



One Philly 2.0: Fiscal Year 2026 Budget Briefing and Town Hall

Spring 2025



City of
Philadelphia

Our first budget included bold, targeted investments in **public safety, clean and green, economic opportunity, education, and core support**

- **Public Safety:** homicides are down 37%, shootings are down 36% and we have 200 Police Officers doing community policing in our neighborhoods.
- **Clean & Green:** we have cleaned over 67,000 city streets and corridors, towed 11,617 abandoned vehicles, and cleaned 17,319 vacant lots.
- **Economic Opportunity:** we expanded the PHL Taking Care of Business (PHLTCB) corridor cleaning program, employing 324 workers and supporting 39 community-based organizations that clean up 155 Commercial Corridors.
- **Education:** we opened 25 Extended Day/Extended Year pre- and after-school programs offering over 7,000 new slots for educational enrichment and increased the portion of Real Estate taxes going to the School District to provide an additional \$24M/year.

Our **Proposed FY26 "One Philly 2.0 Budget"** builds on these investments.

Our second operating budget totals **\$6.7 billion** in FY26, with **\$3.77 billion in new, targeted investments** over the Proposed Five Year Plan and Recommended Six Year Capital Program directed towards **making Philadelphia the safest, cleanest, and greenest big city in the nation, with access to economic opportunity for all**

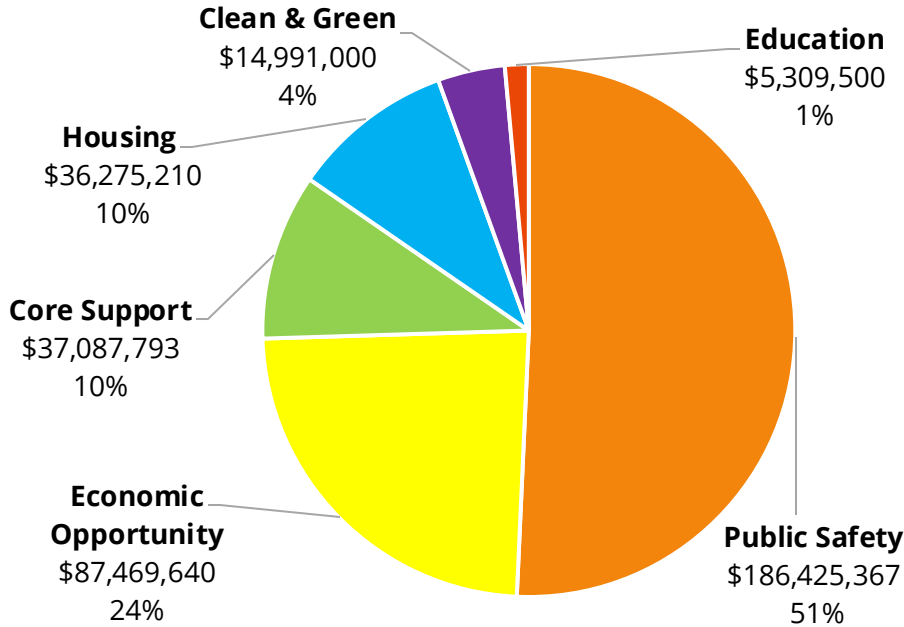
This budget proposal outlines key investments in Mayor Parker's priority areas: **housing, City workforce, tax reform, and wellness.**

Key elements include:

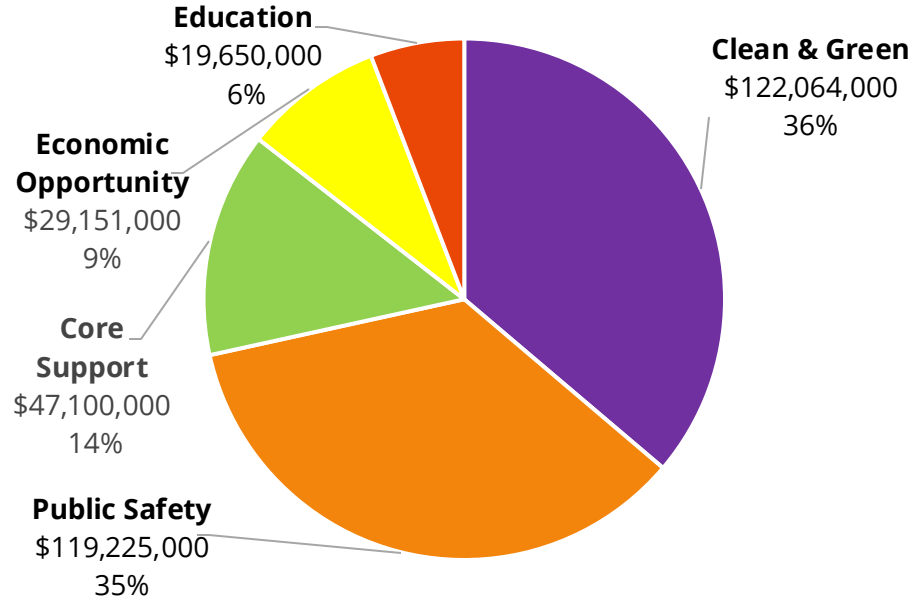
- **\$2.3 billion in new operating investments** through FY30, including debt service on **\$800 million in new borrowing** to support Mayor Parker's Housing Opportunities Made Easy (H.O.M.E) initiative, funding for **multi-year collective bargaining agreements**, **unprecedented tax reform**, **wellness**, and more.
- **\$1.47 billion in capital investments** over six years.

New investments, by priority area

FY26 Proposed Budget (Operating)

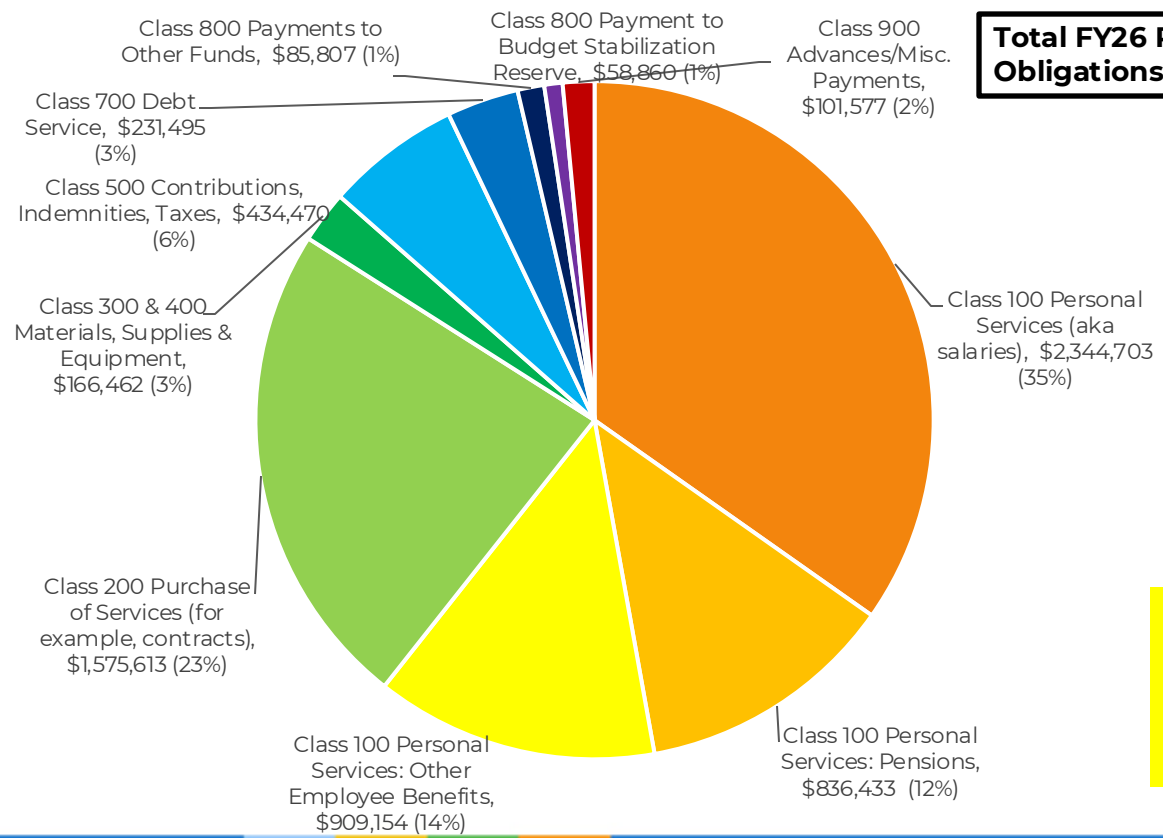


FY26 Proposed Budget (Capital)



Note: Housing borrowings are not included in the capital program.

Proposed FY26 expenditures (in 000s)



Total FY26 Proposed Obligations: \$6.7 billion

Total spending on personal services (Class 100) is over \$4 billion and makes up 61% of expenditures

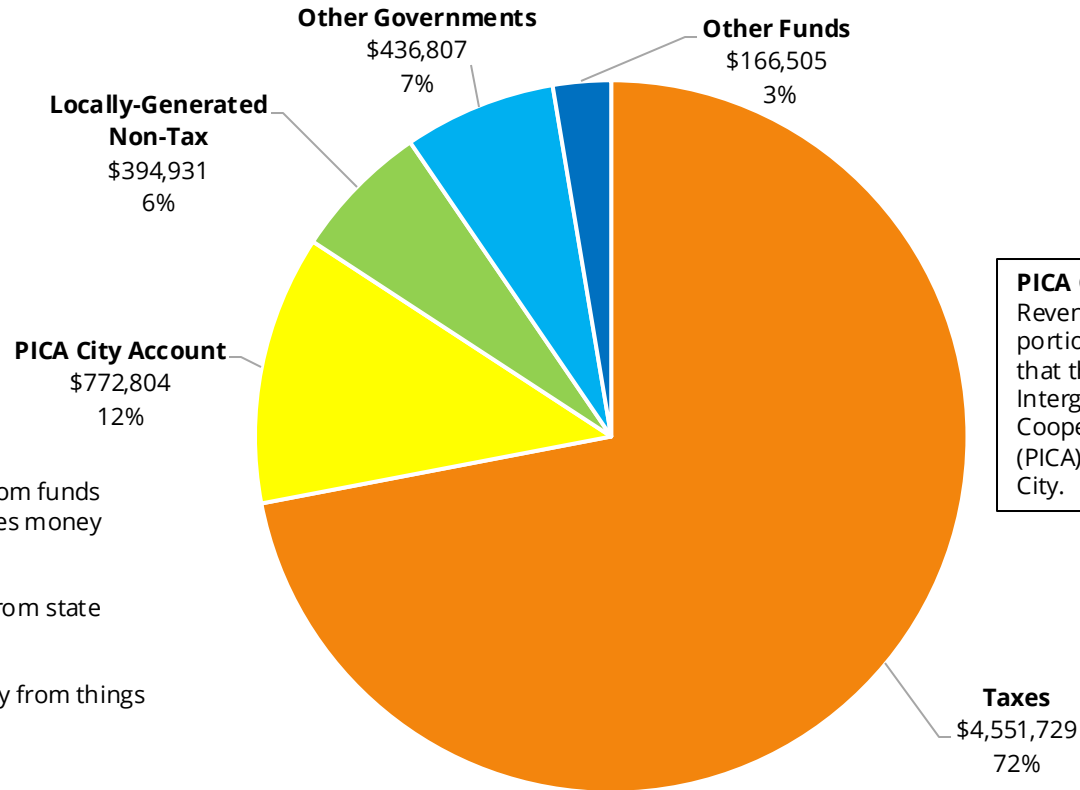
Expenditure Classes

- Class 100 Personal Services: salaries, pensions, and other benefits
- Class 200 Purchase of Services: for example, contracts
- Class 300 Materials & Supplies
- Class 400 Equipment
- Class 500 Contributions, Indemnities, Taxes
- Class 700 Debt Service: interest and principal on bonds
- Class 800 Payments to Other Funds: for example, payments to the Budget Stabilization Reserve Fund (a/k/a the Rainy Day Fund)
- Class 900 Advances/Other Miscellaneous Payments: for example, payments to the Labor Reserve

Proposed FY26 revenues, all sources (in 000s)

\$6.3 billion total Proposed FY26 Revenues

- **Revenue from Other Funds of City:** money from funds such as the Grants Revenue Fund, which receives money from federal grants the City secures.
- **Revenue from Other Governments:** money from state and federal government.
- **Locally-Generated Non-Tax Revenues:** money from things such as licenses, permits, and fees.

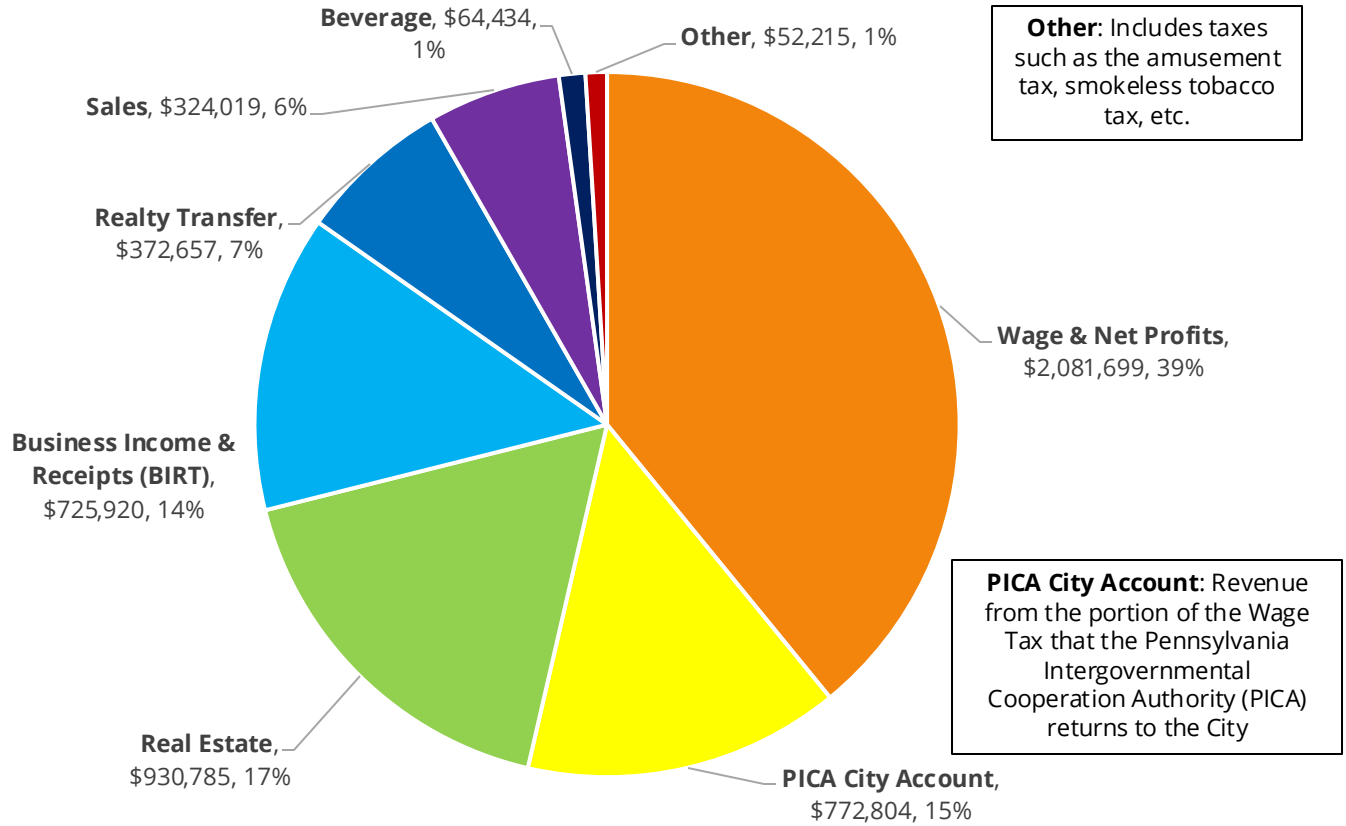


PICA City Account:
Revenue from the portion of the Wage Tax that the Pennsylvania Intergovernmental Cooperation Authority (PICA) returns to the City.

Proposed FY26 tax revenues, all sources (in 000s)

**\$5.3 billion in FY26
(including PICA City
Account)**

**Revenue from business
taxes (Wage, PICA City Account,
BIRT, and Net Profits) is over
\$3.5 billion and makes up 68%
of total revenue from taxes.**





Upcoming agenda items

- **Fiscal Context**
- **Tax Reform**
- **Public Safety**
- **Clean & Green**
- **Housing**
- **Workforce**
- **Wellness Ecosystem**
- **2026 Special Events**
- **Additional Investments**

Fiscal Context



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Fiscal context and uncertainty

Philadelphia's finances face heightened risks.

- External pressures, including inflation, a tight labor market, revenue volatility, and federal and economic uncertainties, present a **more uncertain fiscal outlook than the City has faced in recent years**.
- Additionally, with all American Rescue Plan Act (ARPA) federal relief funds required to be obligated by the end of 2024, **2025 marks the first year since the pandemic without this federal support that provided a crucial lifeline** during and after the pandemic, allowing the City to avoid devastating cuts to services.
- The City is **monitoring potential impacts to federal funds and workforce trends in Philadelphia**. The City has a \$95M federal reserve set aside in FY25, among other reserves, although the City is not able to step in for the federal government. The **City receives over \$2B in federal grants** per year and is reliant upon tax sources supported by industries that rely on federal funds.

The City's persistent high poverty rate means that Philadelphia confronts **both high service demand and a relatively weak tax base with which to support those services**. That is exacerbated by Philadelphia's status as both a city and a county, which means that unlike other cities that are parts of larger counties, it cannot share its costs with a larger jurisdiction.

Fiscal Health

In addition to making bold, targeted investments, this Plan **sets the City and future mayors up for long-term fiscal health**, maintaining positive fund balances and setting aside funds in the Budget Stabilization Reserve Fund and via the \$95M federal funding reserve.

The Proposed Plan **ensures that the Fund Balance + Reserves total in each year is at least within the 6 to 8% internal target**. This is an improvement over the FY25-29 PICA-Approved Plan.

The Plan also **continues the City's multi-year commitment to pension reform**.

- In FY33, according to the Pension Board's actuary's projections, the Pension Fund will reach 100% funding. That means that we will no longer be paying off an unfunded liability and our pension payments will drop by at least \$430M per year, enabling other investments.
- This timeline for paying off the unfunded pension liability informed our long-term tax reform proposal.

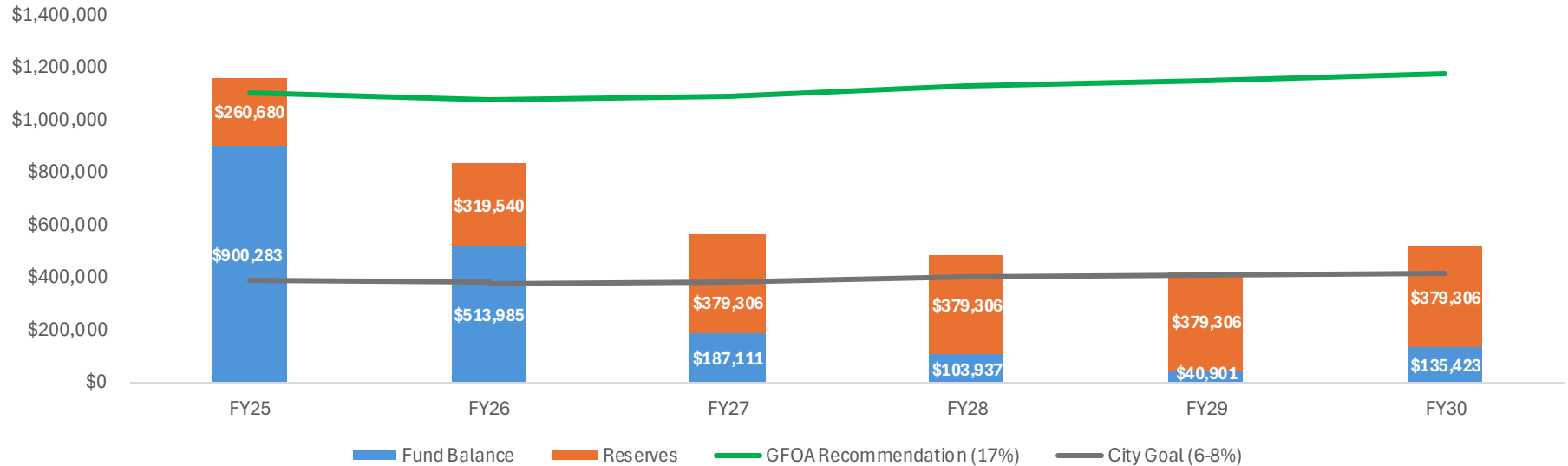
Fund Balance and Reserves in the Proposed Plan

Fund Balance & Reserves						
	Projected Year-End Fund Balance	Budget Stabilization Reserve Balance	Federal Funding Reserve	Total Reserves (FB+BSR+FFR)	Minimum City Goal (6% of revenues)	GFOA Recommendation (17% of revenues)
FY26	\$514M	\$225M	\$95M	\$834M	\$379M	\$1.056B
FY27	\$187M	\$284M	\$95M	\$566M	\$384M	\$1.069B
FY28	\$104M	\$284M	\$95M	\$483M	\$399M	\$1.110B
FY29	\$41M	\$284M	\$95M	\$420M	\$407M	\$1.132B
FY30	\$135M	\$284M	\$95M	\$515M	\$416M	\$1.157B

While the Plan remains balanced, the fund balance in the out years is low. Our internal target is to have a fund balance that is at least 6-8% of revenues. The Government Finance Officers Association (GFOA) recommends a 17% fund balance.

The City Charter requires contributions to the Budget Stabilization Reserve Fund (BSRF) when the fund balance is 3% of revenues or higher.

Fund balance and reserves in the Proposed Plan (000s)



Our internal target is to have a fund balance that is at least 6-8% of revenues. The Government Finance Officers Association (GFOA) recommends a 17% fund balance.

Balances above include the fund balance, Budget Stabilization Reserve, and the Federal Funding Reserve. There is a projected increase in FY30, following a legacy pension obligation bond balloon payment in FY29 (\$80M spike in FY29).

Taxes



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Tax and fee changes in this Proposed Plan

Tax/Fee

Proposed Change(s)

Business Income & Receipts Tax (BIRT)

Reductions in both the gross receipts (GR) and net income (NI) portions of the BIRT (GR from 0.1415% in FY25 to 0.1380% in FY30 + eliminated within 7 years of the Pension Fund reaching 100% funded + NI from 5.81% in FY25 to 5.5% in FY30 + reduced by more than half to 2.8% within 7 years of full funding); sunset of the BIRT exemption due to legal challenge

Wage Tax

Resuming incremental Wage Tax reductions, starting in FY26, lowering the resident and non-resident portions of the Wage Tax to from 3.75% to 3.70% and 3.44% to 3.39%, respectively, by FY30. For the first time in 17 years, we are reducing both parts of the BIRT and the Wage in the same year.

Real Estate Tax

An additional increase to the percent of the Property Tax that goes to the School District from 56 percent to 56.5 percent starting in FY30 (+\$12M/year to the District, starting in FY30)

Construction Impact Tax

Repeal of the Construction Impact Tax, reducing construction costs as part of the H.O.M.E. initiative

Real Estate Transfer Tax

An increase from 3.278% to 3.578% starting in FY26 to partially offset the cost of new housing borrowings under the H.O.M.E. initiative

Tax and fee changes in this Proposed Plan, *continued*

Tax/Fee	Proposed Change(s)
Document Recording Fee	A proposed \$3 increase to the Housing Trust Fund portion of the Fee to support \$300K/year in new tangled title investments as part of the H.O.M.E. initiative.
Parking Meter Rates <i>(via the Philadelphia Parking Authority)</i>	A proposed \$1 increase to parking meter rates in Center City and Center City Fringe to support the School District.
Use & Occupancy Tax	Sunset of the U&O exemption due to legal challenge.

Unprecedented tax reform

	Historic High: FY95	Current: FY25	FY26 Proposed	FY30 Proposed	Future Rate: FY39
BIRT: Gross Receipts	3.250 mills	1.415 mills	1.410 mills	1.380 mills	0 mills
BIRT: Net Income	6.50%	5.81%	5.71%	5.50%	2.80%

In addition to the BIRT reductions in the table above, the Proposed Plan resumes incremental Wage Tax reductions, starting in FY26, lowering the resident and non-resident portions of the Wage Tax to from 3.75% to 3.70% and 3.44% to 3.39%, respectively, by FY30.

All of the proposed rates would be included in legislation to give businesses predictability.

Jumpstart Business Program

- Legal constraints require that the City eliminate for Tax Year 2025 and forward the exclusion from the BIRT tax base of a taxpayer's first \$100,000 in gross receipts.
- The Proposed Budget **includes assistance to small businesses impacted by that change by investing in programs to jumpstart small business creation and growth in the city**. This includes:
 - \$11 million towards Business Education and Capacity Building that will serve an additional 6,500 businesses offering tax preparation and bookkeeping, as well as general business education and coaching.
 - 15 new staff for the Mayor's Business Action Team, expected to provide direct support to 1,300 businesses per year with knowledge of City processes, referrals to services, and resolution of complex cases.
 - \$19M to increase the amount of direct capital provided to Philadelphia small businesses through programs that have proven impact. It is anticipated that 750 businesses will benefit from grants to purchase commercial real estate, survive emergency situations, open on targeted commercial corridors, and grow to their full potential.

Public Safety



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Public Safety

The Proposed Five-Year Plan includes **\$746M** in operating funding and the Recommended Capital Program includes **\$289M** in capital investments for public safety, building on investments in our first budget.

Select key investments in Public Safety include:

- **\$25 million in FY26 antiviolence grants** administered by the Office of Public Safety for community partners and grassroots organizations
- **\$5 million in FY26 and \$30 million through FY31** for the two **Vision Zero** lines in the capital budget, plus \$5 million for concrete barriers on Spruce and Pine Streets and a new line striping crew in the Streets Department
- **\$18 million** in capital investments over six years for the **redevelopment of the Fire Academy**, which will enable the City to onboard more firefighters



Public Safety

Additional key investments in Public Safety include:

- An added **\$67 million over five years** for a **new Forensic Science Center** to assist Police with forensics investigations to help solve crime
- **Body-worn cameras for Police and Prisons**



Connecting Public Safety to the Wellness Ecosystem

Pilot programs

- \$2.8M in FY26 to pilot the **Kensington Wellness Support Center** (formerly *Police Assisted Diversion building*) expansion at B + Lehigh.
- \$2.7M in FY26 to pilot an expansion of **Wellness Court** to 5 days per week + \$1M/year to the Defender to support Wellness Court.



Clean & Green



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Clean & Green

In June 2024, Mayor Parker's newly created **Office of Clean and Green initiated the One Philly, United City Citywide Cleaning Program** in collaboration with more than a dozen government agencies and scores of nonprofits and community-based organizations.

In total, the program cleaned some **40,000 blocks and commercial corridors**, conducted nearly **5,900 vacant lot cleanups**, and **filled 7,900 potholes** and **removed graffiti** on thousands of city blocks.

The Proposed Five-Year Plan includes **\$64M** in operating funding and the Recommended Capital Program includes **\$753M** in capital investments for Clean & Green initiatives, building on investments in our first budget.



Clean & Green, *continued*

Select key investments in Clean & Green include:

- **Continued investment** in signature Clean and Green initiatives including the **Citywide Cleaning Program and District-based Residential Cleaning Program**, including across-the-board community engagement
- **\$4.2 million for planters along commercial corridors** that will both enliven and beautify the streets while improving traffic safety
- **\$350 million** in capital investments across six years for **paving streets and installing ADA ramps** throughout the city



Housing Plan



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H.O.M.E. Initiative: the Housing Plan for 30,000 Units

Mayor Parker's **Housing Opportunities Made Easy (H.O.M.E.) Plan** recognizes housing is the key to ensuring our city is the most competitive, quality place for our people of today and tomorrow.

This plan, a key element of ensuring that there is economic opportunity for all, makes access to affordable, attainable, quality, safe, healthy, and resilient housing a top priority.



H.O.M.E. Initiative: the Housing Plan for 30,000 Units

The goals of the plan will focus on:

Production

Developing various housing types and options across every income level, in every neighborhood.

Preservation

Addressing essential repairs and maintenance needs for an aging housing stock.

Stabilization

Focusing on housing stability and preventing homelessness through rental assistance and eviction diversion.

Incentives

Promoting homeownership opportunities to foster thriving communities and generational wealth.

Work Better

Providing a high level of customer service to all residents.

Total Investment: \$2 billion over four years

Goal: Create and preserve 30,000 housing units across different income levels

How is the City paying for the \$2B H.O.M.E Initiative?

- **\$800 million in bonds** issued by the City of Philadelphia
- **Federal and State Funds:** including Community Development Block Grant (CDBG) funds, Low Income Housing Tax Credits (LIHTC), HOME Investment Partnership, and more
- **Housing Trust Fund (HTF):** Local funds supporting affordable housing programs
- **City General Fund:** Allocated for land management, homelessness programs, and housing services
- **Leveraging Private Capital:** Encouraging investment from financial institutions, developers, and philanthropy to expand impact
- **City Land & Assets:** additional value from City land and assets contributing to housing production



Programs and initiatives funded through H.O.M.E.

Preserving Existing Housing

- **Basic Systems Repair Program (BSRP+):** Free repairs for critical home systems.
- **Restore, Repair, Renew (RRR):** Low-interest home repair loans.
- **Tangled Title Program:** Helps resolve homeownership disputes.

Expanding Affordable Homeownership

- **Philly First Home:** Down payment assistance for first-time homebuyers.
- **Turn the Key:** New affordable housing units for working families.
- **ONE Philly Mortgage:** Low-interest, no-PMI mortgage program.

Supporting Renters & Preventing Homelessness

- **Eviction Diversion Program:** Mediation and financial assistance to prevent evictions
- **Shallow Rent Program:** Rental assistance for low-income tenants
- **Tenant-Based Rental Assistance:** Expanding affordable rental options

Neighborhood Revitalization & Blight Reduction

- **Philadelphia Land Bank:** Acquiring and redeveloping vacant properties.
- **Facade Improvement & Curbside Appeal Programs:** Beautification efforts.
- **PHS LandCare Program:** Transforming vacant lots into green spaces.

City Workforce



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Philadelphia

Boosting Recruitment and Retention

The City has made notable progress recruiting and retaining the talent needed to achieve major initiatives and deliver critical services. As of the end of FY25 Q2, the **General Fund headcount had increased by 573 positions compared to the end of FY24, and by 839 compared to before when Mayor Parker took office.**

Additional human resources investments in this budget include:

- Branding and marketing
- LinkedIn enterprise subscription
- A new applicant tracking system
- On the Goga for employee wellness
- “HR University” for City HR professionals
- A driver for the Hiring Bus



Investments in Workforce

The City, Community College of Philadelphia, Philadelphia Works, and School District opened the **City College for Municipal Employment (CCME)** in October 2024. CCME creates access to training, professional development, and education to prepare Philadelphians to work in critical areas of City government and Philadelphia's economy.

In the next fiscal year:

- An additional **\$10 million** will be invested in for **workforce development** initiatives; and
- **Workforce efforts will be consolidated** under CCME and the Office of the Chief Administrative Officer



Investments in our City workforce

The City executed one-year extension agreements with its municipal unions for FY25. These extensions expire on June 30, 2025.

To support the negotiation of fair and fiscally responsible multi-year collective bargaining agreements, the Proposed Plan includes an **unprecedented \$550 million Labor Reserve** over five years.

History of Labor Reserves in Preparation for Multiyear Collective Bargaining Agreements

	FY14-18 Adopted	FY18-22 Adopted	FY22-26 Adopted	FY25-29 Adopted	FY26-30 Proposed
Year 1	\$85M	\$20M	\$25M	\$47M	\$102M
Year 2	\$35M	\$30M	\$35M	\$58M	\$105M
Year 3	\$30M	\$40M	\$40M	\$82M	\$105M
Year 4	\$29M	\$50M	\$50M	\$105M	\$107M
Year 5	\$29M	\$60M	\$50M	\$128M	\$131M
Five Year Total	\$207M	\$200M	\$200M	\$420M	\$550M

Wellness Ecosystem



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Investing in the Wellness Ecosystem

This historic effort to brings new focus, collaboration, and capacity to address the entrenched twin problems of the substance use disorder and homelessness and their impacts on neighborhoods in Philadelphia

Philly Home @ Girard: 180 beds of low-barrier, safe haven housing coupled with access to medical care and behavioral health services

Riverview Wellness Village opened in January 2025, with 336 beds for people who have completed inpatient treatment and are engaged in long-term supportive services

- Best-in-class on-site resources addressing all social determinants of health including primary care, clinical supports for substance use disorder and mental illness, education, workforce development and employment
- Expands bed access in the City of Philadelphia by 66% and brings much-needed capacity to the housing continuum

Building a new **Riverview tower** that can add another 304 beds, innovative design adaptable to the evolving needs of individuals and the ecosystem

Riverview Wellness Village



Additional investments in the Wellness Ecosystem

Additional new opioid-related investments (via opioid funds):

- \$500K/year for outreach to address overdose disparities
- \$855K each in FY26 and FY27 for wound care
- \$4.3M/year for Medication Assisted Treatment (MAT) at the Prisons
- \$2.8M/year to continue 175 homeless services beds

2026 Special Events



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A city worthy of a global celebration is a city that works for its residents first. For America's 250th anniversary, **our charge is to engage every corner of Philadelphia — driving meaningful investments, economic opportunities, and the spirit of celebration to residents, small businesses and commercial corridors in neighborhoods across every Council District.**

We must also ensure the nation's birthplace, and first World Heritage City takes center stage as we host a slate of global events that will bring people together around what unites us, while elevating Philadelphia's greatness on the world stage. Through all of this, public safety remains the utmost priority as we build upon Philadelphia's track record of hosting big events.

To that end, the **City's General Fund has committed to over \$100M in 2026 special event investments** as well as **half a billion dollars in airport investments** to prepare Philadelphia International Airport to welcome guests in 2026.

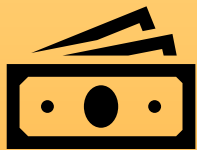
Investments in 2026 Special Events

The FY26 Proposed Budget includes additional investments in advance of 2026 bringing the **City's total General Fund investment in 2026 special events to \$100M**. Highlights include:

- **Beautification:** investments in Mural Arts and CLIP in FY26 and FY27 for highway beautification; commercial corridor planters and beautification; tree pruning; and supplies for Parks & Recreation and Clean & Green/Sanitation.
- **Lemon Hill preparedness:** preparedness investments via Parks & Recreation and Streets.
- **Investments in strategic event partners and for marketing**
- **Public safety equipment:** vehicles, barriers, investments in Police, Fire, Emergency Management, and Public Health.



\$500M in airport investments



**Investment
in PHL's
Terminals
& Landside**



Restrooms



Façade



SEPTA Platform



Holdrooms



Roadway Signage



Garages

\$500M in airport investments (continued)



**Investment
in PHL's
Terminals
& Landside**



Flight Information Display System



Boarding Bridge



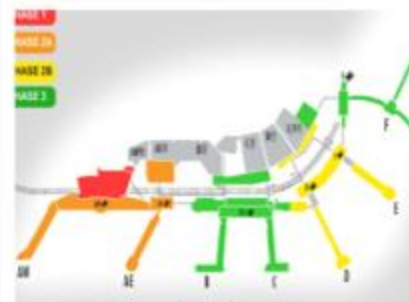
Exit Lanes



Roadways



Queue Management Signage



Video Surveillance



Additional Investments



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Investments in Education



Extended Day, Extended Year expansion

Expanding from 25 to 40 schools (30 School District-operated and 10 Charter-operated), adding 5,000+ new slots for a total of 12,000+ slots in the EDEY program.



Community College of Philadelphia

An additional \$15 million over five years (\$3M/year) for the Community College of Philadelphia.

Other highlights

- **Continued support for SEPTA:** \$716M in operating support to SEPTA in FY26 through FY30 + \$76M in capital support from FY26 through FY31.
- **A government you can see, touch & feel:** Technology investments (for Property Assessment, Finance, Parks & Recreation, etc.), updates to the 311 mobile application, and outreach/engagement tools.
- **Adding fiscal & administrative capacity in key departments:** Law (contracts unit), Health and Human Services (Behavioral Health, Public Health, Homeless Services), and Public Safety (Licenses & Inspections & Office of Public Safety).

Take Action!

Go to Philly Stat 360 to provide feedback on City services and our performance. **Tell us how we're doing!**



Visit **philly-stat-360.phila.gov**




Welcome to

Philly Stat 360


Giving Philadelphians a government they can see, touch, and feel.




Safer




Cleaner




Greener



Economic Opportunity



Core Services



Housing

Tell Us How We're Doing

We care about your feedback. If you have any questions or suggestions about our goals, metrics, or data, please use our online survey to let us know.

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