Pennsylvania Intergovernmental Cooperation Authority

Staff Report
on the
City of Philadelphia's
Quarterly City Managers Report
for the Period Ending March 31, 2015

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

June 11, 2015

Executive Summary

The *Quarterly City Managers Report* (QCMR) for the third quarter of Fiscal Year 2015 was submitted to PICA on May 15, 2015. The most significant elements of the report include:

- *Fund Balance*. The General Fund FY15 year-end balance is projected at $142.4 million, a decline of $3.7 million from the second quarter QCMR.

- *Tax Revenue*. Overall projected General Fund tax revenue is largely unchanged from the previous QCMR, although some individual tax projections have changed significantly, with real estate tax down $14.8 million due to delays in appeal processing, and business income and receipts tax up $15 million due to stronger than anticipated collections. Overall taxes are projected at $2,781.9 million.

- *Spending*. FY15 General Fund obligations are projected at $3,865.6 million, an increase of $41 million from the original Five-Year Plan projection (after adjustment for the loss of $700 million in PGW sale proceeds included in the original Plan). The increase reflects costs of new labor contracts with the FOP, District Council 33, and correctional officers, higher than anticipated indemnities costs and Streets Department costs related to winter storms.

- *Performance*. On-time solid waste collection has declined to 79 percent through the third quarter of FY15. Dependent children in placement as of March 31 was 5,054, an increase of more than 1,000 since FY12.

- *Positions*. Filled General Fund positions are 188 higher than the level of March 2010.

Introduction

- This PICA Staff Report analyzes the City of Philadelphia's *Quarterly City Managers Report* (QCMR) for the third quarter of Fiscal Year 2015, the period ending March 31, 2015. The QCMR, which was submitted to PICA on May 15, 2015, contains information on projected General Fund revenues and expenditures for FY15, agency performance, personnel levels, leave usage, and cash flow.
- The focus of this report is the current projections of FY15 General Fund revenues and expenditures by category, deviations from previous projections, and financial and management issues such as labor contracts, pension reform, performance measures, staffing and overtime.
- The report is organized as follows:
  - Background
  - Fiscal Year 2015 Projected Revenues and Expenditures
  - Key Financial and Management Issues

Background

- The Pennsylvania Intergovernmental Cooperation Authority ("PICA") Act (Act of June 5, 1991, P. L. 9, No. 6), Section 209(i), requires the City of Philadelphia to submit to PICA within 45 days following the end of each fiscal quarter a report describing actual or estimated revenues and expenditures and comparing them to budgeted levels for the most recent quarter.

- The City fulfills this requirement by publishing a *Quarterly City Managers Report* ("QCMR") after the end of each fiscal quarter. The QCMR details actual-to-date and projected revenues and expenditures for the current fiscal year for the General Fund, Water Fund, and Aviation Fund, and information on personnel, leave usage, performance, and cash flow.

- This PICA staff report analyzes the most recent QCMR covering the third quarter of FY15 (the "Q3 QCMR").[1] It compares the Q3 QCMR estimates of FY15 revenues and expenditures with estimates in the QCMRs for the first and second quarters of FY15, and the initially-approved FY15-FY19 *Five-Year Financial Plan*.[2] The report also highlights finance and management issues.

- Unless otherwise noted, information is drawn from City Five-Year Financial Plans and QCMRs.

Notes:

[1] The QCMR is available at http://www.picapa.org/resources/city-of-philadelphias-quarterly-city-managers-report/

[2] The initially approved FY15-FY19 Plan was submitted to PICA on June 26, 2014 and approved on July 21, 2014. Subsequently, a revised FY15-FY19 Plan was approved on October 14, 2014. All references to the "FY15-FY19 Plan" in this report are to the version approved on July 21.

FY15 Projection

- Overview
- Revenue
- Obligations

FY15 Projection: Overview

- The Q3 QCMR projects FY15 General Fund revenues at $3,789.7 million, a decrease of $636.0 million from the initial FY15-19 *Five-Year Financial Plan* estimate. Obligations are projected at $3,865.6 million, a decrease of $659.0 million from the Plan. The FY15 operating deficit is projected at $75.8 million, a decrease from the $98.8 million deficit projected in the Plan. The Plan projected the FY14 year-end fund balance at $146.8 million, while the actual FY14 fund balance was $202.1 million.
- The sum of the projected FY15 operating deficit, prior year adjustments, and FY14 fund balance is the projected FY15 fund balance of $142.4 million. This projection is $74.0 million higher than the initial FY15-FY19 Plan projection.

FY15 General Fund Summary: Projections
($ in Millions)

Category	FY15-19 Plan	Q1 QCMR	Q2 QCMR	Q3 QCMR	Change from Plan to Q3 QCMR
Revenues	$4,425.7	$4,471.4	$3,786.4	$3,789.7	($636.0)
Obligations	4,524.6	4,560.9	3,865.3	3,865.6	(659.0)
Operating Surplus/(Deficit)	(98.8)	(89.5)	(78.9)	(75.8)	23.0
Prior Year Adjustments	20.4	22.9	22.9	16.1	(4.3)
Prior Year Fund Balance/(Deficit)	146.8	202.1	202.1	202.1	55.3
Year-End Fund Balance	68.4	135.5	146.1	142.4	74.0

FY15 Projection: Revenue

- The Q3 QCMR projects FY15 General Fund revenue at $3,789.7 million, a decrease of $636.0 million from the initial FY15-FY19 Plan estimate.
- The decrease reflects higher than projected tax revenue ($33.7 million) and revenue from other governments ($3.4 million), offset by a decline in locally-generated non-tax revenue ($669.4 million) and revenue from other funds ($3.7 million).

FY15 General Fund Revenue: Projections ($ in Millions)					
Category	**FY15-19 Plan**	**Q1 QCMR**	**Q2 QCMR**	**Q3 QCMR**	**Change from Plan to Q3 QCMR**
Taxes	$2,748.2	$2,767.4	$2,779.9	$2,781.9	$33.7
Locally-Generated Non-Tax	970.7	997.7	299.2	301.3	(669.4)
Revenue from Other Governments	638.9	638.4	643.0	642.3	3.4
Revenue from Other Funds	67.9	67.9	64.2	64.2	(3.7)
Total	**4,425.7**	**4,471.4**	**3,786.4**	**3,789.7**	**(636.0)**

FY15 Projection: Tax Revenue

- FY15 General Fund tax revenue is projected at $2,781.9 million, an increase of $33.7 million from the initial Plan estimate. The overall increase reflects increases for wage and earnings tax ($28.4 million), real estate transfer tax ($25.1 million), and business income and receipts tax ($13.1 million), offset by declines in real estate tax ($19.5 million), sales tax ($10.8 million), amusement tax ($2.0 million), and net profits tax ($0.7 million).
- Wage and earnings tax collections have been stronger than anticipated in part due to the recovering economy and high delinquent collections. Real estate collections have been below the initial projection due to delays in processing assessment appeals. The Board of Revision of Taxes continues to process appeals that resulted from a citywide reassessment in FY14 known as the Actual Value Initiative (AVI). The impact on revenues has resulted from taxpayers with assessments under appeal who continue to pay tax based on pre-AVI assessments.

FY15 General Fund Tax Revenue: Projections ($ in Millions)

Tax	FY15-19 Plan	Q1 QCMR	Q2 QCMR	Q3 QCMR	Change from Plan to Q3 QCMR
Wage and Earnings	$1,294.7	$1,310.2	$1,321.1	$1,323.1	$28.4
Real Estate	547.4	547.4	542.8	527.9	(19.5)
Business Income and Receipts	453.2	453.2	451.3	466.3	13.1
Net Profits	20.5	18.9	17.8	19.8	(0.7)
Sales	154.6	152.7	144.9	143.8	(10.8)
Real Estate Transfer	176.6	184.3	201.7	201.7	25.1
Parking	76.9	76.9	76.9	76.9	--
Amusement	20.9	20.4	20.1	18.9	(2.0)
Other	3.5	3.5	3.5	3.5	--
Total	**2,748.2**	**2,767.4**	**2,779.9**	**2,781.9**	**33.7**

FY15 Projection: Locally-Generated Non-Tax Revenue

- FY15 locally-generated non-tax revenue is projected at $301.3 million, a decrease of $669.4 million from the initial Plan estimate. The initial Plan estimate included $700 million in revenue from the sale of the Philadelphia Gas Works. This sale did not occur as anticipated, resulting in the elimination of $700 million from Department of Public Property revenue. Projected Finance revenue increased due to the release of $29 million previously held in reserve, as part of an agreement between the City and FOP regarding health care costs. The reserve had been created to cover potential costs related to termination of self-insurance for the FOP health plan. Projected casino payments, shown under Department of Revenue, increased $2.8 million, due to an additional settlement agreement between SugarHouse and the City. First Judicial District revenue has declined $7.1 million from the Plan estimate due to lower revenue from Traffic Court fines and court charges.

FY15 General Fund Locally-Generated Non-Tax Revenue: Projections ($ in Millions)

Agency Source	FY15-19 Plan	Q1 QCMR	Q2 QCMR	Q3 QCMR	Change from Plan to Q3 QCMR
Finance	$16.7	$45.4	$45.6	$47.1	$30.4
Fire	37.9	37.9	38.1	38.0	0.1
Innovation and Technology	23.2	23.7	23.9	23.9	0.7
Licenses and Inspections	49.5	51.2	51.2	51.2	1.7
Public Property	708.4	709.0	11.3	11.3	(697.1)
Revenue	3.5	3.5	6.3	6.6	3.1
Streets	24.1	22.3	24.5	25.4	1.4
First Judicial District	40.8	38.3	35.3	33.8	(7.1)
Other	66.7	66.4	63.1	64.1	(2.6)
Total	**970.7**	**997.7**	**299.2**	**301.3**	**(669.4)**

FY15 Projection: Revenue from Other Governments

- The Q3 QCMR projection of FY15 revenue from other governments is $642.3 million, an increase of $3.4 million from the initial Plan projection. The most significant variance between the initial Plan and the current projection is a $4.0 million increase in Public Health revenue. This increase reflects higher than anticipated state aid for county health programs due to delayed receipt of revenue in FY14.

FY15 General Fund Revenue from Other Governments: Projections ($ in Millions)

Agency Source	FY15-19 Plan	Q1 QCMR	Q2 QCMR	Q3 QCMR	Change from Plan to Q3 QCMR
Finance	$161.4	$162.3	$162.5	$162.9	$1.5
PICA City Account	338.0	332.6	337.0	337.0	(1.0)
Public Health	59.2	63.2	63.2	63.2	4.0
Revenue	35.0	35.0	35.0	35.0	--
Other	45.2	45.2	45.2	44.2	(1.1)
Total	**638.9**	**638.4**	**643.0**	**642.3**	**3.4**

FY15 Projection: Obligations

- The Q3 QCMR projects FY15 obligations at $3,865.6 million, a decrease of $659.0 million from the initial Plan estimate. The most significant changes are shown below and described on the next page.

FY15 General Fund Obligations: Projections ($ in Millions)					
Agency or Cost Center	**FY15-19 Plan**	**Q1 QCMR**	**Q2 QCMR**	**Q3 QCMR**	**Change from Plan to Q3 QCMR**
Civil Service Commission	$53.0	$18.0	$3.6	$0.2	($52.8)
Commerce	2.8	2.8	2.8	7.9	5.1
Debt Service	247.8	247.8	245.1	245.1	(2.7)
Employee Benefits	1,817.3	1,837.7	1,121.7	1,111.7	(705.7)
Fire	206.8	203.2	224.3	227.3	20.6
First Judicial District	106.3	108.9	109.5	109.5	3.2
Human Services	99.5	99.5	102.8	102.8	3.3
Indemnities	33.7	33.7	39.7	39.7	6.0
Law	13.4	13.6	16.1	16.1	2.6
Police	592.5	613.3	613.3	613.4	20.9
Prisons	240.8	241.0	243.5	246.6	5.8
Public Property	57.7	69.6	69.8	64.2	6.5
Sheriff	18.5	18.6	18.6	21.0	2.5
Streets	117.6	124.4	124.8	130.0	12.3
Other	917.0	928.9	930.0	930.2	13.2
Total	**4,524.6**	**4,560.9**	**3,865.3**	**3,865.6**	**(659.0)**

FY15 Projection: Obligations

- Changes from the initial FY15-19 Plan estimate of FY15 obligations and the Q3 QCMR estimate include:
  - **Civil Service Commission** ($52.8 million decline). The Civil Service Commission line item in the initial FY15-FY19 Plan included a $52.8 million reserve for the potential cost of future labor contracts with District Council 33 of AFSCME (DC33), the International Association of Fire Fighters (IAFF), and the Fraternal Order of Police (FOP). The City has since entered into contracts with these unions: a July 2014 FOP arbitration award covering FY15-FY17; an August 2014 DC33 contract covering FY10-FY16; and a January 2015 IAFF arbitration award covering FY14-FY17. As a result, the $52.8 million reserve has been eliminated in the Q3 QCMR projection, and the currently estimated costs of the contracts have been included in projections of wages and employee benefits in appropriate agencies. The current estimate of the FY15 costs of the three contracts exceeds the initial reserve by $19.6 million. The estimated DC33 and FOP contract costs exceed the reserve, by $17.7 million and $8.4 million, respectively. The IAFF contract resulted in FY15 savings of $6.5 million relative to the reserve, primarily because of savings associated with the implementation of self-insurance for the IAFF health plan.
  - **Commerce** ($5.1 million increase). Increased spending of the proceeds from the sale of the Love Park garage.
  - **Debt Service** ($2.7 million decline). The decline reflects reduced interest costs for the FY15 Tax Revenue Anticipation Note.
  - **Employee Benefits** ($705.7 million decrease). Details on projected employee benefits cost changes are provided on page 12 of this report.
  - **Fire** ($20.6 million increase). The increase reflects $21.2 million in current and retroactive wage increases under the January 2015 IAFF arbitration award, offset by reduced overtime costs.
  - **First Judicial District** ($3.2 million increase). Increased cost for salaries under labor agreements and the Office of Court Compliance.
  - **Human Services** ($3.3 million increase). Increased placement costs.
  - **Indemnities** ($6.0 million increase). Increased case volume and settlement costs.

FY15 Projection: Obligations

- Changes from the initial FY15-19 Plan estimate of FY15 obligations and the Q3 QCMR estimate include:
  - **Law** (2.6 million increase). Increased appraisal fees and contractual obligations.
  - **Police** ($20.9 million increase). The increase primarily reflects the costs of the new FOP contract covering the FY15 through FY17. The contract included a 3.0 percent wage increase effective July 1, 2014 and a $1,500 per member bonus.
  - **Prisons** ($5.8 million increase). The increase reflects a new arbitration award covering correctional officers represented by District Council 33 Local 159. The award resulted in increased salary costs of $4.1 million. Higher than projected overtime has also contributed to higher costs.
  - **Public Property** ($6.5 million increase). The increase reflects expenditure of a portion of the proceeds from the sale of the Love Park garage.
  - **Sheriff** ($2.5 million increase). Reflects $0.5 million in additional costs due to a new arbitration award covering Sheriff's Office employees and a $2.0 million increase in projected overtime due to the assumption of warrant duties from the First Judicial District.
  - **Streets** ($12.3 million increase). Reflects increased personnel costs associated with new labor contracts, increased overtime, and costs related to winter storms.

FY15 Projection: Employee Benefit Obligations

- The Q3 QCMR projects total FY15 employee benefit obligations of $1,111.7 million, a decrease of $705.7 million from the Plan. The decrease primarily reflects the elimination of supplemental contributions to the Pension Fund. The initial FY15-FY19 Plan assumed that $700 million from the sale of the Philadelphia Gas Works (PGW), and $2.3 million in dedicated sales tax revenue, would be deposited into the Pension Fund in FY15. The QCMR eliminates these supplemental payments, reflecting the failure to sell PGW and weaker than expected sales tax collections. Employee health benefit costs are projected $1.5 million below Plan, due to the net impact of higher costs resulting from a new labor contract for DC33, offset by savings in other health plans. Higher group legal services costs reflect new FOP and IAFF contractual requirements.

FY15 General Fund Employee Benefits Obligations Projections ($ in Millions)					
Category	**FY15-19 Plan**	**Q1 QCMR**	**Q2 QCMR**	**Q3 QCMR**	**Change from Plan to Q3 QCMR**
Pension Fund Primary Contribution	$465.6	$465.6	$465.6	$465.6	--
Pension Fund Supplemental Contributions	702.3	701.4	--	--	(702.3)
Pension-Related Debt Service	110.4	110.4	110.4	110.4	--
Employee Health Benefits	387.9	411.3	396.4	386.4	(1.5)
Employee Disability	64.1	59.3	56.0	56.0	(8.1)
FICA	68.8	68.8	71.1	71.1	2.3
Unemployment Compensation	5.1	5.1	5.1	5.1	--
Group Life Insurance	7.8	7.8	7.9	7.9	0.2
Group Legal Services	4.2	6.9	8.0	8.0	3.8
Flex Cash/Tool Allowance	1.1	1.1	1.1	1.1	--
Total	**1,817.3**	**1,837.7**	**1,121.7**	**1,111.7**	**(705.7)**

Key Financial and Management Issues

- Labor Contracts
- Pension Benefits
- Performance Measures
- Staffing
- Overtime
- Leave Usage

Labor Contracts

- The City's financial stability depends on its ability to manage the cost of labor contracts with its unions. The following is a description of the status of contracts with the major uniformed unions:
  - **Fraternal Order of Police** (FOP): In July 2014, an arbitration panel issued a contract award for the FOP covering the period FY15 through FY17. The award provides for wage increases of 3 percent in FY15, 3.25 percent in FY16, and 3.25 percent in FY17, and increases the City's contributions to the union legal services fund. In addition, the award increases the annual clothing allowance by $100 per member. The contract also makes other important non-economic changes. The City estimates the General Fund cost impact of the contract at $218.6 million over the FY15-FY19 period, $97.5 million higher than the amount reserved in the approved FY15-FY19 Plan. These additional costs, along with costs for new contracts with DC33 and DC47 Local 810, were included in the revised *Five-Year Financial Plan* submitted to PICA on September 24, 2014. This revised Plan was approved by PICA on October 14, 2014.
  - **International Association of Firefighters** (IAFF): A new IAFF arbitration award was announced in January 2015, covering the period FY14 through FY17. The award includes retroactive wage increases of 3 percent in FY14 and 3 percent in FY15, and a 3.25 percent increase in FY16. Wages in FY17 will be determined through a reopener arbitration. The award implements self-insurance for the IAFF health fund effective February 1, 2015. The City estimates that the award will result in $124.1 million in additional General Fund costs over the FY15-FY19 period, $71.0 million higher than the amount reserved in the approved FY15-FY19 Plan. These estimated costs were described in a letter to PICA dated January 30, 2015. The additional costs are included in the proposed FY16-FY20 Plan that the City presented on March 5, 2015.

Labor Contracts

- The following is a description of the status of contracts with the major non-uniformed unions:
  - **District Council 33** (DC33): In August 2014, the City announced a tentative contract agreement with DC33 covering the period FY10 through FY16. The contract was ratified by DC33 members on September 9. Major economic provisions of the contract include: a lump sum ratification bonus of $2,800; wage increases of 3.5 percent effective September 2014 and 2.5 percent effective July 2015; prospective restoration of step and longevity wage increases that were frozen in July 2009; a $20 million lump sum payment to the union health care fund; and an increase in the City's ongoing contribution to the health fund, from $976 to $1,100 per member per month, effective September 2014, and $1,194 per member per month, effective July 2015. The contract also included provisions that are expected to result in savings, including pension reforms and changes to overtime rules.
  - **District Council 47** (DC47): In February 2014, the City executed a contract with DC47 covering FY10 through FY17. The contract provides for a 3.5 percent wage increase after ratification by the union, a 2.5 percent wage increase in FY16 and a 3 percent wage increase in FY17. The new contract also allows for adjustment of salaries to reflect step and longevity increases that were frozen when the previous contract expired in July 2009. The contract is also expected to result in savings due to pension reforms and changes to overtime rules.
- If the actual costs of any contracts between the City and municipal unions deviate from the projections in the *Five-Year Financial Plan*, any increased costs must be incorporated into future plans or plan revisions. As envisioned under the PICA statute, the Plan process requires the City to demonstrate that it can finance the cost of labor contracts while maintaining a positive General Fund balance over a five-year period.

Pension Benefits

- The City has achieved some changes to its pension program to reduce costs and promote fiscal sustainability. The most significant recent changes include increased employee contributions and creation of a hybrid defined benefit-defined contribution pension plan, known as Plan 10. This plan is mandatory for new correctional officers and employees of the Register of Wills, and voluntary for other employees and elected officials. The status of recent pension changes for each bargaining unit is as follows:
  - **FOP and IAFF.** Newly-hired employees are required to participate in Plan 10 or in Plan 87 (a defined benefit plan) with employee contributions equal to the greater of 6 percent of earnings or 30 percent of normal cost
  - **DC33 (Other than Correctional Officers), DC47, Non-Union Employees and Elected Officials.** Contributions for those previously hired or elected will increase 0.5 percent in 2015 and 1 percent in 2016 and thereafter. Newly-hired employees and newly-elected officials are required to participate in Plan 10 or in Plan 87 with contributions 1 percent higher than current employees or officials.
  - **Correctional Officers (DC33 Local 159) and Register of Wills Employees.** Newly-hired employees are required to participate in Plan 10.
  - **Deputy Sheriffs.** Newly-hired employees are required to participate in Plan 10 or in Plan 87 with contributions equal to 50 percent of normal costs.
- Current pension benefits, eligibility and participant contribution requirements are summarized on the next three pages.

Pension Benefits

- The City offers three pension plans. Plan 67 and Plan 87 are defined benefit plans. Plan 10 is a hybrid defined benefit-defined contribution plan. The formula for determining the defined benefit under each plan is shown below. Under the Plan 10 defined contribution plan, the City matches 50 percent of employee contributions, with the total City match not to exceed 1.5 percent of compensation.
- The definition of average final compensation (AFC) used to determine benefits varies by plan, as follows: Plan 67 municipal and Plan 87 municipal and elected, average of three highest years; Plan 67 uniformed, average of five highest years or 12 consecutive months, whichever is higher; Plan 87 uniformed, average of two highest years; Plan 10, average of five highest years.
- To qualify for normal service retirement benefits, participants must meet age and service requirements, as follows: Plan 67 municipal, age 55; Plan 67 uniformed, age 45; Plan 87 and Plan 10 municipal, age 60 and 10 years of service; Plan 87 and Plan 10 uniformed, age 50 and 10 years of service; Plan 87 elected, age 55 and 10 years of service.

City Pension Plans Benefits (Defined Benefit Portion)			
Category	Plan 67	Plan 87	Plan 10
Police and Fire	2.5 percent x AFC x years of service	(2.2 percent x AFC x years of service up to 20 years) +(2.0 percent x AFC x years of service in excess of 20 years)	1.75 percent x AFC x years of service up to 20 years
Municipal	(2.5 percent x AFC x years of service up to 20 years) +(2.0 percent x AFC x years of service in excess of 20 years)	(2.2 percent x AFC x years of service up to 10 years) +(2.0 percent x AFC x years of service in excess of 10 years)	1.25 percent x AFC x years of service up to 20 years
Elected Officials	NA	3.5 percent x AFC x years of service	1.25 percent x AFC x years of service up to 20 years

Pension Benefits

City Pension Plans Eligibility and Participant Contribution Requirements		
Bargaining Unit/ Category	Previously-Hired Employees	Newly-Hired Employees[1]
Police (FOP) and Firefighters (IAFF)	Plan 67 (6%) or Plan 87 (5%, but not less than 30% or greater than 50% of normal cost)	Plan 87 (6% or 30% of normal cost, whichever is greater) or Plan 10 (5.5% for first 20 years of service)
DC33 (Other than correctional officers), DC47 and Non-Union[2]	Plan 67 (3.75% for compensation subject to Social Security tax and 6% for compensation above that level; with additional 0.5% beginning January 2015 and additional 1.0% beginning January 2016) or Plan 87 (30% of normal cost, with additional 0.5% beginning January 2015, and additional 1.0% beginning January 2016)	Plan 87 (previously-hired employee contribution plus 1.0%) or Plan 10 (50% of normal cost)
Deputy Sheriffs (FOP)	Plan 67 (6%) or Plan 87 (30% of normal cost)	Plan 87 (50% of normal cost) or Plan 10 (50% of normal cost)
Register of Wills (FOP)	Plan 67 (6%) or Plan 87 (30% of normal cost).	Plan 10 (50% of normal cost)

Notes:

[1] Newly-hired employees are those hired on or after the following dates: police, January 1, 2010; firefighters, October 15, 2010; DC33 (other than correctional officers), September 9, 2014; DC47, March 5, 2014; non-represented civil service, May 14, 2014; non-represented non-civil service, November 14, 2014; and Deputy Sheriffs and Register of Wills employees, January 1, 2012. Plan 10 contributions do not include voluntary DC plan contributions.

[2] Assumes employees are covered by Social Security.

Pension Benefits

City Pension Plans Eligibility and Participant Contribution Requirements		
Bargaining Unit/ Category	Previously-Hired Employees and Previously-Elected Officials	Newly-Hired Employees and Newly-Elected Officials[1]
Correctional Officers (DC33 Local 159)[2, 3]	Plan 67 (3.75% of amount subject to Social Security tax and 6% percent of amount above that level, or 50% of normal cost, whichever is higher), or Plan 87 (50% of normal cost)	Plan 10 (50% of normal cost)
Elected Officials	Plan 87 (30 percent of normal cost for municipal plan, with additional 0.5% beginning January 2015, and additional 0.5% beginning January 2016, plus incremental normal cost for elected official plan over municipal plan)	Plan 87 (previously-elected official contribution plus 1%) or Plan 10 (50% of normal cost)

Notes:

[1] Newly-hired correctional officers are those hired on or after November 14, 2014. Newly-elected officials are those elected on or after November 14, 2014. Plan 10 contributions do not include voluntary DC plan contributions.

[2] Assumes employees are covered by Social Security.

[3] Amount shown is effective November 14, 2014.

Performance Measures: Public Safety

- **Police Department**: Preliminary data for FY15 suggest that homicide and total Part 1 violent crime seem to be developing on par with FY14 levels. Homicides declined 30 percent from FY12 to FY14, while Part 1 violent crime declined 11 percent from FY11 to FY14. The clearance rate for homicide declined substantially between FY13 and FY14, while it slightly increased for other violent crime, such as robbery, rape, and aggravated assault. FY15 year-over-year homicide clearance is exceeding FY14 levels.
- **Fire Department**: Through the first three quarters of FY15, 69.0 percent of EMS calls achieved a response time of 9 minutes or less, an increase from the FY14 average of 64.0 percent. The improvements reflect the impact of City initiatives to improve EMS services and response times. The initiatives, which are detailed in the proposed FY16-FY20 *Five-Year Financial Plan*, include additional medic units, increased staff, implementation of a new Priority Dispatch System, and public education on the proper use of the 911 system. Fire average response times have remained relatively stable since FY10.

Performance Measures: Public Safety

Agency	Measure	FY10	FY11	FY12	FY13	FY14	FY15 To Date
Police	Homicides	305	318	350	263	246	195
	Part 1 Violent Crime	17,740	18,446	18,224	17,384	16,533	11,615
	Homicide Clearance Rate	72.2%	67.9%	64.0%	73.0%	56.5%	63.0%
	Other Violent Crime Clearance Rate	51.2%	49.8%	48.5%	50.4%	52.3%	50.8%
Fire	Fire Engine Average Response Time[1]	4:46	4:57	4:57	4:54	4:57	4:54
	Structural Fires [2]	1,362	3,041	3,108	2,882	3,019	2,191
	Fire Deaths	32	41	24	25	23	22
	EMS Response Time (Percent Within 9 Minutes)	73.9%	68.5%	68.0%	66.0%	64.0%	69.0%

Notes:
[1] Includes responses for fire and EMS incidents.
[2] Beginning in FY11, figures are based on the National Fire Incident Reporting System (NFIRS) definition, and not comparable to figures for FY10, which are based on a less inclusive definition.

Performance Measures: Public Health and Human Services

- **Department of Human Services**: Dependent placements increased to 5,054 at the end of the third quarter, an increase of over 1,000 since FY12. The increase reflects in part a more expansive definition of child abuse, as well as new reporting requirements. Delinquent placements have been declining since FY11, indicating the success of diversion and prevention programs. Permanency discharges are on par with FY14 Q3 levels.
- **Department of Public Health**: The number of newly diagnosed HIV case reports have been declining since FY12. In FY13, the Department began reporting on immunization rates. Child immunization increased from 75 percent in FY13 to over 85 percent in FY15, to date.

Performance Measures: Public Health and Human Services

Agency	Measure	FY11	FY12	FY13	FY14	FY15 To Date
Human Services	Permanency Discharges	2,130	1,633	1,229	1,221	763
	Adoptions as Percent of Permanency Discharges	31%	29%	29%	31.8%	34.4%
	Dependent Placements as of End of Period	4,182	4,030	4,179	4,473	5,054
	Delinquent Placements as of End of Period	1,413	1,198	1,155	952	869
Public Health	Visits to District Health Centers	339,032	348,472	NA	NA	NA
	Percent of Visits from Uninsured Patients	49.6%	51.1%	52.9%	49.6%	51.6%
	Newly Diagnosed HIV Case Reports	NA	792	704	585	474
	Children with Complete Immunizations[1]	NA	NA	75%	78%	85.3%

Note
[1] Defined as percentage of children of age 19 to 35 months with complete immunizations.

Performance Measures: Housing

- **Office of Supportive Housing**: Homeless prevention service levels have declined in recent years due to the 2012 expiration of the Homeless Prevention and Rapid Re-Housing program. Prevention programs in FY14 were funded through the Housing Trust Fund and the Community Services Block Grant. New permanent supportive housing units declined from 180 in FY13 to 59 in FY14 due to delays in grant and development funding. The impact in FY15 remains to be seen.
- **Office of Housing and Community Development**: Mortgage foreclosures diverted declined in FY14 in part due to a reduction in foreclosure filings, a trend that continues into FY15. In addition, the measure has been redefined to exclude forbearances. The number of owner-occupied homes repaired are currently below FY14 Q3 levels. In FY13, the agency began reporting on the number of clients receiving counseling. This measure includes counseling for current and prospective homeowners.

Performance Measures: Housing						
Agency	**Measure**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15 To Date**
Supportive Housing	Households Receiving Financial Assistance					
	For Homelessness Prevention	1,898	809	610	676	644
	For Ending Homelessness	NA	NA	291	135	290
	New Permanent Supportive Housing Units[1]	120	179	180	59	NA
	Transitional Housing Placements	510	558	539	509	408
Housing and Community Development	Mortgage Foreclosures Diverted	1,647	1,423	1,754	1,232	905
	Owner-Occupied Homes Repaired[2]	8,232	7,129	5,409	5,689	3,815
	City Lots Greened and Cleaned[3]	8,417	8,500	9,238	8,766	8,278
	Clients Receiving Counseling	NA	NA	12,463	12,398	8,210

Notes:
[1] Excludes Philadelphia Housing Authority units.
[2] Through Basic System Repair Program, Weatherization, or Heater Hotline.
[3] This measure represents the number of lots as of a point in time. Includes land stabilization and land maintenance.

Performance Measures: Parks and Recreation and Free Library

- **Department of Parks and Recreation**: Visits to departmental sites declined in FY14 in part due to a mild summer that reduced the number of pool visits in early summer 2014; however, FY15 Q3 figures exceed FY14 Q3 levels for visits. The number of acres mowed has increased in recent years due to weather and increased frequency of mowing at athletic fields. The number of trees planted increased from FY11 to FY13, but declined in FY14 due to lower than expected contractor tree planting and the implementation of a new planning process. The FY15 target for trees planted is significantly higher than last fiscal year's figure.
- **Free Library of Philadelphia**: Circulation for FY15 Q3 is slightly above that of FY14 Q3. The number of visits declined in FY14 in part due to the closing of the South Philadelphia branch for renovations and weather-related closings, however, FY15 Q3 visits are above those from the same quarter last year.

Performance Measures: Parks and Recreation and Free Library

Agency	Measure	FY11	FY12	FY13	FY14	FY15 To Date
Parks and Recreation	Programs Offered[1]	3,824	4,050	3,742	3,603	3,936
	Visits to Departmental Facilities and Sites (Millions)	6.57	6.60	7.30	6.24	5.90
	Acres Mowed[2] (Thousands)	37.5	36.0	40.3	40.3	27.1
	Trees Planted[3] (Thousands)	18.3	20.3	26.0	18.3	7.5
Free Library	Circulation of Materials (Millions)	7.21	7.50	6.58	6.51	5.0
	Visits (Millions)	6.10	5.96	5.85	5.67	5.9
	Website Visits (Millions)	NA	NA	7.3	8.2	7.6
	Hours Open (Thousands)	100.0	97.8	95.8	99.8	82.6

Notes
[1] Beginning in FY13, data reflect number of unique programs in the period in which the program first occurs.
[2] Includes athletic fields and neighborhood parks.
[3] Includes trees planted by the Department along streets and on Department sites and public land, and trees planted in partnership with other organizations.

Performance Measures: Transportation and Regulation

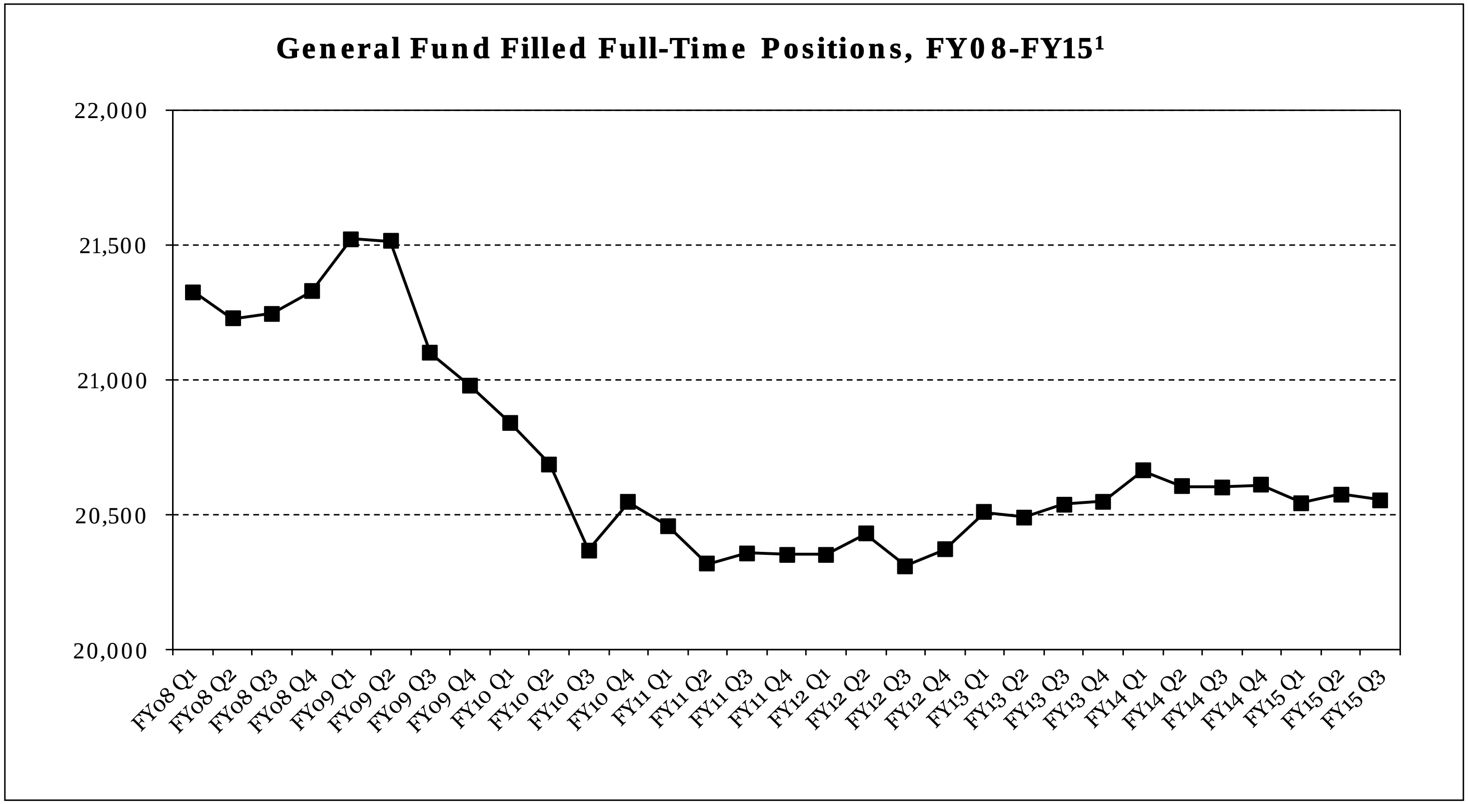
- **Streets Department**: On-time trash and recycling collection declined in FY14 due to severe winter weather, and fleet and staffing challenges. So far, FY15 on-time recycling collection has reached FY13 levels; however on-time trash collections remain at the lowest levels in recent years at 79 percent currently.
- **Department of Licenses and Inspections**: The number of properties classified as imminently dangerous increased from 375 at the end of FY13 to 566 at the end of FY14. This in part reflected an increased number of complaints. FY15 Q3 figures are significantly below those for FY14 Q3, largely due to heightened demolition efforts and increased funding. Permits issued in FY15 Q3 exceed FY14 levels in the same quarter.

Performance Measures: Transportation and Regulation						
Agency	**Measure**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15 To Date**
Streets	Recycling Rate	19%	19%	20%	21%	20%
	On-Time Trash Collection[1]	94%	94%	96%	85%	79%
	On-Time Recycling Collection[1]	96%	97%	97%	93%	97%
Licenses and Inspections	Residential Buildings Demolished	567	543	521	522	392
	Imminently Dangerous Properties	NA	NA	375	566	306
	Permits Issued[2] (Thousands)	NA	NA	35.7	35.4	28.7
Transportation and Utilities	Energy Consumption (Million BTUs)[3]	NA	NA	1.84	1.86	NA

Notes
[1] Percentage of collections completed by 3:00 PM.
[2] Includes building, electrical, and plumbing permits.
[3] Includes natural gas, electricity, steam, and fuel oil from General Fund funded City facilities and street lights. Vehicle fuel is excluded.

Staffing

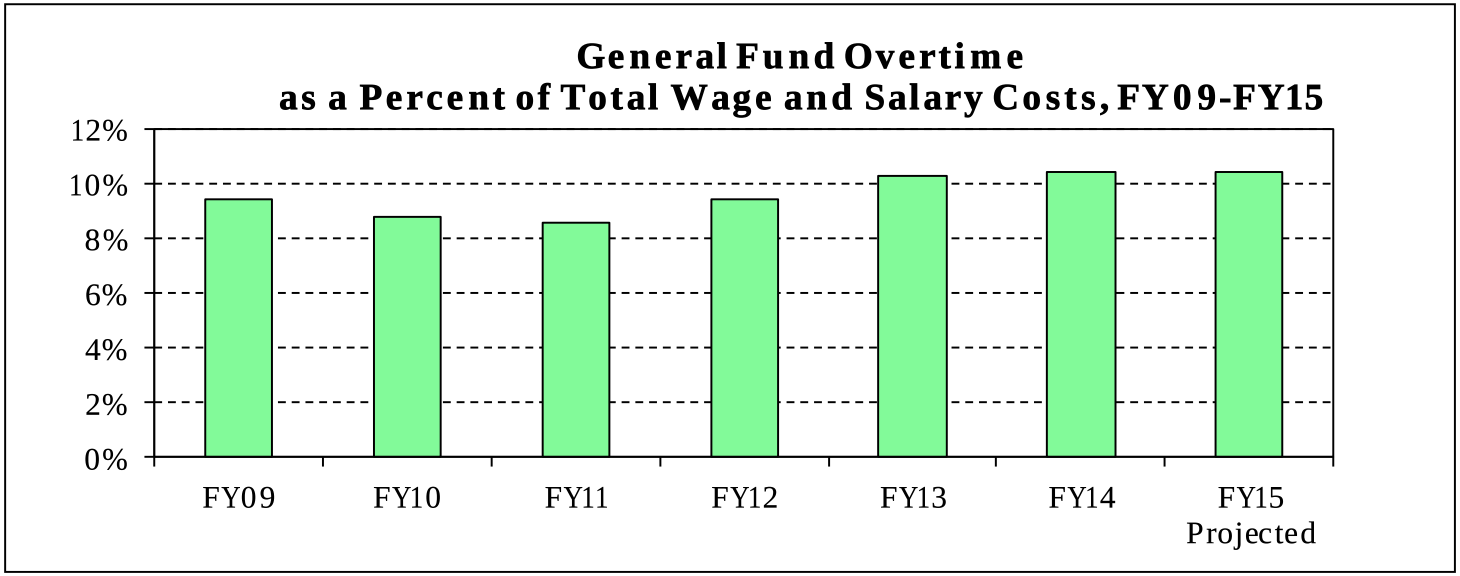
- After declining by more than 1,100 from December 2008 through March 2010, General Fund employment has since increased by 188.[1]



Note:
[1] Department of Human Service (DHS) personnel are excluded to allow comparability. DHS personnel are primarily reported in the Grants Revenue Fund beginning in FY12, due to an accounting change.

Overtime

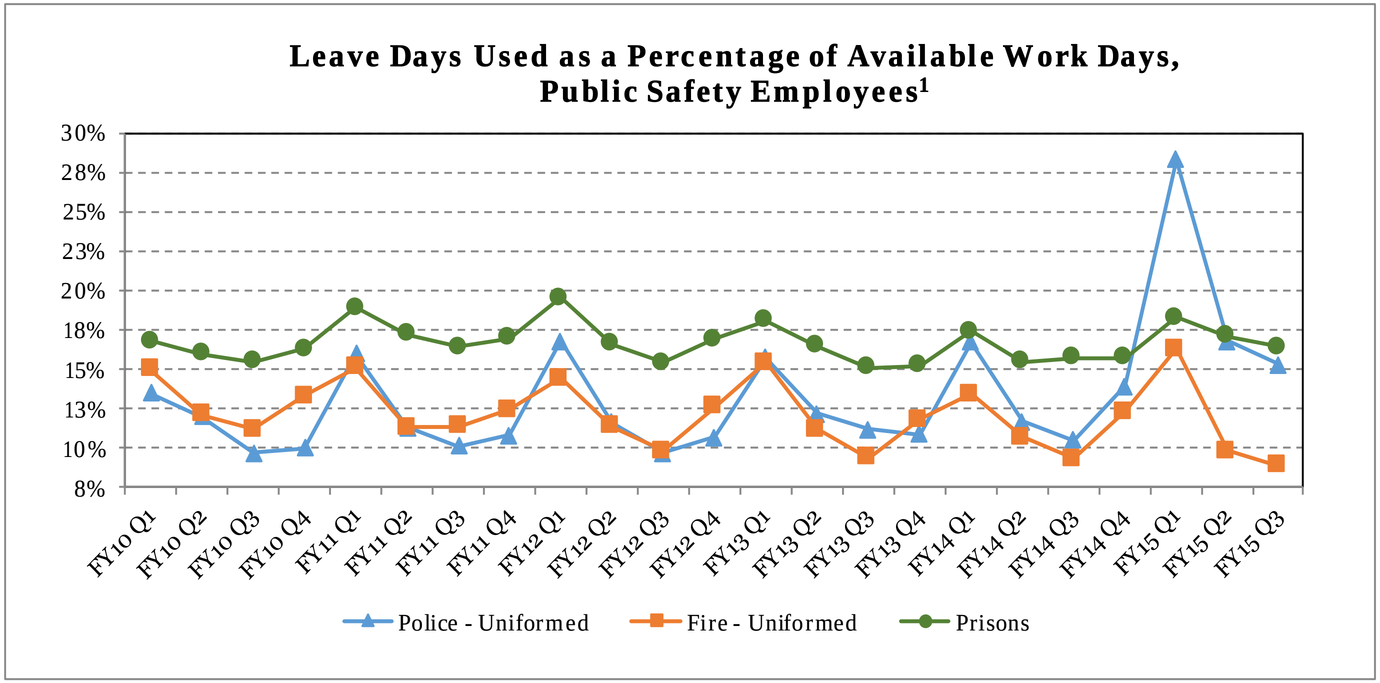
- FY14 General Fund overtime costs were $151.5 million, or 10.4 percent of total wages and salaries. Overtime as a percentage of wages and salaries declined from 9.5 percent in FY09 to 8.6 percent in FY11, and increased to 10.4 percent in FY14.[1] With total FY14 General Fund wages at $1.45 billion, a difference of one percentage point represents $14.5 million. The decline in overtime costs during the City's greatest period of fiscal constraint after the recession and the increase since FY11 suggests that greater overtime control is possible. The Q3 QCMR currently projects FY15 overtime costs at 10.5 percent of wages and salaries. The most significant reductions were projected in the Fire Department, which are on pace to be exceeded.



[1] The FY11 amount excludes $3.8 million in Fire Department overtime due to a one-time legal settlement related to overtime for emergency medical services personnel.

Leave Usage

- In the third quarter of FY15, leave usage varied from a high of 20.1 percent of available work days among non-uniformed Police Department employees to a low of 7.1 percent among non-uniformed Fire Department employees. The median leave usage rate among all City agencies was 15.9 percent.[1] Seasonal variability in leave use has major cost implications, since overtime is often necessary to assure consistent staffing.



Note:
[1] Prior to FY15, the calculation includes the following categories: vacation, annual, sick, funeral, unpaid, comp time, and "AWOL." Beginning in FY15, the following additional categories are included: injured-on-duty, Heart and Lung, military, excused, suspension, administrative, and strike. The increase in Police uniformed leave usage in FY15 Q1 reflects higher leave usage and the inclusion of additional leave categories.