

The Subsidy Story

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LMU Datathon

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01

The Situation

Why are we looking at subsidy
data?



**“Every purchase you make is a
vote for the world in which you
want to live”**



Subsidies should stimulate growth within the economy



Intention: Put money into a company so it opens doorways for more spending, development, and socioeconomic growth that will come back around.

Reality: Even for companies that try to do good, mistakes happen and violations occur.

Some companies show repeated unlawful behavior;
We want to help minimize the subsidies granted to those companies which might become repeat offenders.



Our Goal:

**Develop a plan of action
for the policymakers who
grant subsidies**

Socioeconomic
improvement through
well-planned subsidies

Companies who receive
subsidies & committed
unlawful violations



Our suggested
plan seeks to
maximize this ratio







02

The Data

What did we search for among the
datasets?



Two main data categories

Subsidies

800,000 Total
Subsidies

407,000 Companies

Violations

550,000 Total
Violations

401,000 Companies

Intersection

9525 companies

Who received subsidies and also committed
violations

Data is from: Good Jobs First



Our Approach

- 1) Merged the datasets: Subsidies & Violations
- 2) Matched subsidies to the corresponding violations, by company
- 3) Searched for any trends that might indicate violations
- 4) Determined where the majority of subsidies are spent
- 5) Looked for factors that indicate where the violations are likely to occur





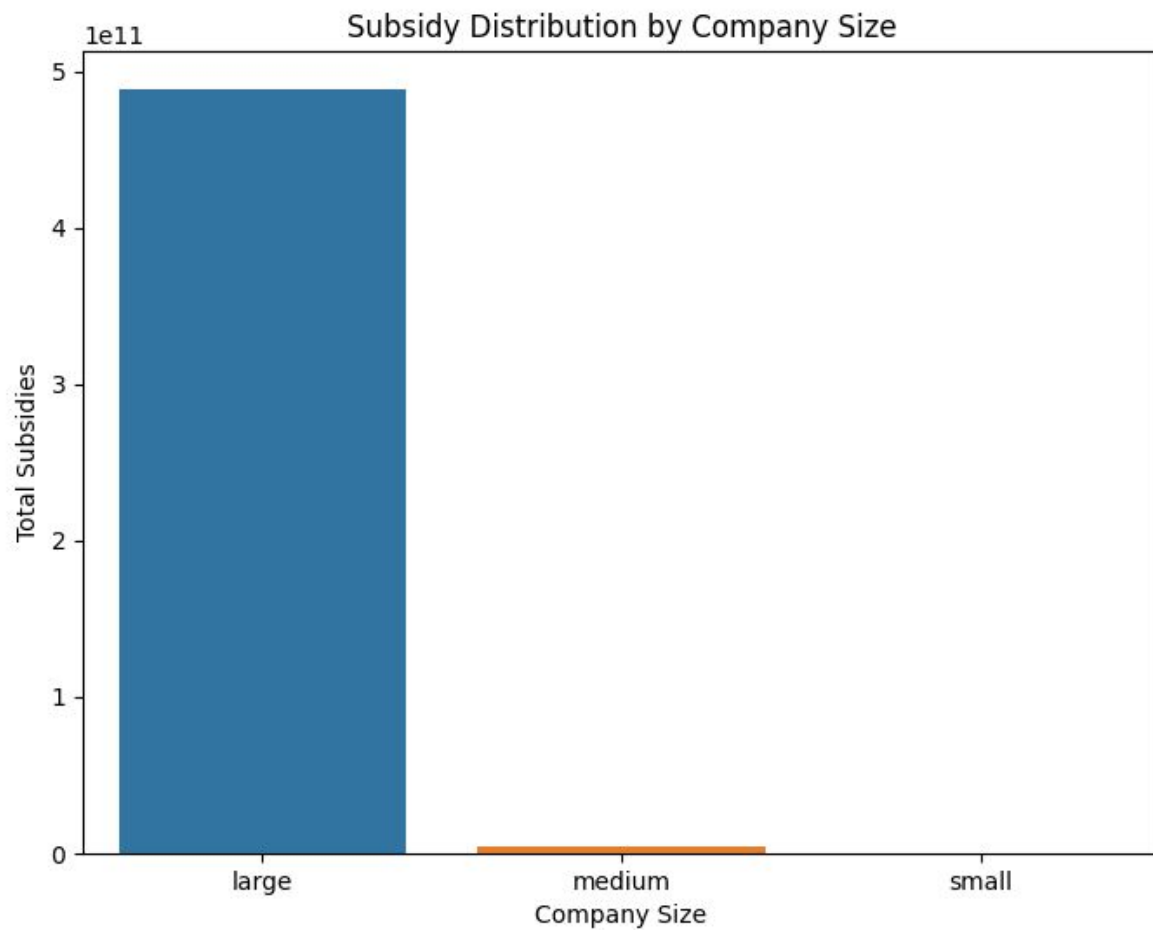


03

The Findings

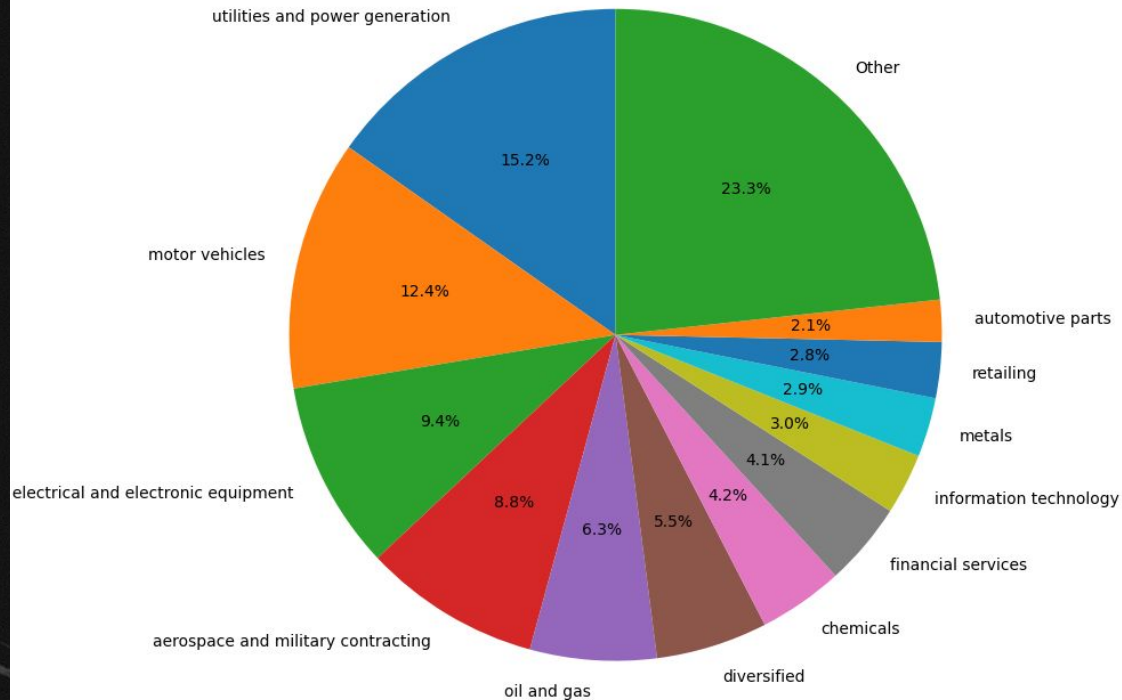
What findings did we discover and
visualize?

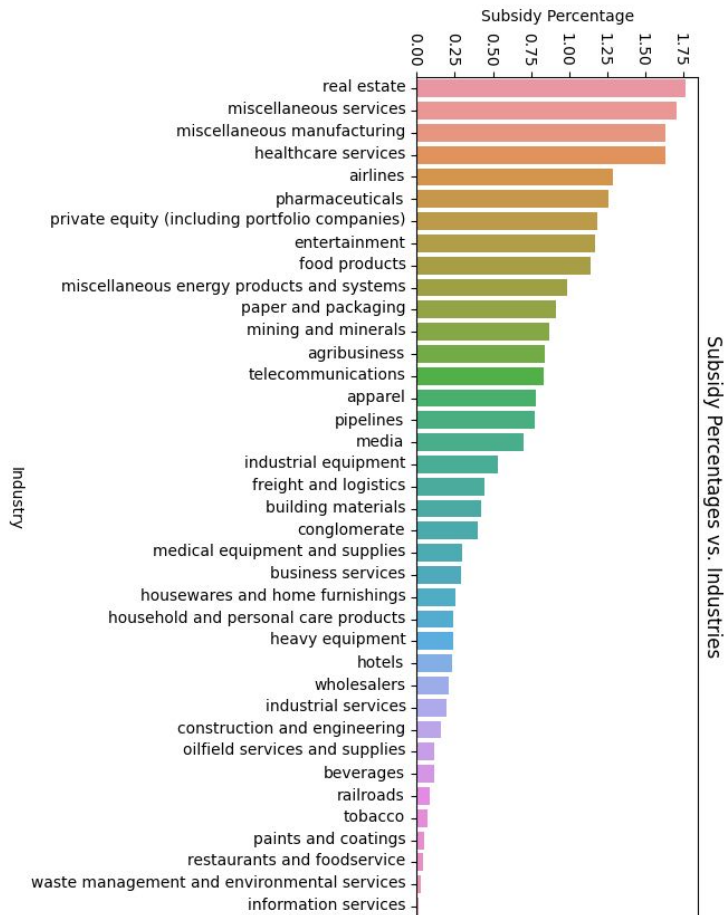




Subsidies by Industry

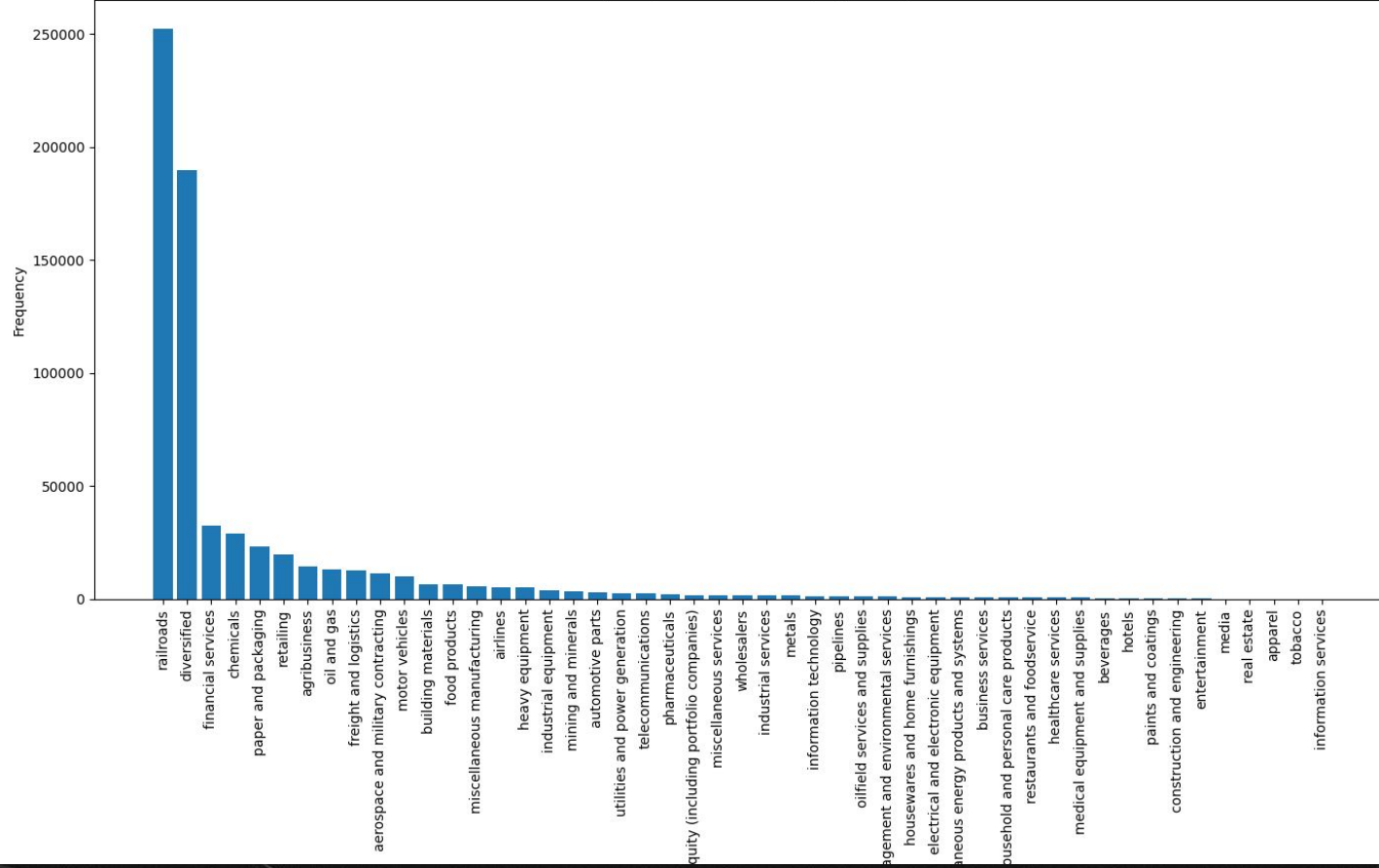
Distribution of Subsidies per Industry (including 'Other' category)



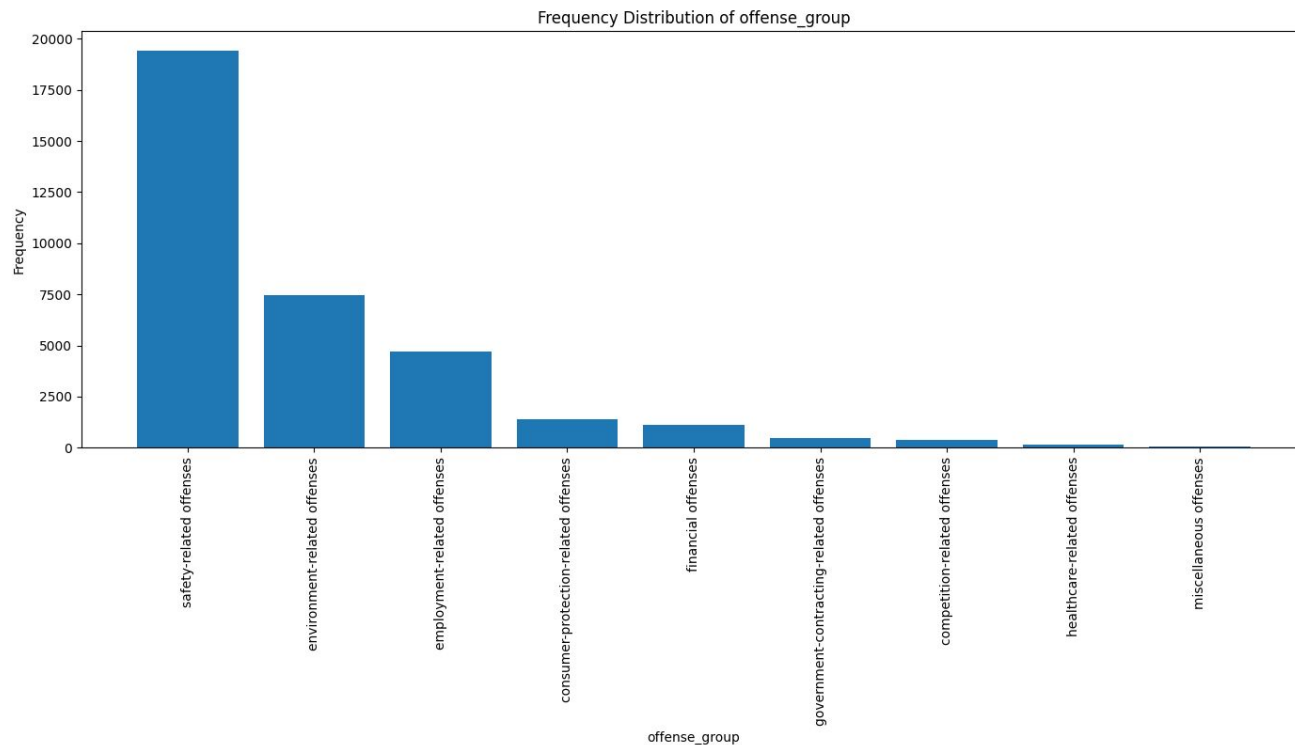


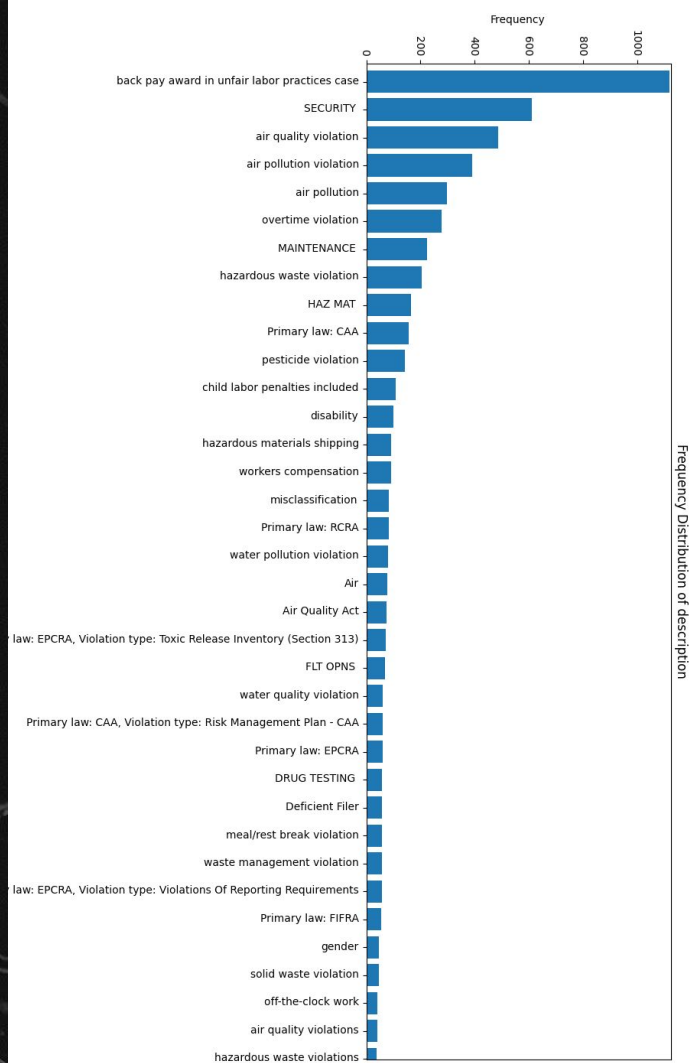
“Other” Industries

Violations vs. Industry



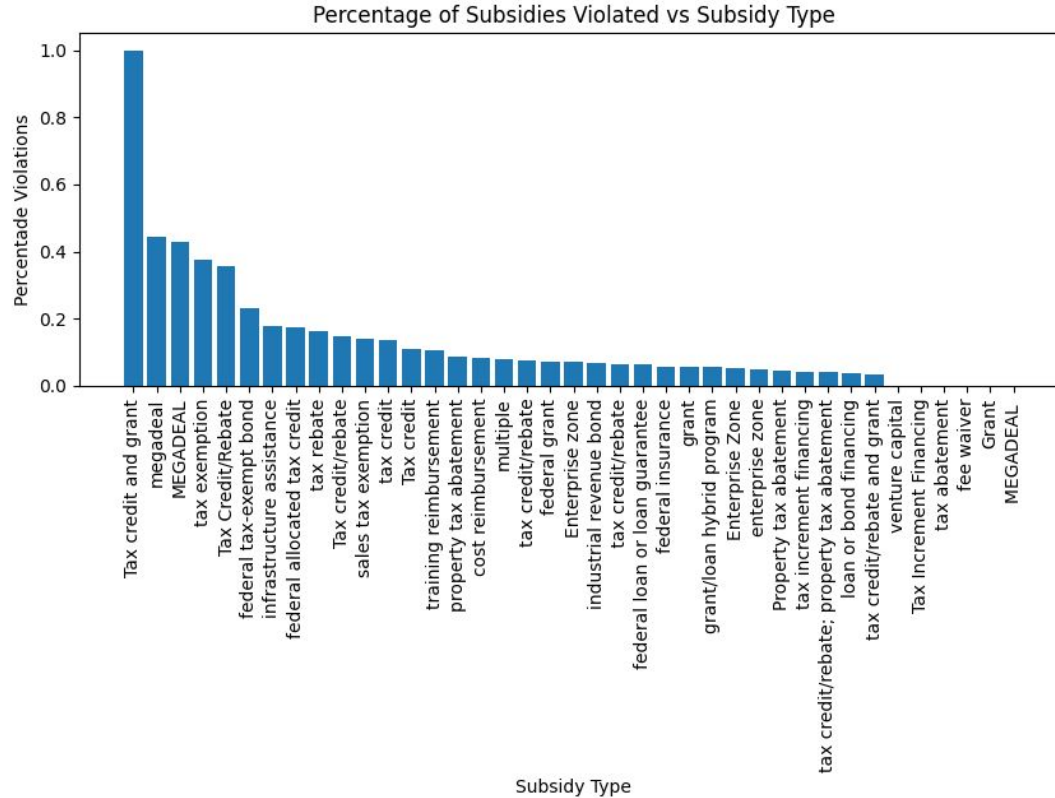
Most Common Violation Groups



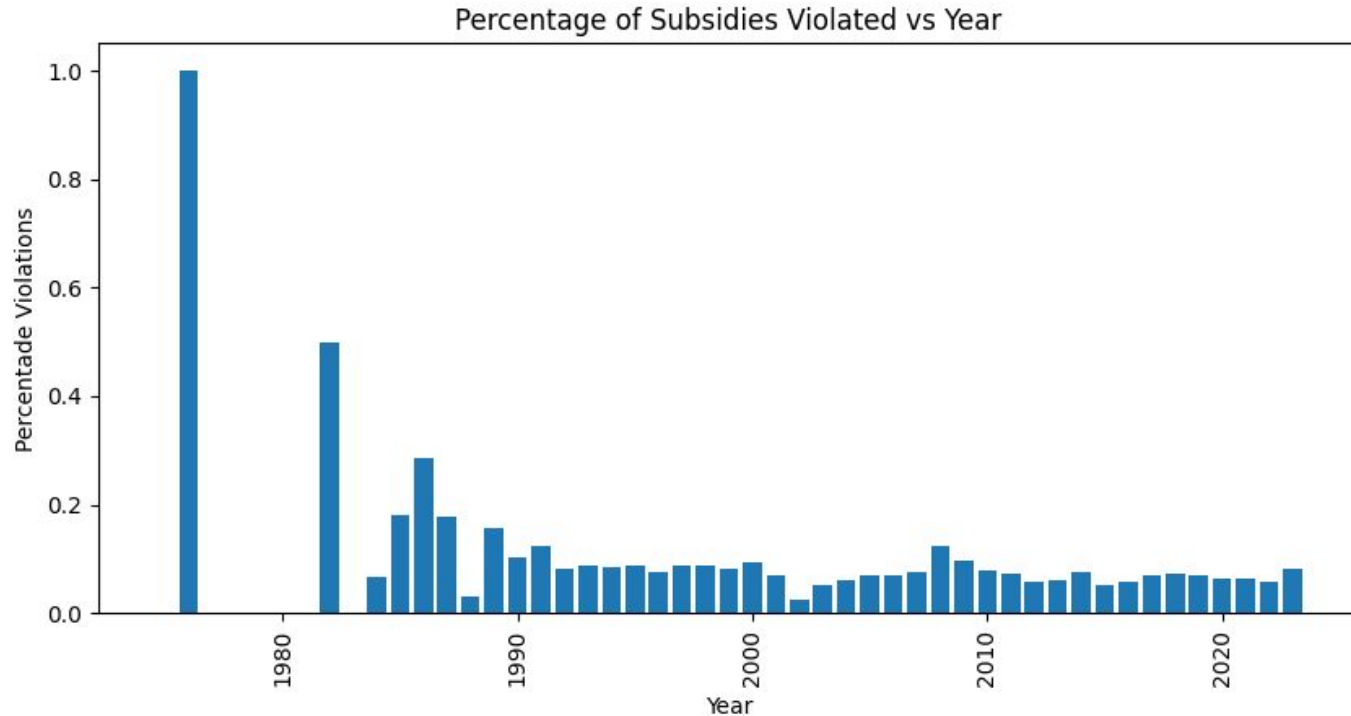


Most Common Violation Labels

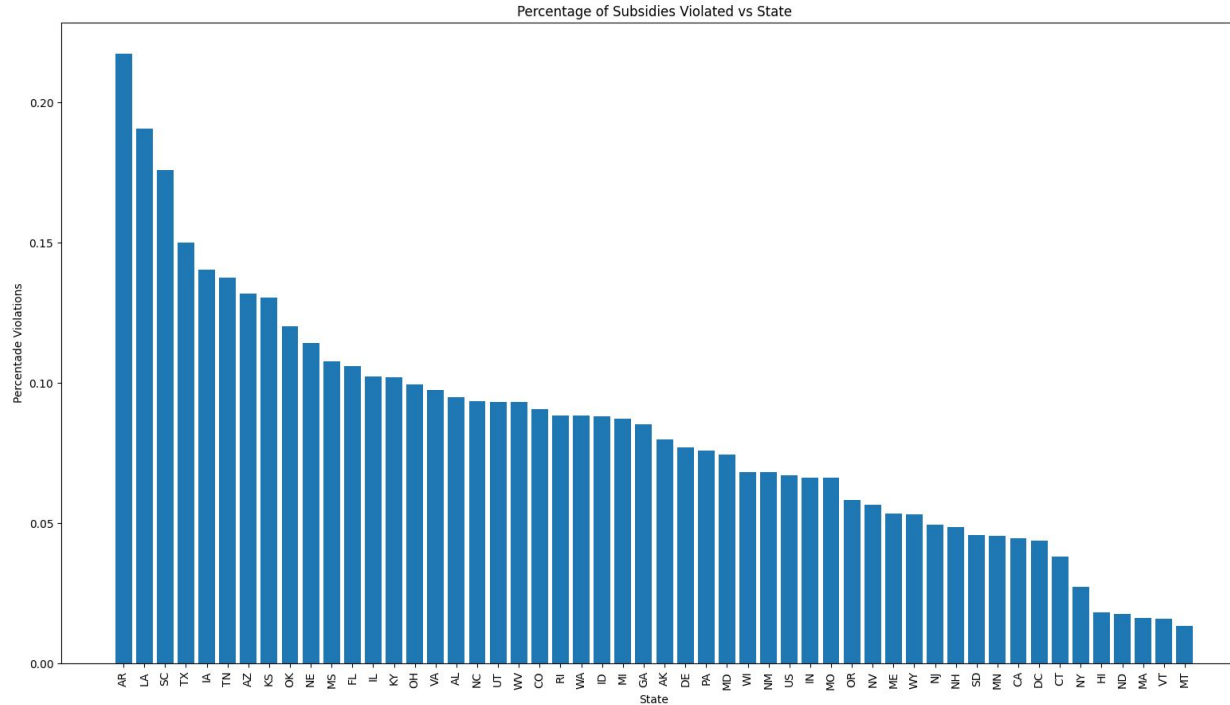
Percentage of Subsidies Given to Violator Companies



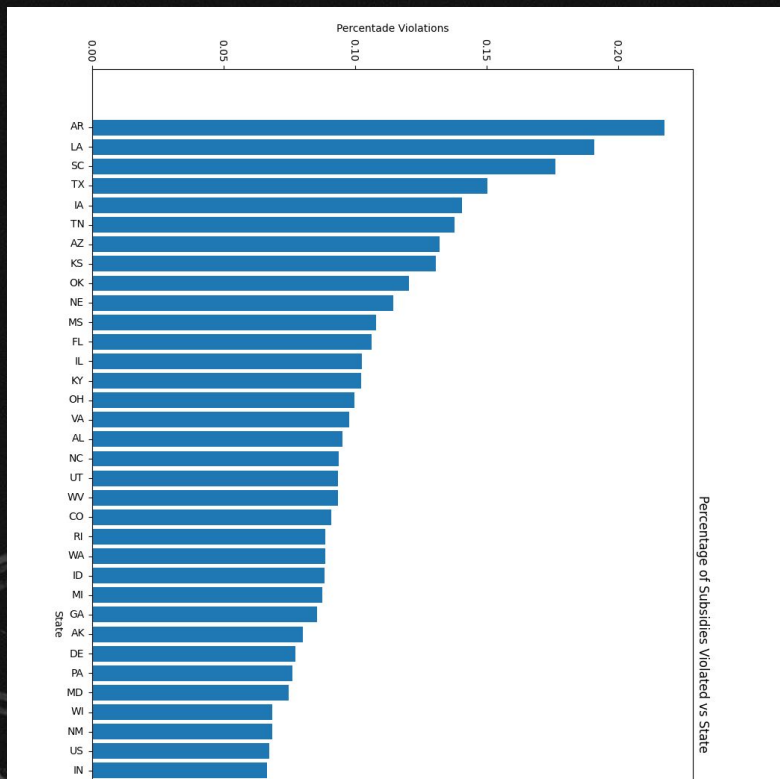
Percentage Subsidies Given to Violating Companies per Year



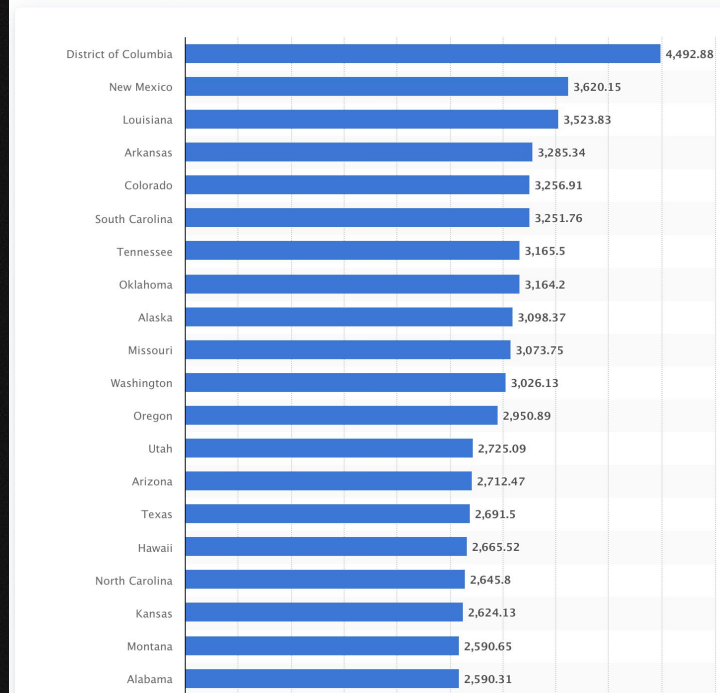
% Subsidies Violated Per State



Comparison of states - Violations & General Crime



Crime rate in the United States in 2020, by state
(per 100,000 population)



Additional Numbers:

Of all the subsidies granted, **6.9%** were to a company that committed a violation

Of all the violations reported, **6.4%** were committed by a company that received a subsidy

On average, **5.8** years passed between the first subsidy given and first violation committed

If a company commits a violation before getting a subsidy, there's a **33%** chance they will make another violation after the subsidy





04



The Plan

What do we recommend to
policymakers?



Recall...

Socioeconomic
improvement through
well-planned subsidies

Companies who receive
subsidies & committed
unlawful violations

... we aim to maximize this ratio



Improve “Well-Planned” Subsidies that have a lasting beneficial impact

Put more money into companies focused on:

- Sustainability
- Technological Advancement
- Environmental Justice

Such that these subsidy investments also promote economic development

The Data shows a lack of support for small companies, we should aim to provide more subsidies in smaller quantities, especially to small businesses



Minimize Violations among Subsidized Companies

Recall this fact:

- 1) If a company commits a violation before getting a subsidy, there's a **33%** chance they will make another violation after the subsidy

About $\frac{1}{3}$ of companies who were given a “second chance” made the same mistakes... but did so with government funding.

Proposition: Stop giving subsidies to companies who have previously committed violations & enact a law that cuts subsidies if avoidable violations occur



Minimize Violations among Subsidized Companies

Recall this fact:

- 2) On average, **5.8** years passed between the first subsidy given and first violation committed

Proposition: We should ensure routine checks are occurring to keep companies actions within the law.



In Summary...

The Data shows a lack of support for small companies, we should aim to provide more subsidies in smaller quantities, especially to small businesses with high potential for job creation and significant positive economic impact

Stop giving subsidies to companies who have previously committed violations & enact a law that cuts subsidies if avoidable violations occur

We should ensure routine checks are occurring to keep companies actions within the law - the data suggest no more than every 5 years



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