



## **CITY OF PHILADELPHIA**

### **MAYOR'S OFFICE OF COMMUNICATIONS**

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## **Mayor Kenney's Second Budget Address for Fiscal Year 18**

*\*Remarks as prepared\**

Thank you, Council President and City Council Members for inviting me to speak today.

It's hard for me to believe that a year has already passed. And, I'm even more stunned when I think about all we were able to accomplish together.

Last summer, Philadelphia earned widespread praise as the site of the DNC for being an excellent host to both presidents and protestors.

Over the course of the event, 50,000 visitors patronized our hospitality industry, and thousands of demonstrators peacefully exercised their 1<sup>st</sup> amendment rights without a single arrest - thanks in no small part to the hard work of our police department and Councilman Jones' effort to decriminalize several non-violent offenses.

The City also took new steps to protect Philadelphians' 4<sup>th</sup> amendment rights.

We instituted new police accountability measures to better ensure that pedestrian stops are based on reasonable suspicion, not the color of one's skin.

And we protected the trust that our law enforcement officers have built with Philadelphia's immigrant communities.

In particular, Councilwoman Quinones Sanchez advocated for the resources immigrants need to fully emerge from the shadows.

Over the last year, Councilman Greenlee also defended Philadelphians' right to equal pay for equal work.

Through his bold legislation, we may finally see progress on a problem that has persisted for decades.

The City also made important strides in creating more workforce and affordable housing.

Thanks to the leadership of the Council President and Councilman Johnson, the Philadelphia Land Bank recently issued two RFPs to create workforce housing in Francisville and Point Breeze.

In addition, the City and the Philadelphia Housing Authority worked together to develop a comprehensive plan to increase affordable housing in Philadelphia.

This plan, which included more than 50 goals and strategies, was approved just last week by the U. S. Department of Housing and Urban Development -- making Philadelphia the first large city in the country to receive approval for its plan.

A PHA board member, Councilwoman Blackwell has been unwavering in her commitment to ensuring every Philadelphia family has an affordable place to live. We only earned this honor because of her dedication.

Of course, our most hard-won accomplishment last year was to secure the funding necessary for pre-k, community schools and Rebuild.

City Council's courageous vote took our city's fight against poverty to a new level.

To date, the Philly Beverage Tax has funded 2,000 free, quality pre-k seats and nine community schools, serving 4,500 students.

Our community school coordinators have already brought invaluable services to their students, 75 percent of whom live at or below the poverty line.

These services, which are also available to the students' families and the surrounding community, range from expungement clinics and food pantries to apprenticeship opportunities in the trades and much more.

PHLpreK is also providing quality early childhood education to families that never before could have afforded it. The average household income of families who applied to this program is just \$34,000.

The program has also enabled 88 pre-k providers, 75 percent of whom are minority or female small business owners, to expand and create over 250 jobs.

All said, the Philly Bev Tax will allow the City to dedicate nearly half a billion dollars over the next five years to programs specifically proven to reduce poverty.

However, as we all know, our work is just beginning.

Currently, of the top ten major U.S. cities, Philadelphia ranks first in poverty and last in job creation.

We will only reverse those rankings when we provide all our residents with the basic tools they need to be employable and when we create family-sustaining jobs to employ them.

Last year, we laid the groundwork for an education system that will allow all our students to succeed in the workforce, but pre-K and community schools will only provide these students with a pathway out of poverty if there is a job on the other end.

Others will never be able to take advantage of these new opportunities if they remain trapped by the consequences of poverty, such as lead poisoning, or homelessness.

With that in mind, we ask you – the members of City Council - to invest in two major areas in this year's budget.

We ask you to lift up our most vulnerable by increasing resources that will improve their health and wellbeing; and we ask you to support job-creating initiatives that will increase economic opportunities for all of our residents.

Specifically, this budget proposes a significant investment in fighting the opioid crisis.

Last year, approximately 900 people died of drug overdoses. And the hearings held by Councilman Oh demonstrated that countless more have had their careers and families stolen by addiction.

While the City has already created 500 additional methadone treatment slots, we must do more.

We are proposing to expand the distribution of naloxone to the 10,000 Philadelphians and their families at risk for overdose, particularly in the Fairhill- Kensington area.

We are also requesting the funds necessary to target the Philadelphia doctors who prescribe the most opioids and educate them on how to stop putting their patients at risk for addiction.

And, finally, we are asking for the money necessary to create a real-time database to track openings at treatment facilities, so that we can get those seeking treatment into recovery more quickly.

I am also asking Council this year to make an additional investment in treating and preventing childhood lead poisoning.

While lead poisoning has been steadily declining for years, even one young future destroyed by this horrible condition is one too many.

This new funding would nearly double the number of homes that Health Department inspectors will reach each year.

It would also allow us to increase our preventative outreach, offer additional remediation, and strengthen efforts to hold negligent landlords accountable.

To build on this investment and the anti-lead legislation sponsored by Councilwomen Reynolds Brown, the Health Department will launch a Children's Health agenda this Spring.

This agenda will help coordinate City agencies and nonprofit partners to ensure that Philadelphia children ages zero through five get off on the right foot and remain healthy throughout their adulthood.

With the partnership of the state, we also want to do more for the young Philadelphians in our child welfare system.

Current staffing levels require each DHS attorney to handle an average of 240 cases.

Our Five Year Plan proposes adding 10 lawyers for DHS, reducing overall caseloads by about 30 percent.

DHS projects that children and youth will be moved through the court system more rapidly, allowing more permanent placements to be achieved.

This budget also increases supports for our foster families, who are currently asked to support a child on just a little more than \$21 a day.

In order to appropriately support these families and to encourage more to join the system, we are asking that Council provide funding to increase that stipend to nearly \$36 dollars per day over the next five years

This budget also proposes a significant investment in reducing homelessness.

Thanks in part to many of you, especially Councilwoman Gym, Philadelphia was able to increase homeless youth services by 12 percent last year.

We also launched the Shared Public Spaces Initiative in November to leverage the support of our private and non-profit partners in reducing aggressive panhandling and chronic homelessness.

But we still have more work to do.

Our annual Point in Time count found that homelessness is on the rise.

To address this challenge, we are asking Council to support a total of 83 units in rapid rehousing and supportive housing.

Rapid rehousing focuses primarily on families who have become homeless, moving them quickly out of a shelter and into a community setting.

Supportive housing is particularly effective for those suffering from mental illness or addiction, with a 90 percent success rate of preventing a return to homelessness.

Both types of housing will allow our system to become less reliant on shelter beds, which are very costly and less successful in ultimately returning our homeless citizens to stable living arrangements

These investments in reducing homelessness, opioid addiction, lead poisoning and reducing DHS caseloads will all go a long way towards ensuring that our kids have access to opportunity.

But our children will only be able to fulfill their potential in Philadelphia if we produce more family sustaining jobs.

Philadelphia is the fifth largest city in the country. We should be competing with New York, LA and Chicago, but instead our economic growth is trailing Baltimore's and Detroit's.

To change that dynamic, our budget continues to lower wage and business taxes.

Nearly every task force, commission, committee and working group that has looked at how to improve Philadelphia's economy has noted that our tax policy consistently holds us back.

While we must reduce these taxes gradually in order to avoid making devastating cuts to our services, these steady reductions have been impactful.

The wage tax is at its lowest level since the 1970s, and 60,000 small businesses no longer pay business-income receipt taxes as a result of additional reforms enacted by this Council.

I also applaud City Council on its plans to review old regulations that make Philadelphia a difficult place to do business. I'm confident this effort will help to generate much needed job growth.

Right now, half of Philadelphia's jobs are located in Center City and University City.

In order to create opportunity for all of our neighborhoods, this budget proposes investments that will drive economic growth in all our communities.

Specifically, Rebuild has the potential to catalyze economic growth in dozens of Philadelphia neighborhoods.

As we saw with Dickinson Square in Pennsport, Cedar Park in West Philly, Columbus Square in Passyunk, Vernon Park in Germantown and Pleasant Playground in Mt. Airy, renovating these public spaces is so much more than just a face-lift.

It draws new business and investment to communities that have long felt left behind.

So, I submit for your consideration today an Ordinance to kick-off the Rebuild program.

I am confident that through this ordinance we will be able to finalize a program that is open and transparent, invests in our most underserved neighborhoods, enhances growth, promotes diversity and economic opportunity, includes long-time community members, and leverages the expertise and efficiency of partners in our non-profit sector.

The capital program will also dedicate \$90 million over the next six years into the transforming Penn's Landing into an economic hub.

For decades, I-95 has been a barrier to economic development and recreational activity at Penn's Landing and the surrounding neighborhoods.

By finally funding a cap to link Philadelphia's valuable waterfront with the city's core, this project is expected to have a return of \$1.6 billion in economic benefit over the next 25 years.

I want to recognize Councilman Squilla in particular for making this idea a reality. It's been discussed for a long time, and he was critical in bringing all the necessary partners to the table.

Our capital program also continues the City's commitment to commercial corridors

Through a combination of \$25 million in new investment and existing available funds, the Commerce Department will work to reinvigorate main streets across the city.

Projects are already underway to light up the Market Frankford El corridor, reactivate the Maplewood Mall, improve the pedestrian experience at South Street Headhouse, and to increase security cameras across our neighborhood commercial corridors.

We will also continue to support Councilwoman Parker's successful Power Up Your Business program at the Community College.

To date, more than 50 businesses representing more than 17 zip codes have benefited from this program targeted at supporting neighborhood businesses.

Our administration will also continue to look for other innovative ways to assist small businesses.

To build on the success of the Capital Consortium, which Councilman Green championed from the very start, the Commerce Department will begin providing specialized technical assistance to small businesses that applied for one of Commerce's programs but were not granted funding due to poor financial reporting or other essential business criteria.

These businesses are often minority-owned and located in low-income neighborhoods.

By providing them resources, Commerce expects to help them grow and expand.

Our second budget also increases the City's commitment to helping create jobs for Philadelphians with barriers to employment, particularly disconnected youth and the formerly incarcerated.

Among other investments, the Managing Director's Office will implement a new workforce development program called the "City as Model Employer."

This initiative will connect 200 individuals who already work as seasonal or temporary City employees to "bridge positions."

These positions will help develop the skills required to secure and retain entry-level positions with the City or an employer partner.

We will also make Philadelphia stronger economically by investing in our public infrastructure and public safety.

Our capital program proposes an additional \$30 million investment in SEPTA and a \$170 million investment in road repaving that will allow our City to finally meet national standards. This investment is in line with recommendations made by the Controller last fall.

For the first time, the City's budget also dedicates significant funding to Vision Zero.

Each year there are approximately one-hundred traffic-related deaths in Philadelphia, including drivers, passengers, bicyclists, and pedestrians.

As Councilwoman Bass has been saying for years: these deaths were preventable, and there is no excuse not to act to prevent future tragedies.

Over the next five years, our administration will invest millions towards improving road safety, through clearly designated pedestrian routes and other engineering changes, education in our schools and communities and enforcing slower traffic speeds to save lives.

We are also proposing a significant investment in our Fire Department this year.

Despite fire prevention, fires remain a serious problem in Philadelphia.

Firefighters risked their lives to successfully extinguish an average of 8 severe fires per day last fiscal year, in the process rescuing and treating numerous trapped occupants.

Paramedics are also faced with increasingly high service demand across Philadelphia, especially in Center City during normal work and commuting hours.

To address these challenges, we ask Council to approve additional funds for staffing and training, as well as improvements to aging firehouses and outdated equipment.

I want to recognize Councilmen Henon and O'Neill in particular for being consistent advocates for our firefighters.

The Police Department's budget also continues their commitment to keeping crime low and to increasing accountability.

Specifically, it will make infrastructure improvements to high-need districts and it will continue the roll out of body cameras, with the ultimate goal of outfitting all patrol officers by 2021.

Additionally, over the next year, we will create a holistic plan that incorporates all of our violence prevention strategies.

Last year, the Department of Behavioral Health and Intellectual Disability Services launched a new anti-violence initiative called the Network of Neighbors Responding to Violence.

This community-based program taps into a neighborhood's social connections to foster healthy coping and prevent retaliatory violence.

By evaluating this program alongside our other violence prevention strategies, including focused deterrence, Cease Fire, and the Youth Violence Reduction Partnership, we expect to improve their overall effectiveness.

To aid our corrections officers, we are also proposing to replace their current training facility, which is largely housed in an attic.

The new, modern facility will significantly increase classroom space and improve training areas, allowing our officers to be prepared for crisis while also learning how to best rehabilitate those in their care.

In the interest of public safety, this budget also enacts recommendations made by the commission that was formed in the aftermath of the 22<sup>nd</sup> and Market building collapse.

The Department of Licenses and Inspections will now have highly qualified on-call engineers who can determine the cause of structural failures, and make recommendations.

This is particularly important given Philadelphia's current development boom. It's estimated that 31 commercial mixed-use high-rise projects are currently under construction and another 5 have been issued building permits already this year.

In order to ensure the Office of Property Assessment is keeping pace with this development boom, this budget also increases staffing to assist with our commercial reassessments, and maintains outside experts to ensure accuracy.

I specifically want to thank Councilman Domb for urging us to action on this issue as well as Councilman Taubenberger for helping us to close the Real Estate Transfer Tax loophole.

The final major change proposed in our second City budget is pension reform.

The City's annual pension contribution has grown by over 230% since fiscal year 2001.

These increasing pension costs have caused us to cut important public services, while the pension fund's health has grown weaker.

In fact, our pension fund has actually dropped from 77% funded to less than 50% funded, during the same time our contributions were so rapidly increasing.

There is clearly a systemic problem here we have to address.

So, I urge Council to adopt the administration's plan to get the pension fund 80 percent funded in 13 years.

DC33, our largest union, has already accepted this plan.

For future employees, it utilizes a stacked-hybrid model, and for our current employees it requires increased contributions that rise with incomes.

Most importantly it allows us to keep our promise of a secure retirement for all employees.

I wish there were more investments that I was able to share with you this year.

But Philadelphia's ability to fund even basic services will continue to be hampered until our pension fund is healthy, we double our economic growth, and we significantly reduce our poverty rate.

Those may seem like difficult goals to achieve, but last year, I watched this Council come together and face down enormous pressure from a billion-dollar industry in order to better serve our children.

I know that now, in the face of even greater threats from Washington and Harrisburg, we will come together again in order to serve those who depend on us.

Let's get to work.

Thank you.

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