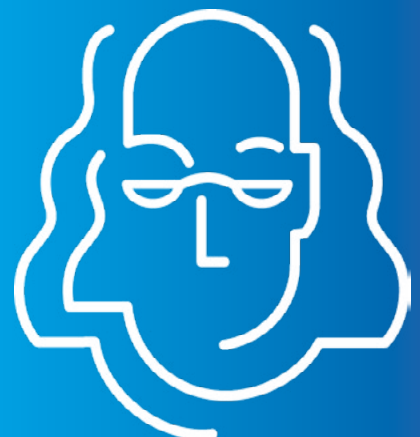
From 2017 through 2021, BFTP investments generated 5,874 jobs in client firms. Those jobs are in industries that pay annual salaries 29% higher than the average private nonfarm salary in Pennsylvania. Client revenues, purchasing and investments rippled throughout the Pennsylvania economy, giving rise to higher employment across the state. BFTP generated an additional 10,132 jobs beyond those in client firms, for a total of 16,006 new Pennsylvania jobs. BFTP produced a total of 16,006 jobs in the Commonwealth between 2017 and 2021 that would otherwise not have existed.

Since 1989, BFTP has generated 58,000 additional jobs in client firms and 101,000 jobs elsewhere in the Commonwealth, as a result of increased purchasing and investment by client firms. Since 1989, BFTP has produced 159,000 jobs in the Commonwealth that would otherwise not have existed. The weighted average annual salary for client industries in the current study period, is 29 percent higher than the average for all private nonfarm industries in Pennsylvania.



ECONOMIC SNAPSHOT

- Ben Franklin boosted the Pa. economy (Gross State Product) by \$6.1 billion.
- Pa. received \$352 million in additional state tax receipts as a result of Ben Franklin investments in client firms. Another \$48 million in state tax receipts flowed from related client services, for a total of \$400 million in state revenue due to Ben Franklin.
- Ben Franklin invested in 612 companies across the commonwealth.
- These investments generated 5,874 jobs in client firms, plus an additional 10,132 spinoff positions, for a total of 16,006 new Pennsylvania jobs in industries that pay annual salaries 29% higher than the average private nonfarm salary in Pennsylvania.
- Every dollar invested by the commonwealth into Ben Franklin generates \$4 in additional state taxes.
- This growth surpassed the previous five-year analysis from 2012 to 2106 and coincided with the global recession brought on by the COVID-19 pandemic, proving that investments in innovation remain a powerful job creation and high-tech economic development engine for Pennsylvania.
- Since its inception, Ben Franklin has boosted the state economy by more than \$30 billion, generating more than 58,000 jobs in client firms, plus an additional 101,000 spinoff positions, for a total of 159,000 new jobs that otherwise would never have existed.



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Econsult Solutions, Inc. ("ESI") is a Philadelphia-based economic consulting firm that provides businesses and public policymakers with economic consulting services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development and planning, as well as expert witness services for litigation support. Its principals are nationally recognized experts in urban development, real estate, government and public policy, planning, transportation, non-profit management, business strategy and administration, as well as litigation and commercial damages. Staff members have outstanding professional and academic credentials, including active positions at the collegiate level, vast experience at the highest levels of the public policy process, and extensive consulting experience.

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