



Budget Update

June 15, 2020



City of
Philadelphia



Timeline

March 5, 2020

- Mayor Kenney proposed FY21 budget with no tax increases and new investments in education and street cleaning

March 16, 2020

- City government City government operations, schools, and businesses closed down to prevent the spread of COVID-19.

May 1, 2020

- Mayor Kenney proposes revised FY21 budget, drawing down on reserves, reducing spending, and increasing revenues to close \$649M gap

June 15, 2020

- Worse than projected tax collections through May create larger gap in FY21 budget (by around \$100M)





Revenue Update

Realty Transfer Tax

- FY20 Realty Transfer Tax expected to be \$319.5M
- \$25M less than the \$344M estimate on May 1
- Reduces fund balance and tax estimate for FY21

Sales Tax

- FY20 Sales Tax expected to be \$195M
- \$32M less than the \$227M estimate on May 1
- 2 month lag – May collections reflect March activity
- Reduces fund balance and tax estimate for FY21

All Other Taxes

- Coming in as projected
- Business Tax deadline extended until July 15





The Impact

Negative Fund Balance

- Revised revenue estimates would result in a negative fund balance
- Budget must be balanced and passed by June 30th
- Evaluating FY20 underspends and strategies to further reduce the FY21 budget.
 - Committed to no increase for Police





Continuing Risks

Additional Uncertainty

- Yellow Phase Reopening & Beyond
- Delayed Tax Deadline
- Civic Unrest/Protest Costs
- Second Surge of COVID-19
- Additional Federal Funds





What's Next

Work with City Council to finalize the FY21 Budget

- Identify additional reductions
 - Will not increase Police budget
- Must be balanced and complete by June 30th

PICA Approval

- The City's fiscal oversight board must deem the City's Five Year Plan balanced.
- If PICA does not approve the Plan, state funding is jeopardized

Recovery & Reconciliation Strategies

- Priorities for economic recovery & grant applications
- Continuing Consultation with Reconciliation Steering Committee





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