



City of Philadelphia

Operating Budget & Five Year Plan: FY 2023-2027
Capital Budget & Six Year Program: FY 2023-2028

Introduction: March 31, 2022



City of
Philadelphia



Budget Vision Statement

Our vision for this budget cycle and beyond is a budget that enables investments that provide quality government services and infrastructure while maintaining the City's long-term fiscal health, reduces racial disparities among Philadelphians, and advances equitable outcomes for all Philadelphians.

FY23 Significant Investments

Anti-Violence

- \$184M+, 18.5% increase over FY22
- \$2M for READI pilot
- \$1.5M for Vacant Lot Maintenance
- Expanded CCIP and GVI
- \$12M for Community Partnership Grants

Infrastructure: Maintain + Modernize

- \$181M in new borrowing supported Capital spending
- Paving & ADA ramps, FDR Park, and Financial/Procurement Systems
- IJA: \$80M (\$20M for support operations, \$60M for local matches)
- Over \$100M for SEPTA
- \$27.9m for Housing Trust Fund

Education

- \$270M for the School District of Philadelphia
- \$50M for the Community College of Philadelphia, including \$10.8M for Catto Scholarship
- 300 new PHLpreK slots and 3 new Community Schools

FY23 Budget by the Numbers

Operating

- \$5.5B Revenues
- \$5.6B Expenditures
- \$152.8M Fund Balance

General
Fund only.
Spending for
all funds =
\$12.1B

Capital

- \$181M new GO borrowing
- \$3.5B total spending



Racial Equity & Budgeting



City of
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FY23 Tactics for Budgeting for Equity

Department Input

- New Racial Equity Questionnaire designed with external racial equity consultant
- Office Hours with racial equity consultant to help complete Questionnaire

Rubric

- External racial equity consultant scored new funding requests and department capacity

Budget Equity Committee

- Expanded to include more non-executive staff from more departments
- Prioritized new funding requests

Cabinet Racial Equity

- Dedicated Budget Equity sessions with Cabinet
- Separate from multi-dept Cabinet member rankings

Interdepartmental Alignment

- Received input from the Office of Diversity, Equity and Inclusion
- Incorporated OEO and Procurement into department budget meetings for goal setting



Budget Community Engagement Recap



City of
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Community Budget Engagement

Top Concerns

- Streets/Sanitation
- Public Safety
- Racial Equity

Focus Groups

- Replaced online survey, 94 people participated (of 180 selected)
- Tripled Black share of participants (12% → 36%); still less than representative
- Struggled most with Hispanic/Latino

Townhall

- 180+ attendees
- Live translation into multiple languages

Grass Tops

- Biz, Non-Profits, Philanthropy, Arts & Culture, City Boards & Commissions

Employees

- 140+ employees at six sessions



FY23 General Fund



City of
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FY23 – General Fund Proposal

Revenues

**\$5.51
billion**

- Assumes new assessments up 4.5%
- Includes \$335M from ARP (as required all \$1.4B will be spent by Dec 2024)

Expenses

**\$5.61
billion**

- \$116M Baked in increases for labor costs, Septa, preK, street sweeping, SDP and more
- \$184M+ for Anti-Violence (\$28M increase)
- \$20M for IJJA support
- \$20M Recession and Reopening Reserve

Projected FY23 General Fund Balance

**\$152.8
million**

- Less than FY19 pre-pandemic level of \$439M
- Fund Balance @ 2.77% of revenues (internal goal=6-8%, best practice=17%)
- FY27 = \$60M (1.01% of revenues)

FY23-27 Fund Balance (in \$M)

	FY23	FY24	FY25	FY26	FY27
Revenues	\$5,511	\$5,742	\$5,968 ARP ends	\$5,693	\$5,931
Spending	\$5,612	\$5,761	\$5,878	\$5,909	\$5,956
Fund Balance	\$152.8	\$152.4	\$262.6	\$65.6	\$60.0
FB as % Revenues	2.77%	2.66%	4.40% BSR Pym't	1.15%	1.01%



General Fund Revenues



City of
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No Tax Rate Increases, Reliance on Federal \$

Taxes

- No rate increases proposed
- If the growth in property assessments is more than the amount included in the budget, will work with Council on relief and rate reforms when that data is available

Fees & Fines

- Document recording fee increase to cover increased recording costs (about \$500K/year)
- \$15 Demolition Fee on Deed Recording

American Rescue Plan

- Draws down \$335M in FY23
- Entire amount drawn down by December 2024 as required by ARP





Economic Outlook

- Continued uncertainty due to pandemic, vaccination distribution, and shifts in how people work.
 - Estimating 25% of pre-pandemic Commuter Wage Tax \$ are lost. Hard to predict due to timing of refund requests.
- Interest rates, inflation, and supply chain issues create pressure.
- Parking, Amusement Taxes have rebounded faster than we expected in FY22
- Phila has trailed region and nation in job recovery



Trend & Projection Summary (in \$ millions)

Tax	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Projection	FY23 Growth Rate
Wage/Earnings	\$1,582	\$1,599	\$1,451	\$1,520	6.95%
Real Estate	\$697	\$699	\$723	\$727	4.50%
BIRT	\$541	\$534	\$542	\$545	12.06%
Realty Transfer	\$328	\$320	\$304	\$313	-4.29%
Sales	\$224	\$205	\$230	\$268	2.37%
Parking	\$99	\$77	\$53	\$88	5.50%
Beverage	\$77	\$69	\$70	\$77	1.25%
Net Profits	\$36	\$29	\$44	\$35	6.48%
Amusement	\$26	\$18	\$3	\$22	4.00%

Disclaimer from the Finance Director: These are estimates. Uses estimates reported in the FY22Q2 QCMR



General Fund Spending



City of
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Anti-Violence Investments

Investments for Anti-violence	Funding Continued from FY22	New Funding in FY23	Total
Community Empowerment	\$9,032,435	\$375,000	\$ 9,407,435
Employment & Careers	\$18,105,146	\$2,075,000	\$ 20,180,146
Healing	\$11,717,763	\$11,907,919	\$ 23,625,682
Prevention	\$81,196,425	\$22,715,399	\$ 103,911,824
Safe Havens for Youth & Families	\$17,641,673	\$9,760,949	\$ 27,402,622
Grand Total	\$137,693,442	\$46,834,267	\$ 184,527,709

Includes:

- \$12M new Community Partnership Grants including Community Expansion Grants (CEG) and Targeted Community Investment Grants (TCIG)
- Adds \$1M for Community Crisis Intervention Program and \$1M for Gun Violence Interruption
- \$2M for READI Workforce pilot
- Restart Accelerated Misdemeanor Program (\$750K)





Education

School District

- \$269.9M
- \$14M increase over FY22
- \$1.4B over 5 years

CCP

- \$50.1M, includes funds for Catto Scholarship
- \$2M increase over FY22
- \$253M over 5 years

PHLpreK + Community Schools

- preK slots grow by 300 to total of 4,300
- 20 Community Schools, increase of 3

Free Library

- Increase of \$9.7M for stable, 5-day service, total FY23 budget of \$55.8M
- \$285M over 5 years





Significant Non-Departmental Investments

Housing Trust Fund

- \$27.9M in FY23
- \$145M over 5 years

Pension Obligation Bonds

- \$121M in FY23, \$30M increase
- Increase due to restructuring to avoid massive service cuts and layoffs in FY21

Health & Medical

- \$559.5M, increase of \$48.9M in FY23
- Delayed treatments due to pandemic



Top Rated Investments for Racial Equity

Department	Initiative
MDO	Vacant Lot Maintenance & Stabilization
CAO	Racial Equity Leadership & Strategic Planning
MDO	MacArthur Sustainability: Increase Support
MDO	Increase Support for Immigrant Defense
Health	Children's Environmental Health Plan – Lead & Healthy Homes
MDO	Community Crisis Intervention Program expansion
DBHIDS	Justice and Mental Health Collaboration Program
Homeless Services	Restoration of Opioid-related programs
Homeless Services	Cost inflation at emergency shelters
Fire	911 Triage & Co-Responder (AR-3)





Before We Dive In – A Definition

FY23 Base Budget

- Typically means sustaining current services
- Removes one-time/ending costs from FY22
- Adds \$ for automatic/planned increases when known (baked in changes)

Exceptions

- Some base budgets don't cover existing service level – required increases to sustain services
- Baked in increases for Mayoral Priorities – PHLpreK, Street Sweeping, Community Schools and CCP
- Operating investments for IIJA shown separately



Independents (Except Court System)

Auditing (Controller)

- FY23 Base Budget + \$286,814 to restore COVID cuts

Board of Ethics

- FY23 Base Budget + \$150K for staff

Board of Revision of Taxes

- FY23 Base Budget

City Commissioners

- FY23 Base Budget + \$2M

Adds \$3.7M in FY25
for next presidential
election

City Council

- FY23 Base Budget

Register of Wills

- FY23 Base Budget + \$400K for deed fraud/tangled title

Sheriff

- FY22 Base Budget + \$2M for Deputy Sheriffs





Court System

District Attorney

- FY23 Base Budget + \$150K for AMP

First Judicial District

- FY23 Base Budget

Defenders Association

- FY23 Base Budget





Arts

Art Museum

- FY23 Base Budget
- Capital increased by \$500K from FY22

Mural Arts

- FY23 Base Budget + \$100K for Color Me Back Same Day Pay + \$75K for Restorative Justice

Additional arts funding is embedded within other departments. Includes the Cultural Fund, Office of Arts & Culture, and direct payments to cultural institutions.



Administration - slide 1 of 2

Civil Service Commission

- FY23 Base Budget

Fleet Management

- FY23 Base Budget (incl street sweeping staff) + \$1.5M for Fuel

Fleet – Vehicle Purchases

- FY23 Base Budget

Labor

- FY23 Base Budget + \$150K for Worker Protection + \$50K for Community Grants + \$125K for Ombudsman

Law

- FY23 Base Budget + \$500K for Class 100 + \$750K for Class 200

Mayor's Office

- FY23 Base Budget + \$300K for communications, engagement, Integrity, City Rep, and policy

Office of the CAO

- FY23 Base Budget + \$30K for Director of Training (plus \$70K transfer) + Roll Operations Transformation Fund forward to FY23 + \$280K for Mayor's Internship and \$275K for DEI Professional Development.



Administration slide 2 of 2

Office of Human Resources

- FY23 Base Budget + \$224K for Recruitment

OIT

- FY23 Base Budget + \$670K for MDTs and EVDOs (replaces grant)

Office of the Inspector General

- FY23 Base Budget + \$150K for staff/investigator + \$500K Youth Ombudsman

Procurement

- FY23 Base Budget + \$150K for SSE Staff

Public Property

- FY23 Base Budget + \$1M for Triplex Repairs

Public Property – Space Rentals

- FY23 Base Budget

Public Property - Utilities

- FY23 Base Budget



Fiscal

\$2.5M
for St.
Chris +
\$500K
for Black
Doctors

City Treasurer

- FY23 Base Budget + \$90K to take over salary from Pensions + \$10K Bank TMS Connectivity

Finance

- FY23 Base Budget + \$10K translations + \$64K HR + \$50K Accounting + \$85K 3rd Party Liability Claims

Office of Property Assessment

- FY23 Base Budget + \$120K for Mgm't Trainees

Revenue

- FY23 Base Budget - \$243K postage reductions

Sinking Fund (Debt Service)

- FY23 Base Budget





Labor Costs (But Not New Contract Costs)

Finance – Employee Benefits

- \$1.598B, \$93M increase
- \$31M Pension + \$4.6M Pension Sales Tax
- \$57.5M Other Employee Benefits

Labor Reserve

- \$10.6M for remaining contracts (COs, Sheriff, ROW)

Reg 32 (Finance)

- FY23 Base Budget





Education

Community College

- FY23 Base Budget = \$51M, up \$2M from FY22 for Catto Scholarship

School District

- FY23 Base Budget = \$269.9M, up \$14M

Mayor's Office Scholarship

- FY23 Base Budget (\$100K)

Hero Scholarship

- FY23 Base Budget (\$50K)

NOTE

- Funding for PreK and Community Schools is in the DHS Budget, not this group – but increasing PHLpreK slots by 300 to 4,300. Community Schools increases by 3 to 20.





Economic Development

Commerce

- FY23 Base Budget + \$1M for staff + \$30K for trainings + \$75K for permit wizard

Convention Center Subsidy

- FY23 Base Budget (\$15M fixed cost)

Economic Stimulus

- FY23 Base Budget (\$5.8M → \$14.8M) - \$1.5M reallocated for new investments Commerce investments.
- \$500K for new Emergency Grants
- Remaining increase is \$7M for TCB Commercial Corridors





Public Safety

Fire

- FY23 Base Budget + \$1.4M for 911 Triage & Co-Responder (AR-3)

Police

- FY23 Base Budget + \$2.7M for Police Mobility + \$515K for Forensic Science upgrades

Prisons

- FY23 Base Budget + \$2.3M for food for census @ 5K + \$673K for maintenance contract wage increases + \$21K for mail/body scanner maintenance

Licenses & Inspections

- FY23 Base Budget + \$503K for Class 100 deficit + \$250K for eCLIPSE + \$100K for Racial Equity Strategy
- Board of Building Standards and Board of L&I Review both sustained
- New separate Demolition Fund (\$2.25M) outside of General Fund





Health & Human Services

Health

- FY23 Base Budget + \$462K for Home Lead Remediation

DHS

- FY23 Base Budget + \$802K Violence Prevention

DBHIDS

- FY23 Base Budget + \$7.3M for Mobile Crisis Units + \$65K for DOJ match for programs in prisons

OHS

- FY23 Base Budget + \$5.5M Opioid Funding + \$1.31M Shelter Cost Inflation + \$3.2M Non-Congregate Care + \$2.3M Food & Security





Neighborhood Services

Free Library

- FY23 Base Budget + \$9.7M for Stable 5-Day Service

Parks & Rec

- FY23 Base Budget + \$588K for Goal 3 + \$988K Grounds Operations + \$365K for Rec Advisory Modernization + \$750K for Youth Sports Plan

Planning & Development

- FY23 Base Budget + \$250K for Citizens Planning Institute + \$250K for Comp Plan Outreach

SEPTA

- FY23 Base Budget (set by formula, \$9.5M increase)

Streets

- FY23 Base Budget (includes street sweeping) + \$1.5M ADA In-House + \$2M Illegal Dumping+\$842K for Outdoor Dining program
- Also moving Crossing Guards from MDO with flat funding

Streets – Disposal

- FY23 Base Budget





Other

Recession & Reopening
Reserve

- \$20M (down from \$42.5M in FY22)

Indemnities

- FY23 Base Budget

Refunds

- FY23 Base Budget

Human Relations Commission

- FY23 Base Budget

CEO

- FY23 Base Budget + \$500K for Same Day Pay

Sustainability

- FY23 Base Budget

Records

- FY23 Base Budget





Managing Director + Infrastructure

Managing Director

- FY23 Base Budget + \$1.5M Vacant Lot + \$500K Rebuild + \$510K for MacArthur + \$600K for AMP + \$100K Immigrant Legal Defense + \$1M CCIP Expansion + \$1M for GVI expansion + \$2M ACCT + \$2M for READI + \$2M Behavioral Health Support + \$12M in Community Expansion Grants (+ Community Expansion Grants encumbered for existing grantees that will be rolled forward) + \$1.5M CLIP Same Day Pay + \$1.5M CJPS Anti-Violence + \$3M Kensington Interventions + \$100K Philadelphia Voices

Infrastructure Investment and Job Act (IIJA)

- \$20M for operating costs across 12 departments in FY23, rises to \$22M for outyears as we ramp up.
- Paired with \$60M Capital Match to start; anticipate needing more in the outyears
- Designed to ensure we have skill and capacity to apply for and implement infrastructure projection.





Capital Budget & Program



City of
Philadelphia

NEED FOR CAPITAL INVESTMENT

Rebuilding roads, bridges, and transit that connect employees to jobs, and customers to businesses



Reconstructed station at 5th and Market, SEPTA Market-Frankford Line

NEED FOR CAPITAL INVESTMENT

Rebuilding facilities that connect Philadelphia to the world



New jet bridge installation at
Philadelphia International Airport
(PHL)

NEED FOR CAPITAL INVESTMENT

Rebuilding facilities that safely manage Philadelphia's water resources



Improvements to PWD Torresdale
Filtered Water Pumping Station

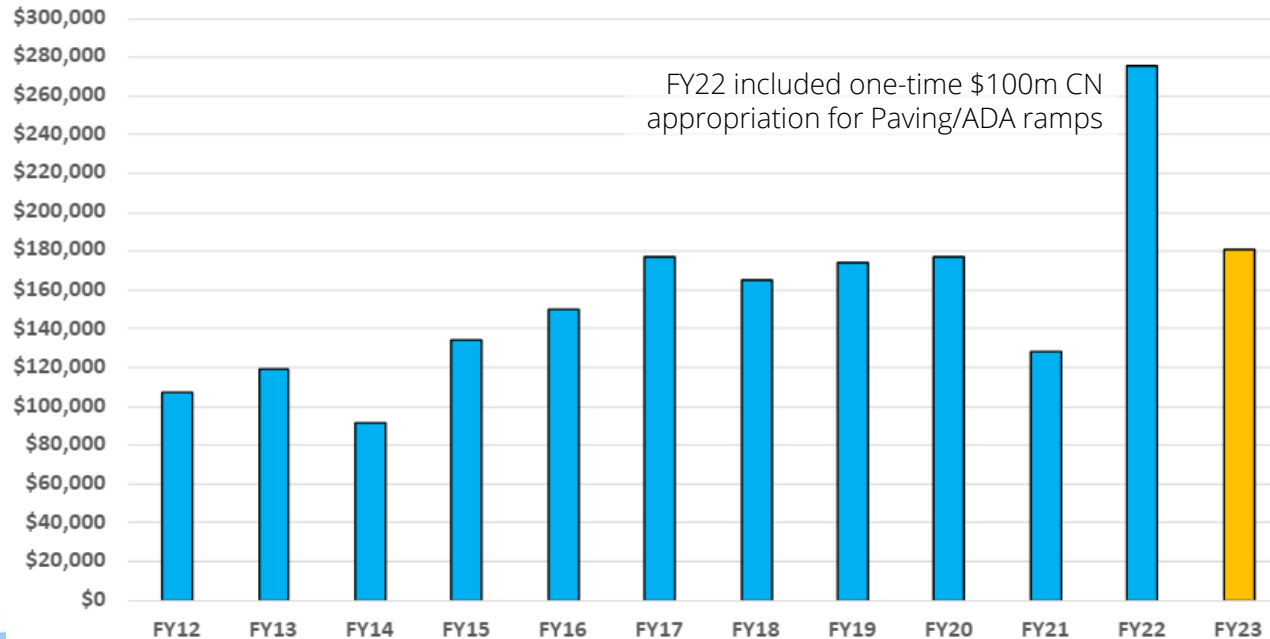
NEED FOR CAPITAL INVESTMENT

Modernizing capital equipment necessary for City departments to provide essential services



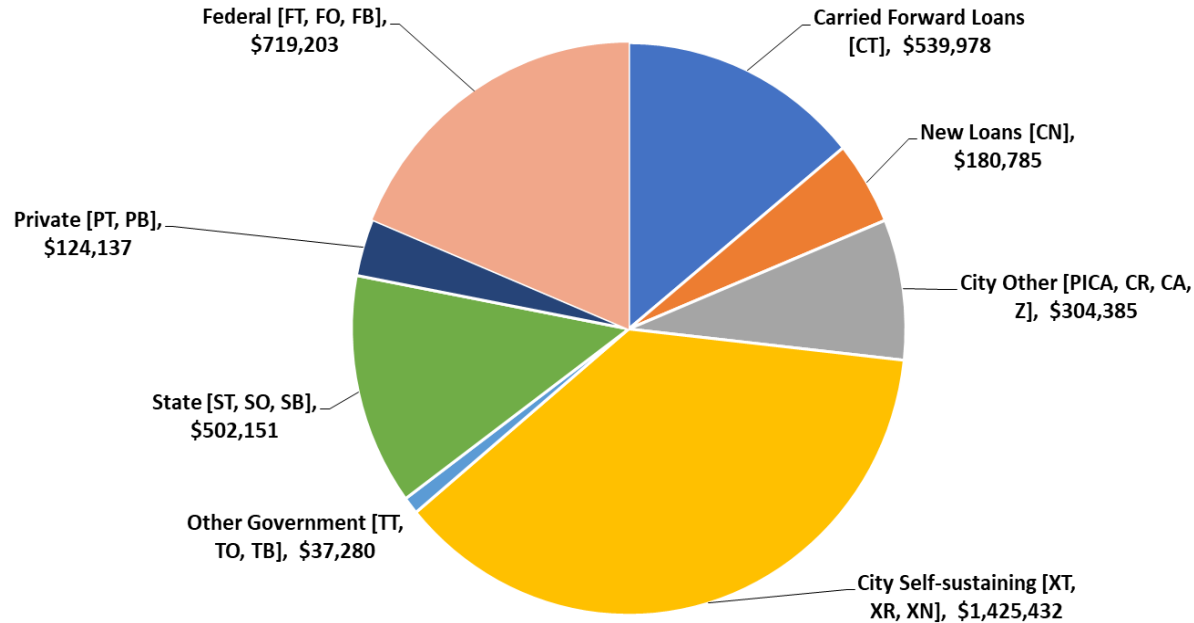
RECOMMENDED FY23 CAPITAL BUDGET

General Obligation (CN) Appropriations for Capital Budgets FY12 to FY22 Adopted, FY23 Recommended (\$ thousands)



RECOMMENDED FY23 CAPITAL BUDGET

Proposed Sources Of Funds (\$ thousands)



INCLUSIVE ECONOMY AND THRIVING NEIGHBORHOODS

Vision Zero improvements at
Frankford and Belgrade



DIVERSE, EFFICIENT & EFFECTIVE GOVERNMENT



DIVERSE, EFFICIENT & EFFECTIVE GOVERNMENT

Compressed natural gas (CNG) fuel site for
trash compactors, Southwest Philadelphia



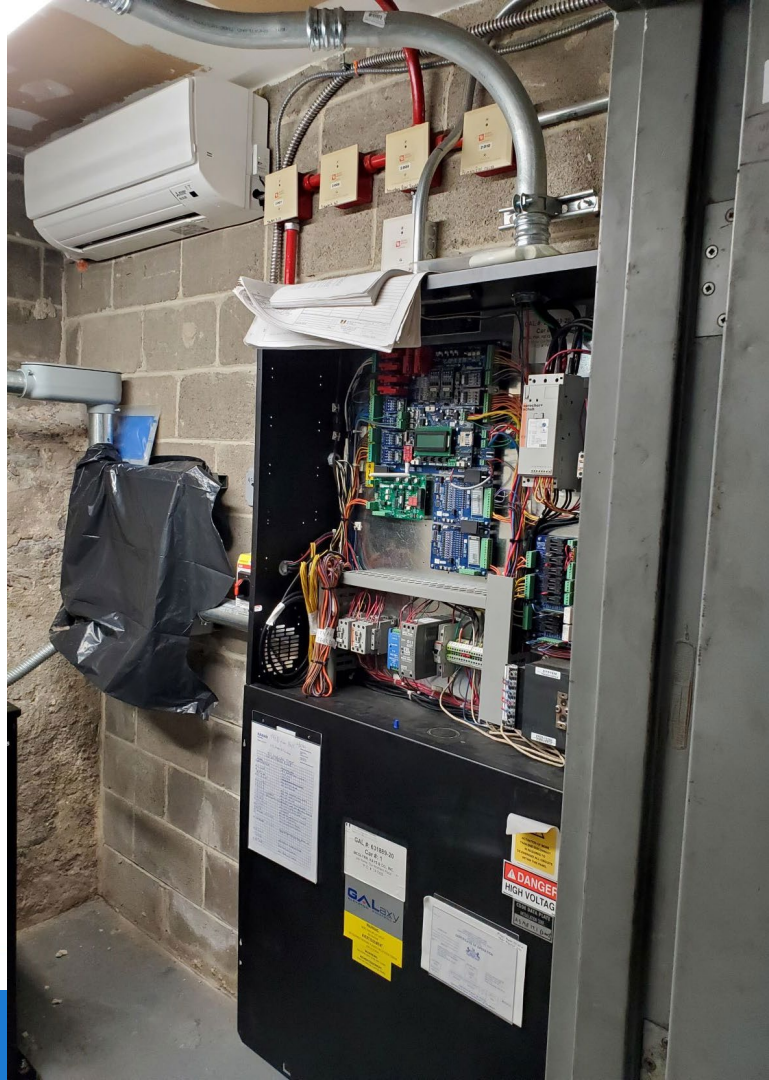
HEALTH EQUITY FOR ALL

New dental suite at Strawberry Mansion
Health Center (Health, Public Property)



HEALTH EQUITY FOR ALL

Elevator control equipment, Our Brother's Place,
(Office of Homeless Services, Public Property)



QUALITY EDUCATION FOR ALL



New cooling tower at Animal Hospital,
Philadelphia Zoo.

High efficiency dual boilers, Falls
Library (Free Library)

SAFER, MORE JUST PHILADELPHIA



▲ New apparatus for Philadelphia Fire Department (Fleet, Fire)

◀ Fire control panel at PICC, Northeast Philadelphia (Prisons)

What's included in FY 23:

Economic Development

- I-95 - \$12M
- Schuylkill Riverfront Improvements- \$3M
- East Market - \$2M
- All Other Commerce - \$3M

Parks & Recreation

- FDR - \$20M
- Rebuild - \$7M
- Council ITEF - \$4M
- Cobbs Creek Golf Course -\$1.5M
- All Other PPR - \$9.3M

Other

- Streets: Paving - \$27M
- OIT: OPAL - \$16.4M
- Fleet: Vehicles - \$13.3M
- Police: PD39 - \$7.4M
- Prisons: RCF & CFCF Locks - \$4.4M


DEPARTMENT	NEW CITY TAX-SUPPORTED FUNDS (\$ 000)	ALL FUNDING SOURCES (\$ 000)
ART MUSEUM	\$2,000	\$3,500
AVIATION	-	\$325,700
COMMERCE	\$20,000	\$199,674
FINANCE	\$3,550	\$165,340
FIRE	\$4,500	\$15,392
FLEET	\$15,050	\$49,523
FREE LIBRARY	\$2,500	\$8,875
HEALTH	\$4,000	\$121,186
MANAGING DIRECTOR'S OFFICE	\$300	\$120,167
OFFICE OF HOMELESS SERVICES	\$1,500	\$3,920
OFFICE OF SUSTAINABILITY	\$500	\$1,838
OFFICE OF INNOVATION AND TECHNOLOGY	\$20,177	\$96,650
PARKS AND RECREATION	\$41,930	\$249,897
POLICE	\$8,800	\$40,293
PRISONS	\$7,475	\$21,840
PUBLIC PROPERTY	\$1,144	\$49,237
RECORDS	-	\$374
STREETS	\$39,900	\$867,891
TRANSIT	\$5,459	\$302,365
WATER	-	\$1,179,887
ZOO	\$2,000	\$9,802
Total	\$180,785	\$3,833,351





NEW OPPORTUNITY FOR LEVERAGE

Infrastructure Investment and Jobs Act

- Recommended FY23 Capital Budget repurposes \$60m in previously unspent CR funds for local matches for funds from Infrastructure Investment and Jobs Act (IIJA)
 - FY23 Capital Budget to be complemented by Operating funds to support project management and implementation
 - Expect additional, out-year needs for CN matching funds, timing and amounts to be determined
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