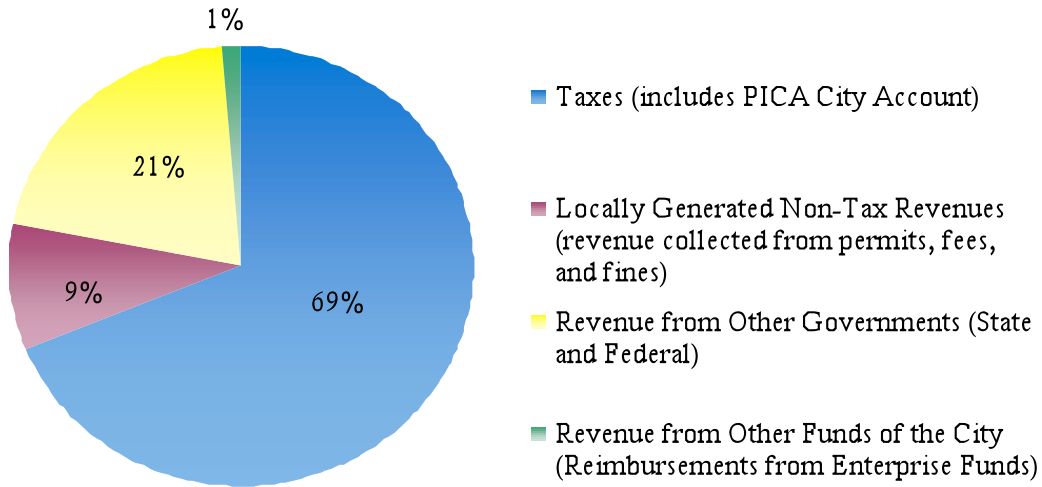
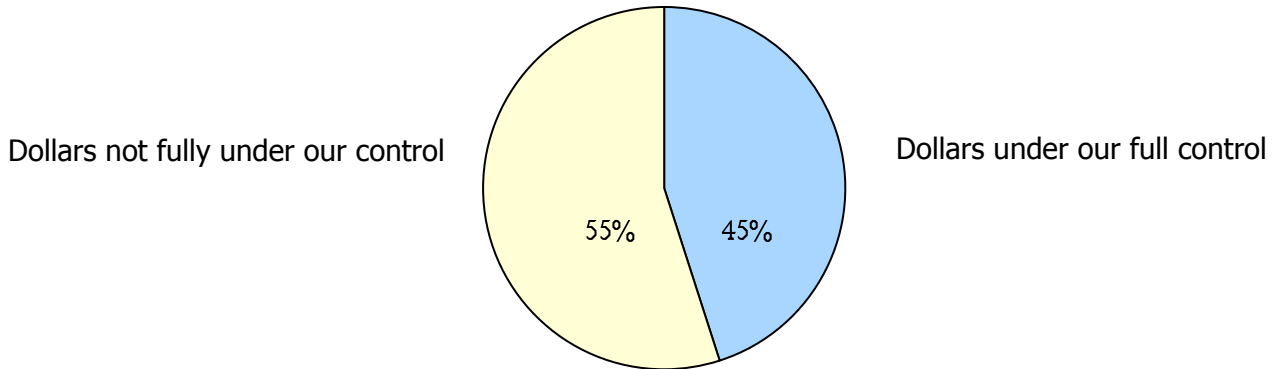


CITY BUDGET BREAKDOWN: WHERE DOES YOUR MONEY GO?

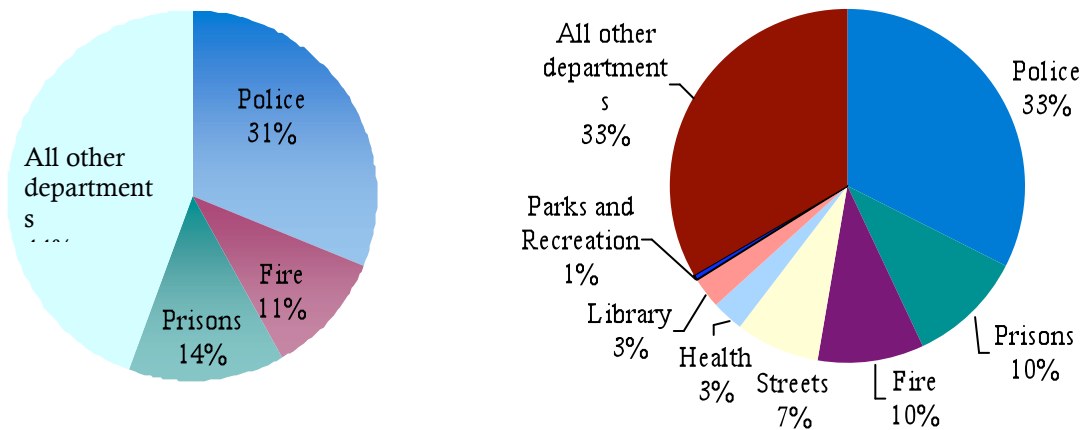
Most of the \$3.95 billion the City collects in revenue comes from taxes.



The City's budget for expenditures is \$3.87 billion. Of that, only 45%, or \$1.74 billion is under the Mayor's full control. The items that the Mayor does not fully control include paying debts, employee pensions, and the Independently Elected Officials.



More than half of the \$1.74 billion that the Mayor controls is taken up by Police, Fire, and Prisons costs and 60% are of the City's 22,500 employees work in four departments – Police, Fire, Prisons, and Streets.



PHILADELPHIA'S BUDGET: INVESTING IN OUR FUTURE

As of March 4, 2010, the City of Philadelphia faced at least a \$120 million deficit for Fiscal Year 2011 and a \$500-700 million deficit over the next five years. We heard from citizens that you wanted us to protect services for those that need them the most and invest in the future. Further cuts would devastate basic services such as police, fire, parks, libraries, and recreation. Therefore cuts alone are not an option. Raising property, real estate transfer, sales, business, or wage tax rates is not an option either. The City needs to find new ways to make ends meet.

The Great Recession has already forced the City to severely cut its budget

- **In the last two years, the City has erased a \$2.4 billion gap** from fiscal years 2009 to 2014, without hurting services residents depend on most.
- A **big part of that reduction has been in employee costs.** The number of employees has shrunk by 1,250 since the end of 2008 – including 800 full-time and about 450 temporary workers.
- The City has also **slashed overtime by \$50 million a year**, particularly in Police and Fire. Despite these overtime cuts, violent crime is down considerably, and we have had the lowest number of deaths from fire in the city's history.
- The City has been much more aggressive in collecting the taxes owed to it – publishing the names of delinquents, doing more audits, cross checking returns with the IRS and many other initiatives.

To close this year's budget gap, the City first looked at ways to increase efficiency and accountability and to reduce spending, without affecting services.

This year the City will cut an additional \$33 million, mainly through managing the prison system smarter, leasing rather than buying some City vehicles, and finding alternate ways to pay for street repaving.

Given the cuts already made, further reductions would have a serious negative impact on services that so many Philadelphians rely on. In order to protect services and invest in our future, we have no choice but to find new revenue sources.

The **"Keep Philly Clean"** service fee will not only provide the extra funding to keep police on the streets and libraries open, it will also ensure that property owners continue to have weekly trash collection and cleaner neighborhoods. Residents will now receive mechanical leaf collection again and benefit from new citywide cleaning crews focused on clearing vacant lots, removing graffiti, and keeping neighborhoods clean. The fee will cost the average property owner \$5.77/week or \$300/year and will raise the City approximately \$108 million annually. The fee will start in July of 2010.

The "Keep Philly Clean" service fee's impact on residents will be off-set in two ways:

- Low-income homeowners can receive a \$100 credit through the Real Estate Tax Installment program.
- Homeowners can earn \$100 to \$400 by participating in the City's Recycling Rewards Program which rewards residents for recycling. **The more your neighborhood recycles, the more you earn - reducing the impact of the "Keep Philly Clean" service fee.** Residents can join the program by visiting www.phillyrecyclingpays.com or calling 1-888-769-7960. Rewards can be redeemed at more than 150 participating stores, including local grocery stores and pharmacies.

The **"Healthy Philadelphia Initiative"** will include a two cents per ounce tax on retailers based on their annual sales volume of sugar-sweetened beverages. This tax will serve the triple purpose of financing obesity prevention programs, deterring the consumption of unhealthy beverages, and generating needed revenue for the City. These pennies tacked on to the cost of sugary drinks will add up to \$77.2 million per year. This tax will begin to be collected in April 2011, and will initially cover the last six months of calendar year 2010, so the first year the City will collect \$38.6 million in revenue.

- As of 2008, 64% of adults and 57% of children in Philadelphia were overweight or obese. The number for childhood obesity jumps to nearly 70% in African-American and Hispanic communities.
- Beginning in July 2011, the City will spend \$20 million from the initiative to promote healthy eating and physical activity.

To find out more about the budget, visit www.phila.gov/budgetupdate.

