



City of Philadelphia Recovery Plan
State and Local Fiscal Recovery
Funds
2023 Report

City of Philadelphia

2023 Recovery Plan

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General Overview

Executive Summary

In the final year of his administration, Mayor James Kenney remains driven by a vision for true and lasting equity for Philadelphia. Mayor Kenney envisions a Philadelphia city where equal opportunities are open to all residents, race is not a determinant of success, and diversity is elevated as one of Philadelphia's greatest assets. His administration is focused on delivering on this vision and ensuring Philadelphians in every neighborhood can benefit from critical investments across the city by supporting:

- Quality Education for All
- A Safer and More Just City
- Health Equity for All
- An Inclusive Economy and Thriving Neighborhoods
- A Diverse, Efficient and Effective Government

Despite the continuing challenges of recovery and reopening as well as lingering uncertainty about City revenues due to the massive and still-ongoing changes to the ways the Philadelphia region works and plays, the City of Philadelphia remains resilient. During the third year since the start of the pandemic, the City continued to administer programs to meet the needs of residents and businesses. The Administration remains committed to helping all Philadelphians confront the challenges grounded in economic and racial inequities.

The American Rescue Plan represented a significant turning point for Philadelphia, not just in the fight against the pandemic but for the future of the city and its region. It provided much-needed resources to save lives, to keep Philadelphia's residents healthy and housed, and to support City schools and small businesses. It also answered the call for direct and flexible aid that allowed the City in Fiscal Year 2022 to restore some budget and service reductions and avoid additional painful cuts that would have destabilized the workforce, jeopardized the well-being of residents—especially the most vulnerable—and diminished chances for an equitable economic recovery for Philadelphia and the entire region.

The State and Local Fiscal Recovery Funds (SLFRF) enabled Philadelphia to fill a large portion of the sudden, enormous, and critical budget gaps caused by the COVID-19 pandemic. While the fiscal and economic impact of the pandemic will reverberate for years to come, the \$1.4 billion in SLFRF that Philadelphia has received and will disburse (through the calendar year 2024 grant performance period included in the City's Five-Year [Plan](#)) will greatly aid in the City's continued recovery, enabling the City to advance quality education, safety and justice, health equity, an inclusive economy with thriving neighborhoods for all, and a diverse, efficient, and effective government. SLFRF has and will continue to enable investment in

providing core services, maintaining fiscal health, reducing racial disparities in outcomes for residents, and advancing an equitable future for all Philadelphians.

Uses of Funds

The City of Philadelphia's Fiscal Year 2024 budget makes investments to ensure the long-term safety, health and well-being of Philadelphia and all residents. It focuses on preserving—and in some cases expanding—core services while maintaining long-term fiscal health and promoting equitable outcomes for all Philadelphians.

Many of these investments are possible because of the Biden Administration's American Rescue Plan, especially the direct and flexible support provided via the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). Philadelphia is receiving \$1,087,606,822 as a city allocation and \$307,685,862 as a county allocation, for a total of \$1.4 billion in SLFRF. Without these funds, to be used as revenue replacement (EC 6), the City would have faced a \$1.5 billion shortfall over five years due to the fiscal crisis stemming from COVID-19.

As a result, in 2020, despite progress in improving Philadelphia's fiscal health over years of careful planning prior to the pandemic, the City had to make painful decisions to address a budget shortfall of \$750 million for FY2021. While increased costs were a contributing factor—especially as both a city and a county government—the majority of this shortfall (\$635 million, or 85 percent) stemmed from lost revenue due to the COVID-19 pandemic.

Prior to the American Rescue Plan, no federal aid could be used to replace this lost revenue. With the requirement to have a balanced budget, and with a prohibition against raising taxes after a fiscal year has started, there would simply have been no way to avoid layoffs and service cuts that would have jeopardized the well-being of Philadelphia's residents, particularly the most vulnerable, and likely deepened racial disparities and inequities that the pandemic has exposed and exacerbated.

One of the most important measures of the City's financial health is its fund balance. Having a healthy fund balance gives the City financial flexibility, makes it better able to meet its cash flow needs, mitigates current and future financial risks, and ensures predictability of future services.

The FY24 budget includes a fund balance of \$529 million. At 8.8% of budgeted revenues, it meets the City's goal to achieve a fund balance of at least 6-8% of revenues but is far below the Government Finance Officers Association recommendation (17%). While this level of fund balance exceeds most prior years, it is buoyed by \$391 million in American Rescue Plan relief from the federal government. Absent that support, the government would be forced to

consider budget balancing actions rather than the crucial investments included in this budget. If there are unexpected revenue shortfalls or new expenditures in FY24, the City can draw down those funds more quickly, changing the allocation between FY24 and the first half FY25. This would mitigate any short-term disruptions and create time to develop thoughtful approaches to regaining fiscal stability.

The City learned during the Great Recession that cuts to local government services can take many years to recover while slowing down regional economic recovery and disproportionately impacting Black and brown residents. Coronavirus State and Local Fiscal Recovery Funds have allowed the City of Philadelphia to continue to provide core services and prioritize vulnerable populations while avoiding layoffs and service cuts that would have endangered lives and jeopardized the City's ability to serve as a driver of an equitable economic recovery for residents and the region.

The SLFRF relief of nearly \$1.4 billion will not fully replace the reduction in revenues resulting from the pandemic, but it has allowed the City to make new investments in the FY22, FY23, and FY24 budgets to restore some of the cuts from FY21's budget and avoid having to make more painful cuts or consider tax increases. It also helps the City continue to invest in public safety, health equity, education, inclusive economic growth, and creating thriving neighborhoods.

The direct and flexible SLFRF funds are critical to Philadelphia's success in emerging from the COVID-19 pandemic, and they also complement other sources of federal aid provided in recent years, including:

- Over \$299 million in rental assistance allocations disbursed, serving over 46,500 households with assistance for rental arrears and utility payments that have enabled individuals and families to remain in their homes during this period of economic instability.
- Resources from the 2020 federal CARES Act, including \$276 million in Coronavirus Relief Funds directed to Philadelphia for COVID-19 recovery. The City directed those resources to public health and public safety expenses, direct assistance to small businesses, enabling distance learning for Philadelphia's children, and continuing municipal operations during the pandemic. The City disbursed these funds prior to the deadline of December 31, 2021.
- The City is also seeking reimbursement through FEMA Public Assistance for eligible emergency protective measures taken in response to the COVID-19 pandemic. Reimbursable costs include those costs associated with standing up temporary medical facilities, non-congregate emergency sheltering, certain personal protective equipment (PPE), certain cleaning and disinfection activities, and administration and distribution of vaccines. To date, Philadelphia has received reimbursement for \$34.7

million in project costs, with an additional \$72 million expected after final FEMA review.

- The implementation of the federal Bipartisan Infrastructure Law (BIL) will further propel a thriving economy that provides opportunities to all Philadelphia residents and neighborhoods. This once-in-a-generation infusion of federal funding is the largest long-term infrastructure investment in our nation's history. It provides \$1.2 trillion over five years, 2022 through 2026, in federal funding. Between the BIL and various State infrastructure grant programs, the City is poised to receive almost \$1 billion in infrastructure funding over the next five years for roads, bridges, mass transit, water infrastructure, electric vehicle charging, broadband, etc.
- The Inflation Reduction Act (IRA) is an historic federal investment in advancing the United States' equitable clean energy transition. \$368 billion is set aside over the next 10 years to fund and finance municipal and community-scale energy projects.
- In 2021, the remnants of Hurricane Ida hit Philadelphia. This resulted in major property damage and extensive flooding. After disasters like this, Congress may choose to allocate special funding to help communities recover through the Community Development Block Grant Disaster Recovery (CDBG-DR) program. The U.S. Department of Housing and Urban Development (HUD), which oversees this program, has allocated over \$163 million to support Philadelphia's recovery and mitigation efforts.

Promoting equitable outcomes

Like many American cities, Philadelphia experiences deep race-based disparities across all indicators of health and wellbeing, which impact the quality of life for all residents. With clear focus and the right strategy, City government can be a leader in advancing racial equity. The City of Philadelphia is committed to an equitable recovery from the COVID-19 pandemic, and to using federal recovery funds to support and expand its efforts to promote racial equity.

The City of Philadelphia recognizes that government at a local, state, and federal level has played a historic role in creating and maintaining racial inequities which determine health outcomes, economic wealth, community safety, and intergenerational wellbeing. COVID-19 has compounded longstanding racial inequities for communities of color in Philadelphia, such as historically marginalized and divested Black and Latino/a/x communities.

The City continues to acknowledge, address, and act in the face of continued deep rooted racial and social inequities. In January 2020, Mayor Kenney issued [Executive Order No. 1-20](#) to expand the City's focus on diversity, equity, and inclusion. The Executive Order formalizes a framework across departments to guide the City's efforts to actively dismantle policies and practices that have perpetuated racial inequity while creating policies and employing practices that will promote more racially equitable workforce, budget, procurement, and

service outcomes so that all Philadelphia residents reach their full potential. In this context, “racial equity” means that race-based outcome gaps are eliminated, race cannot predict one’s success, and outcomes are improved for all.

In October 2020, the Kenney Administration began implementation of an expanded framework for all departments to drive more equitable outcomes for City employees and communities of color. The Mayor’s Office of Diversity, Equity and Inclusion is leading this strategy in partnership with City departments.

Achieving a workforce that is diverse, inclusive, and equitable means that Philadelphia’s workforce reflects the diversity of the communities served, and this diverse representation exists across the breadth (functions) and depth (hierarchy) of City government. The resulting increase in the diversity of experience and constructive engagement from employees is intended to improve service delivery and employee selection and productivity, which are critical to the City of Philadelphia’s ability to best serve its residents and communities.

Under the City’s Racial Equity Strategy, by the end of 2023, every City department that reports to the mayor will complete a racial equity assessment and action plan, setting forth more intentional efforts to produce greater racially equitable impact related to each department’s budget, core services or programs, procurement, and community engagement. These strategies provide a Citywide framework to guide the City’s efforts at dismantling policies, practices and power dynamics that have perpetuated racial inequity while uplifting policies and employing practices to promote racially equitable outcomes for all city residents.

As part of the racial equity action planning process, departments receive support from the Office of Diversity, Equity and Inclusion and outside racial equity consultants to undergo a rigorous examination of the root causes of inequity in Philadelphia. This process includes:

- Learn and internalize an anti-racist results-based-methodology (“RBA”) to improve the conditions of the communities being served.
- Identifying and acting on required internal culture change.
- Conditioning and incorporating racial equity centered principles into organizational work.
- Creating a set of priority strategies for implementation based on each department’s capacity, vision, and needs that are consistent with the Mayor’s directive for a racially equitable Philadelphia.

RACIAL EQUITY ACTION PLAN PROCESS: As of July 2023, 23 City departments completed a cohort of training, assessment, and strategic planning focused on racial equity. In 2021, a first cohort of ten City departments were supported in a process to assess key practices, procedures, and policies for opportunities to advance racial equity; and develop and implement action plans that are intended to produce greater racially equitable impact in areas relevant to the agency’s mission, internally and externally. Departments committed to

improving hiring, retention, and promotion of diverse employees; allocating time and resources to racial equity objectives; and working with historically marginalized communities to create new policy solutions and improved outcomes. Departmental strategies identified in the [first cohort](#) are available online. In 2022, a [second cohort](#) of 13 departments participated in the process and completed their initial Racial Equity Action Plans. In 2023, a final cohort of Administration departments completed the racial equity assessment and action planning process.

A-TEAM BRIDGE SERIES: The Office of Diversity, Equity and Inclusion has engaged individuals at every level of government in a coordinated effort to center equity as a process and an outcome. The City's senior leadership received six months of targeted DEI coaching to transform capacity to identify and shift racial equity policies, practices, and power dynamics.

RACIAL EQUITY COMMUNITY OF PRACTICE: The Racial Equity CoP is a group of practitioners in City government that meets monthly to learn about ongoing racial equity initiatives, workshop new programs/policies, and develop recommendations for department leaders. The CoP is facilitated by DEI but is led by a team of seven City employees across several departments. The City of Philadelphia is one of only a handful of government entities to create a Community of Practice dedicated to racial equity and led by employee volunteers from various departments and professional backgrounds. The Racial Equity CoP launched officially in June 2023.

BUDGET EQUITY: City departments are intentionally budgeting for equity. As part of the City's annual budgeting process, departments complete a budget equity assessment, which includes the following important considerations:

- What major areas of opportunity are there for the department to advance racial equity as part of the core work the department performs?
- What critical programs or policies does the department administer (or plan to administer) with its current budget to improve racial equity?
- How is the department using its budget to create an inclusive, anti-racist workplace?
- How has the department involved or how does it plan to involve internal and/or external stakeholders, including marginalized communities of color, in the department's budget process and program/policy design?

Additionally, all budget requests are reviewed for their racial equity impact by an internal Budget Equity Committee—composed of approximately 50 City employees from a wide range of departments, with a broad range of experience and roles to provide a representative cohort of the City's diverse workforce. The Budget Equity Committee is trained on the budget process and the principles and practices of racial equity. The Committee recommends funding priorities.

The Office of Diversity Equity and Inclusion attends all Operating and Capital Budget meetings and reviews all budget requests to provide feedback to the Budget Office and assess the impact and feasibility of budget requests. This feedback incorporates the expertise of our partners in the Mayor’s Office for People with Disabilities and the Mayor’s Office of LGBT Affairs.

These internal efforts to shift City department culture, operations, and capacities and to boost racial equity impact comes after an unprecedented time. COVID-19 continued to drive social, health, and economic disparities, resulting in spikes in gun violence, school closures, economic hardship, public health concerns, and much more. The longstanding effects of COVID-19, compounding existing intergenerational racial and social inequities, are yet to be understood. The City of Philadelphia remains steadfast in working toward a vision where race will not be a determinant of wellbeing, success, and safety for individuals and communities who make up this great city.

To understand the City’s success at eliminating race-based disparities and improving outcomes for all residents, the plan [“Growing with Equity: Philadelphia’s Vision for Inclusive Growth”](#) identifies the following key indicators:

- Close the gap between Philadelphia’s median household income and the nationwide median household income
- Outpace the nationwide job growth rate
- Decrease the number of people in poverty by 100,000
- Close the gap in median income among all racial groups
- Close the gap in the unemployment rate among all racial groups
- Close the gap in educational attainment among all racial groups

To make progress in these areas, the [“Respond, Restart, Recharge, Reimagine”](#) report outlines a vision to create targeted opportunities for economic mobility and well-being, foster the creation of quality jobs, and support and enhance vibrant neighborhood commercial corridors so that Philadelphia emerges into a post-COVID-19 world with a more inclusive, equitable, and robust economy that will help ensure long-term prosperity for all.

Community Engagement

Throughout the pandemic, the City prioritized efforts to gather feedback about community needs. The City developed an equitable engagement toolkit for use across City services and conducted surveys to inform how the City delivered relief provided through the CARES Act and other recovery legislation, such as small business grants and rental assistance.

The American Rescue Plan and SLFRF have enabled the City of Philadelphia to make investments to reduce racial disparities and ensure the long-term safety, health, and well-being of Philadelphia and its residents. Because SLFRF is replacing revenue lost due to the COVID-19 pandemic and enabling the provision of services supported by the City budget,

efforts to capture feedback from diverse audiences about the budget process and priorities represents the best pathway for stakeholders to have input into the use of these funds.

The vision for Philadelphia's FY24 budget 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.

Emphasis on accessibility, community outreach, equitable engagement, providing more sessions for residents, as well as financial compensation were key focuses of the FY24 Budget engagement process. This year's engagement provided more opportunities for residents to have their voice heard, City employees to reflect their experiences and share insight, and grass-top leaders to share their expertise. In addition to adjusting strategies to increase equitable engagement, the City utilized strategies to increase language, digital, and disability access in the engagement process. The Budget Office will continue to develop meaningful, representative engagement opportunities to expand the number of participants for future budget cycles.

The input collected was analyzed by the Budget Office and shared with Mayor Kenney and his staff to inform decisions for the FY24 budget.

Labor Practices

N/A (no funds used for EC 5 - infrastructure)

Use of Evidence

Philadelphia is committed to increasing the use of evidence-based practices to maximize the impact of City services. GovLabPHL is an initiative led by the City's Policy Office to advance the practical use of data and evidence across city government. The team partners with other departments to conduct data analysis, design and implement rigorous evaluations, and support the increased and innovative use of administrative and other data to inform policy and decision-making. GovLabPHL also manages external research and academic partnerships to support the city's evaluation agenda. In addition, the City is continually working to make evaluation a stronger component of program design when allocating new funds aligned to the Mayor's priorities via the budget process. Finally, Philadelphia's Service Design Studio engages residents, front-line staff, and partners to design, pilot, and implement solutions to service-delivery that are based on the lived experiences of people.

Table of Expenses by Expenditure Category

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
1	Expenditure Category: Public Health		
2	Expenditure Category: Negative Economic Impacts		
3	Expenditure Category: Services to Disproportionately Impacted Communities		
4	Expenditure Category: Premium Pay		
5	Expenditure Category: Infrastructure		
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	\$585,000,000	\$335,000,000
7	Administrative and Other		

[Project Inventory and Performance Report](#)

[Project 1: Revenue Replacement for Provision of Government Services](#)

Funding amount: \$335,000,000 in this reporting period

Project Expenditure Category: 6.1 – Revenue Replacement: Provision of Government Services

Project overview:

- SLFRF funds were used to replace revenue lost due to the COVID-19 pandemic that otherwise would have paid for activities supported by the City’s General Fund. In keeping with the City’s commitment to creating healthy, safe, and just Philadelphia for all residents, funds expended in FY23 were used to support the provision of public health and public safety services with costs borne by the General Fund. General Fund-supported services include the City’s Division of Disease Control, Emergency Medical Services, gun violence prevention programs operated out of the Office of Violence Prevention, and youth summer programming, including a summer employment program for teens (WorkReady).

Use of evidence:

Public Health

- The Philadelphia Department of Public Health followed CDC guidelines and best practices in the design and implementation of its COVID mitigation and vaccination programs. PDPH has taken a data-informed approach to identify the areas of the city and populations with the highest rates of infection and the lowest

rates of vaccination and worked together with community partners and with other City departments and agencies to target efforts to those groups. PDPH reviews data regularly and adjusts its approach based on areas in which it is making more or less progress. Census tract data is used to identify neighborhoods with low vaccination rates as well as highlight clusters of under-vaccinated residents within highly vaccinated zip codes. The data further informs policies and programming that directs outreach initiatives, community canvassing efforts, and the deployment of vaccination sites.

Public Safety

- Through the work of the Office of Violence Prevention, SLFRF funds support two gun violence prevention programs targeted at intervening with those at highest risk of being involved in gun: Group-Violence Intervention (GVI) and the Community Crisis Intervention Program (CCIP).
- Researchers from the University of Pennsylvania conducted a rigorous evaluation of Philadelphia's GVI's program. GVI is an evidence-based approach to reducing gun violence that involves engaging the small percentage of individuals who are driving gun violence by offering support to make changes or swift consequences for ongoing connection to violent activity. The primary research questions were:
 - What is the effect of the intervention on each street group where at least two (2) or more group members on the roster were successfully contacted? The study found that groups that received a single intervention from GVI saw a 38.6% reduction in shootings per week. Groups that received two or more interventions from GVI saw a 50.3% reduction in shootings per week.
 - What is the place-based effect of the intervention? GVI interventions resulted in a 44% decrease in shootings in the census tracts where the GVI conducted at least four interventions.

The research examined data from January 2020 to May 2022. In addition to the above, the study found that GVI adapted appropriately and effectively during the COVID-19 pandemic: GVI's shift to a mobile call-in unit during the study period was found to maintain the efficacy shown by similar programs in other cities that operated pre-pandemic.

- American Institutes for Research (AIR) conducted a rigorous evaluation of Philadelphia's Community Crisis Intervention Program (CCIP). CCIP is an evidence-based violence prevention strategy that uses credible messengers from neighborhoods vulnerable to gun violence to engage and disrupt violence by

reducing tensions and mediating conflicts among those most likely to be victims of shootings or shooters themselves. This evaluation will be conducted in two phases.

Phase 1 of the study included an evaluability assessment to document current practices and determine the most rigorous and feasible approach to measuring outcomes and impact in Phase 2 as well as a process evaluation. Phase 1 identified areas of strength and key areas of improvement for the program moving forward.

Phase 2 will use information gathered in Phase 1 to inform the most rigorous and realistic design and implementation for an outcome and impact evaluation of CCIP’s effectiveness. The evaluation plan was announced in October 2022, with an expected evaluation time period of two years.

- Summer youth programming: In 2017 and 2018, the University of Michigan’s Dr. Sara Heller conducted a randomized evaluation of WorkReady, Philadelphia’s summer youth employment program. The study found that WorkReady reduced criminal justice involvement and receipt of child protective services, with suggestive decreases in the receipt of mental health services. Impacts were strongest among the young people who faced the highest risk of socially costly outcomes such as incarceration. Dr. Heller’s working paper on the impact of WorkReady and a concurrent and similar study of Chicago’s summer youth employment program can be found [here](#).

Key performance indicators:

- Outputs: Emergency medical services

Measure	FY23 Q1- Q3 (July 1, 2022 – March 31, 2023)
Number of EMS incidents	201,791
EMS response time	10:42
Percent of EMS calls responded to within 9:00 minutes	35.9%

- Outcomes

	COVID-19 cases to date (since 3/2020 – July 12, 2023)		COVID-19 hospitalizations to date (since 3/2020 – July 12, 2023)		COVID-19 deaths to date (since 3/2020 – July 12, 2023)		% of total population *
	Total	% total	Total	% of total	Total	% of total	
Total	398,262	-	26,790		5,536		1,603,797
American Indian and Alaska Native	16,659	4.2%	16	0.1%	46	0.8%	0.4%
Asian	23,723	6.0%	1,040	3.9%	234	4.2%	8.3%
Unknown	771	0.2%	39	0.1%	16	0.3%	-
Black or African American	161,688	40.6%	14,737	55.0%	2,603	47.0%	39.3%
Other	13,229	3.3%	995	3.7%	148	2.7%	8.8%
Hispanic or Latino	63,062	15.8%	3,607	13.5%	589	10.6%	14.9%
White	119,130	29.9%	6,356	23.7%	1,900	34.3%	36.3%

*United States Census Bureau, American Community Survey 2020

Public Safety

- Outputs: Violence prevention

Measure	FY23 Q1- Q3 (July 1, 2022 – March 31, 2023)
Number of home visits conducted to engage high risk individuals in services	10,385
Number of referrals made to service providers for high-risk individuals	1,288
Percent of clients assigned to Violence Prevention Partnership (VPP) involved in a shooting or homicide	3.0%
Number of high-risk individuals engaged in via Custom-Notification or Call-In for Group Violence Intervention (GVI)	221

- Outputs: Summer youth employment

Measure	FY23 Year-End
OST Milestone: Number of DHS-funded Out-of-School Time (OST) participants during the summer	6,805

- Outcomes

Measure	Fiscal Year 2023 (July 1, 2022 – June 30, 2023)	% of total population*
Total shooting victims	2,023	1,603,797
White, non-Hispanic	118 (6%)	34.3%
Black, non-Hispanic	1,588 (78%)	38.3%
Hispanic (Black or White)	304 (15%)	14.9%
Asian	12 (1%)	8.3%
Other/Unknown	1 (0%)	9.1%
Shooting fatalities	418	
White, non-Hispanic	28 (7%)	34.3%
Black, non-Hispanic	325 (78%)	38.3%
Hispanic (Black or White)	63 (15%)	14.9%
Asian	2 (1%)	8.3%
Other/Unknown	0 (0%)	9.1%

*United States Census Bureau, American Community Survey 2020