



PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Staff Report on the City of Philadelphia's Quarterly City Managers Report

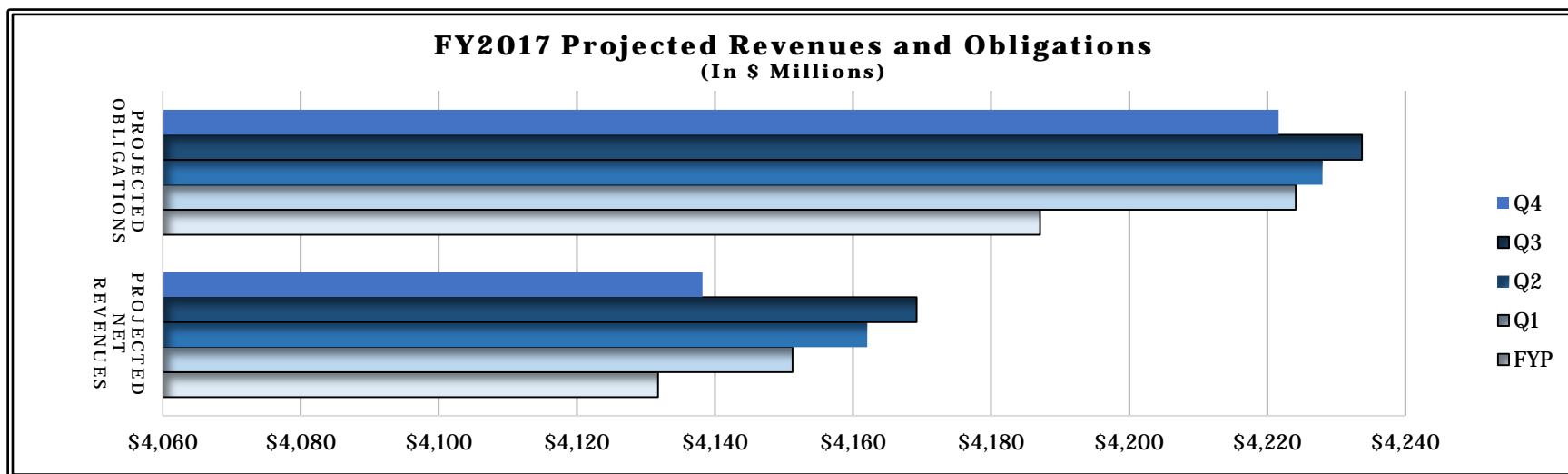
For the Period Ending June 30, 2017

Executive Summary

The *Quarterly City Managers Report* (“QCMR”) for the fourth quarter of Fiscal Year 2017 (April 1, 2017-June 30, 2017) was submitted to PICA on August 15, 2017. The most significant elements of the report include:

► *Financial Projections:*

- **Fund Balance.** The current General Fund FY2017 year-end fund balance estimate is \$88.6 million, \$48.3 million higher than projected in the *FY2017-FY2021 Five Year Plan* (“Plan”).
- **Revenue.** The current net revenue estimate is \$4,138.2 million, \$6.4 million above the initial Plan projection. Tax revenue for FY2017 General Fund is estimated at \$3,048.7 million, \$23.2 million lower than projected in the Plan.
- **Spending.** FY2017 General Fund obligations are projected at \$4,221.7 million, an increase of \$34.6 million from the Plan.



Executive Summary

▶ *Key Management Issues:*

- ▶ *Labor:* The end of the fourth quarter marked the expiration of several union contracts. In August 2017, an arbitration panel issued an award for the FOP covering the period FY2017 through FY2020. The award provides for wage increases of 3.25 percent in FY2018, 3.5 percent in FY2019, and 3.75 percent in FY2020. The award does not subject new FOP members to the new stacked–hybrid pension plan (Plan 16), although it does provide for an increase in certain employee contributions. This award will require the City to submit a revised FY2018-FY2022 *Five Year Financial Plan* for consideration by the PICA Board.
- ▶ *Leave Usage:* In the fourth quarter of FY2017, time not available due to leave usage varied from a high of 22.8 percent of work days for employees of the Department of Revenue, to a low of 5.4 percent for employees in the Mayor’s Office. The median rate of leave usage among all City agencies was 14.8 percent.

▶ *Departmental Performance:*

- ▶ *Police:* Homicide totals increased in FY2017 compared to last fiscal year; additionally, the homicide clearance rate (homicide cases in which an arrest is made) has declined from a high of 73 percent in FY2013 to the current rate of 36.8 percent.
- ▶ *Human Services:* 98 percent of Child Protective Services investigations were determined within 60 days, exceeding the Department’s set target of 95 percent.
- ▶ *Public Health:* The percent of District Health Center visits by uninsured patients continued to decline through the fourth quarter of FY2017, continuing a downward trend that began in FY2014, corresponding with the rollout of the Affordable Care Act.
- ▶ *Office of Homeless Services:* Households receiving financial assistance to prevent homelessness decreased considerably in FY2017 as compared FY2016 - the result of a delay in the receipt of block grant funding to support such efforts.

Introduction

- ▶ This PICA Staff Report analyzes the City of Philadelphia's *Quarterly City Managers Report* (QCMR) for the fourth quarter of Fiscal Year 2017, the period ending June 30, 2017. The QCMR contains information on projected FY2017 General Fund revenues and expenditures, agency performance, personnel levels, leave usage, and cash flow.
- ▶ The focus of this report is the current projections of FY2017 General Fund revenues and expenditures by category, and key management issues such as labor contracts, pension benefits, staffing, overtime, and departmental performance. The report is organized as follows:
 - ▶ Background
 - ▶ FY2017 Financial Projections
 - ▶ Overview
 - ▶ Revenue
 - ▶ Obligations
 - ▶ Key Management Issues
 - ▶ Labor Contracts
 - ▶ Pension Benefits
 - ▶ Staffing
 - ▶ Overtime
 - ▶ Leave Usage
 - ▶ Departmental Performance

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 compare them to budgeted levels for the most recent quarter.
- ▶ The City fulfills this requirement by publishing a 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 provides information on agency performance, personnel, leave usage, and cash flow.
- ▶ This PICA staff report analyzes the most recent QCMR covering the fourth quarter of FY2017.¹ It compares the fourth quarter QCMR estimates of FY2017 revenues and expenditures with estimates in the approved *FY2017-FY2021 Five Year Financial Plan*.² The report also highlights agency performance and key management issues.
- ▶ Unless otherwise noted, information in this report is drawn from City reports, including the *FY2017-FY2021 Five Year Financial Plan* and QCMRs.

Notes:

¹ The QCMR is available at <http://www.picapa.org>

² The FY2017-FY2021 Five Year Financial Plan was approved by PICA on August 31, 2016.

FY2017 Financial Projections

- ▶ **Overview**
- ▶ **Revenue**
 - ▶ **Tax**
 - ▶ **Locally-Generated Non-Tax**
 - ▶ **From Other Governments**
- ▶ **Obligations**



FY2017 Financial Projections: Overview

- ▶ The fourth quarter QCMR projects FY2017 General Fund revenues at \$4,138.2 million, an increase of \$6.4 million from the initial FY2017-FY2021 Plan. Obligations are projected at \$4,221.7 million, an increase of \$34.6 million from the Plan. The FY2017 operating deficit is projected at \$83.5 million, an increase from the \$55.3 million deficit projected in the Plan. The Plan projected the FY2016 year-end fund balance at \$76.1 million, while the actual FY2016 fund balance is \$148.3 million.
- ▶ The sum of the projected operating deficit, prior year adjustments, and FY2016 fund balance is the projected FY2017 fund balance of \$88.6 million. This projection is \$48.3 million higher than the Plan.

FY2017 General Fund Projections Summary (\$ in Millions)						
<u>Category</u>	<u>FY2017- 21 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Revenues	\$4,131.8	\$4,151.3	\$4,162.1	\$4,169.2	\$4,138.2	\$6.4
Obligations	4,187.1	4,224.1	4,228.0	4,233.7	4,221.7	34.6
Operating Surplus/(Deficit)	(55.3)	(72.9)	(65.9)	(64.5)	(83.5)	(28.1)
Prior Year Net Adjustments	19.5	20.3	23.7	23.7	23.7	4.2
Prior Year Fund Balance/(Deficit)	76.1	148.3	148.3	148.3	148.3	72.2
Year-End Fund Balance	\$40.3	\$95.8	\$106.1	\$107.6	\$88.6	\$48.3

FY2017 Financial Projections: Revenue

- ▶ The fourth quarter QCMR projects FY2017 General Fund revenue at \$4,138.2 million, an increase of \$6.4 million from the Plan.
- ▶ The increase is largely attributable to higher than projected locally-generated non-tax revenue (\$17.8 million) and revenue from other governments (\$11.9 million), offset by lower than projected tax revenue (\$23.2 million).

FY2017 General Fund Revenue Projections (\$ in Millions)						
<u>Category</u>	<u>FY2017-21 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Taxes	\$3,071.9	\$3,089.6	\$3,090.8	\$3,085.2	\$3,048.7	(\$23.2)
Locally-Generated Non-Tax	287.3	286.2	289.9	297.6	305.1	17.8
Revenue from Other Governments	697.0	699.9	706.0	711.0	709.0	11.9
Revenue from Other Funds	75.6	75.6	75.4	75.4	75.4	(0.1)
Total	\$4,131.8	\$4,151.3	\$4,162.1	\$4,169.2	\$4,138.2	\$6.4

FY2017 Financial Projections: Tax Revenue

- ▶ FY2017 General Fund tax revenue is projected at \$3,048.7 million, an decrease of \$23.2 million from the Plan. The overall decrease reflects decreases for the following taxes: real estate transfer (\$16.7 million); real estate (\$11.8 million); beverage (\$6.5 million); business income and receipts (\$6.5 million); and other (\$0.5 million).
- ▶ These decreases were partially offset by increases in the following taxes: sales (\$9.1 million); net profits (\$4.6 million); wage and earnings (\$2.9 million); parking (\$1.6 million); and amusement (\$0.7 million).

FY2017 General Fund Tax Revenue Projections (\$ in Millions)						
<u>Tax</u>	<u>FY2017-21 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Wage and Earnings	\$1,418.1	\$1,426.6	\$1,421.0	\$1,421.0	\$1,421.0	\$2.9
Real Estate	594.9	594.9	590.5	583.1	583.1	(11.8)
Business Income and Receipts	441.6	446.0	465.1	465.1	435.1	(6.5)
Sales	177.5	182.2	186.6	186.6	186.6	9.1
Real Estate Transfer	249.6	249.6	232.9	232.9	232.9	(16.7)
Net Profits	24.5	24.5	27.3	29.1	29.1	4.6
Parking	95.1	95.1	96.7	96.7	96.7	1.6
Amusement	20.5	20.5	21.2	21.2	21.2	0.7
Beverage	46.2	46.2	46.2	46.2	39.7	(6.5)
Other	3.9	3.9	3.4	3.4	3.4	(0.5)
Total	\$3,071.9	\$3,089.6	\$3,090.8	\$3,085.2	3,048.7	(\$23.2)

FY2017 Financial Projections: Locally-Generated Non-Tax Revenue

- ▶ FY2017 locally-generated non-tax revenue is projected at \$305.1 million, an increase of \$17.8 million from the Plan.
- ▶ The most significant changes from the Plan were increases in Public Health (\$11.0 million), Sheriff (\$6.0 million), and Fire (\$5.0 million), offset by decreases in Public Property (\$3.7 million), Streets (\$2.1 million), Innovation and Technology (\$0.9), and Records (\$0.6 million).

FY2017 General Fund Locally-Generated Non-Tax Revenue Projections (\$ in Millions)						
<u>Agency Source</u>	<u>FY2017-21 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Finance	\$18.2	\$18.2	\$18.2	\$18.2	\$18.8	\$0.5
Public Health	12.6	12.6	21.1	21.1	23.6	11.0
Revenue	4.9	4.9	4.9	7.1	7.1	2.2
Fire	40.0	40.0	45.0	45.0	45.0	5.0
Innovation and Technology	26.6	26.0	25.8	25.8	25.8	(0.9)
Licenses and Inspections	54.3	54.3	54.3	55.3	55.3	1.0
Public Property	13.5	13.5	10.3	9.7	9.7	(3.7)
Streets	27.7	27.7	25.7	25.7	25.7	(2.1)
Records	17.8	17.8	17.2	17.2	17.2	(0.6)
FJD	33.0	33.0	33.0	33.0	33.0	--
Sheriff	9.8	9.8	9.8	12.3	15.8	6.0
Fleet	3.6	3.1	3.1	3.8	3.8	0.2
Other	25.3	25.3	21.6	23.6	24.6	(0.7)
Total	\$287.3	\$286.2	\$289.9	\$297.6	\$305.1	\$17.8

FY2017 Financial Projections: Revenue from Other Governments

- ▶ The fourth quarter QCMR projection of FY2017 revenue from other governments is \$709.0 million, an increase of \$11.9 million from the Plan.
- ▶ PICA City Account revenue is projected at \$394.7 million, accounting in large part for the above mentioned increase.

FY2017 General Fund Revenue From Other Governments Projections (\$ in Millions)						
<u>Agency Source</u>	<u>FY2017-21 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Finance	\$162.5	\$162.5	\$162.6	\$162.6	\$161.8	(\$0.6)
PICA City Account	384.7	387.3	393.1	394.7	394.7	10.0
Revenue	39.6	39.6	38.1	38.1	38.1	(1.5)
Other	110.2	110.6	112.2	115.6	114.3	4.1
Total	\$697.0	\$699.9	\$706.0	\$711.0	\$709.0	\$11.9

FY2017 Financial Projections: Obligations

- ▶ The fourth quarter QCMR projects FY2017 obligations at \$4,221.7 million, an increase of \$34.6 million from the Plan. This increase is largely attributable to a \$28.8 million increase in the Employee Benefits category, driven by an increase in health/medical (\$12.6 million) and pension costs (\$10.8 million).

FY2017 General Fund Obligations Projections (\$ in Millions)						
<u>Agency or Cost Center</u>	<u>FY2017-21 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Community Schools/Pre-K	\$27.5	\$27.5	\$27.1	\$26.8	\$26.8	(\$0.6)
Debt Service	275.3	275.3	275.3	275.3	263.3	(12.1)
Employee Benefits	1,229.8	1,250.8	1,258.6	1,258.6	1,258.6	28.8
Fire	221.8	233.9	235.5	236.0	236.0	14.2
Police	650.2	650.7	650.8	649.8	649.8	(0.3)
Indemnities	40.7	40.7	40.7	40.7	40.7	--
Streets	125.6	127.4	128.4	128.4	128.4	2.8
Prisons	258.8	261.5	262.5	263.1	263.1	4.3
Sheriff	20.1	20.2	22.2	24.7	24.7	4.5
Licenses & Inspections	33.6	33.8	34.8	34.2	34.2	0.6
Other	1,303.7	1,302.4	1,292.0	1,296.1	1,296.1	(7.6)
Total	\$4,187.1	\$4,224.1	\$4,228.0	\$4,233.7	\$4,221.7	\$34.6



Key Management Issues

- ▶ **Labor Contracts**
- ▶ **Pension Benefits**
- ▶ **Staffing**
- ▶ **Overtime Management**
- ▶ **Leave Usage**

Key Management Issues: Labor Contracts

- ▶ The following is a description of the status of contracts with the major uniformed unions:
 - ▶ **Fraternal Order of Police (“FOP”)**: The end of the fourth quarter, June 30, 2017, marked the expiration of the most recent FOP labor contract. Prior to the issuance of this report on the City’s fourth quarter, in August 2017, an arbitration panel issued an award for the FOP covering the period FY2017 through FY2020; however, this contract is effective beginning the first quarter of FY2018. The award provides for wage increases of 3.25 percent in FY2018, 3.5 percent in FY2019, and 3.75 percent in FY2020. The City is also required to make three \$4.5 million lump sum payments to the Retiree Joint Trust Fund, in each of the upcoming three years. The award also provides increases in life insurance coverage and one-time cash payments for all FOP members to compensate them for issues with electronic court notices. The award additionally provides for pension reforms, in the form of increased employee contributions, which are detailed in the pension section of this report.
 - ▶ **International Association of Firefighters (“IAFF”)**: The current IAFF arbitration award recently expired, on June 30, 2017. The award covered the period FY2014 through FY2017. The award included retroactive wage increases of 3 percent in FY2014 and 3 percent in FY2015, and a 3.25 percent increase in FY2016. The award implemented self-insurance for the IAFF health fund effective February 1, 2015. Wages for FY2017 were determined through a reopener arbitration, which provided a 3.25 percent increase as of July 1, 2016. Additionally, the City provided a \$2.65 million lump sum payment into the union’s health trust fund.

Key Management Issues: Labor Contracts

- ▶ The following is a description of the status of contracts with the major non-uniformed unions:
 - ▶ **District Council 33 (“DC33”)**: In July 2016, the City announced a new agreement with DC33 covering the period FY2017 through FY2020. The agreement includes wage increases of 3 percent for the first, second, and fourth years of the contract, and a 2.5 percent increase in the third year. The contract also included pension reforms surrounding plan design¹, which are explained in the following section of this report. As part of this negotiation, the City agreed to end litigation surrounding DROP in exchange for a new employee interest rate that is approximately half of the Treasury rate. The City will also provide \$20 million in two lump sum payments to the union’s health fund. The contract expires at the end of FY2020.
 - ▶ **District Council 47 (“DC47”)**: In February 2014, the City executed a contract with DC47 covering FY2010 through FY2017. This contract recently expired, as of June 30, 2017. The contract provided for a 3.5 percent wage increase after ratification by the union, a 2.5 percent wage increase in FY2016, and a 3 percent wage increase in FY2017. The contract allowed for adjustment of salaries to reflect step and longevity increases that were frozen when the previous contract expired in July 2009. The contract was 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 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. Except for the recent FOP arbitration award, all labor costs described above are incorporated into the *FY2018-FY2022 Five Year Financial Plan* approved by PICA in July 2017.

Note:

¹ Plan design refers to the elements of a pension plan that define its structure, for example: hybrid, stacked hybrid, and defined contribution pension plans.

Key Management Issues: Pension Benefits

- ▶ The City has achieved some changes to its pension program to reduce costs and promote fiscal sustainability. The most significant recent changes were negotiated with DC33 and were recently enacted into law – they include increased employee contributions and the creation of a stacked hybrid plan, referred to as Plan 16. Plan 16 is now mandatory for all new DC33 employees, including Correctional Officers. Additionally, legislation was recently introduced in City Council that would similarly require newly hired exempt and non-represented employees to be mandatory members of Plan 16. Furthermore, current exempt employees, non-represented employees, and elected officials would make increased contributions under this legislation; however, newly elected officials would not be required to participate in Plan 16. For newly-hired Register of Wills employees and Deputy Sheriffs, Plan 10 is still mandatory. The status of recent pension changes for each bargaining unit is as follows:
 - ▶ **FOP.** The new, recently announced arbitration award stipulates that new and existing members will pay increased pension contributions, although the FOP will not be subject to Plan 16. Members of Plan 67 will be exempted from those increases. Newly-hired employees have the option to participate in Plan 10 or make an additional contribution to participate in Plan 87.
 - ▶ **IAFF.** Newly-hired employees have the option to participate in Plan 10 or make an additional contribution to participate in Plan 87. If they choose Plan 87, required employee contributions will be higher than those of existing employees and will equal the greater of 6 percent of earnings or 30 percent of normal cost.

Key Management Issues: Pension Benefits

- ▶ **DC33 (including Correctional Officers – Local 159).** Current DC33 members have a tiered contribution system. Employees earning \$45,000 or less will not make an additional contribution. Above \$45,000, the increases in contributions range from an additional 0.5% to 3%, based on salary. New hires are required to participate in Plan 16, which caps the defined benefit pension at \$50,000 and offers a defined contribution component for voluntary contributions for employees earning above \$50,000 annually.
- ▶ **DC47, Non-Union Employees and Elected Officials.** Contributions for those previously hired or previously elected increased 0.5 percent in 2015 and an additional 0.5 percent in 2016. Newly-hired DC47, non-union employees, and newly-elected officials, are required to participate in Plan 10 or in Plan 87. If they choose Plan 87, required employee contributions are one percent higher than current employees or officials.
- ▶ **Register of Wills (“FOP”).** 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. If Plan 87 is chosen, required contributions will be higher than those of existing employees and will equal 50 percent of normal costs.

- ▶ Current pension benefits, eligibility and participant contribution requirements are summarized on the next three pages.

Key Management Issues: Pension Benefits

- ▶ The table on the next page is a summary of the provisions of City offered pension plans. Plan 67 and Plan 87 are defined benefit plans. Plan 10 is a hybrid defined benefit-defined contribution plan. Plan 16 is a stacked hybrid plan that was established for DC33 new hires in lieu of Plan 10, as passed by City Council and signed into law by the Mayor in 2016. Council has also introduced legislation to apply Plan 16 to new non-represented and exempt employees. Under that legislation, current non-represented and exempt employees would make tiered contributions as outlined in the DC33 collective bargaining agreement. Elected officials would also pay the tiered contributions but would not be subject to Plan 16. The formula for determining the defined benefit under each plan is shown in the following table. 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. Under Plan 16, new hires enroll in a standard defined benefit pension plan up to pensionable earnings of \$50,000 annually. Employees may also voluntarily participate in a defined contribution plan. For new hires with pensionable earnings exceeding this \$50,000 threshold, the City will match half of the employee contribution up to 1.5 percent of annual compensation. Plan 16 is awaiting enactment by City Council, for non-represented and exempt employees. Currently, a hearing related to the legislation was postponed and remains to be re-scheduled.
- ▶ 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; and Plan 16, average of final three 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; and Plan 16, age 60 and 10 years of service.

Key Management Issues: Pension Benefits

City Pension Plans Benefits (Defined Benefit Portion)				
Category	Plan 67	Plan 87	Plan 10	Plan 16
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	NA
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	(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), defined benefit portion capped at pensionable earnings of \$50,000
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	NA

Key Management Issues: 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) or Plan 10 (5.5% for first 20 years of service); FOP: Plan 87 and Plan 10 members will contribute an additional 0.92% effective July 2017, and another 0.92% effective July 2018	Plan 87 (6% or 30% of normal cost, whichever is greater) or Plan 10 (5.5% for first 20 years of service); FOP: all members hired beginning in FY2018 will contribute an additional 2.5%
DC33 (including Correctional Officers) 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 0.5% beginning January 2016) or Plan 87 (30% of normal cost, with additional 0.5% beginning January 2015, and additional 0.5% beginning January 2016 up to \$45,000, tiered increases based on salary thereafter, ranging from an additional 0.5%-3%) or Plan 10 (50% of normal cost)	Plan 16 (up to \$45,000 salary, same as Plan 87; an additional 0.5% for earnings between \$45,000-\$50,000; \$50,000 and above, City to match 50% of contributions, capped at 1.5% of annual compensation)
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 0.5% beginning January 2016) or Plan 87 (30% of normal cost, with additional 0.5% beginning January 2015, and additional 0.5% beginning January 2016), those hired in 2014 or later (dates vary by employee group) who elect Plan 87 over Plan 10 pay an additional 1% above this total	Plan 87 (previously-hired employee contribution plus 1.0%) or Plan 10 (50% of normal cost)

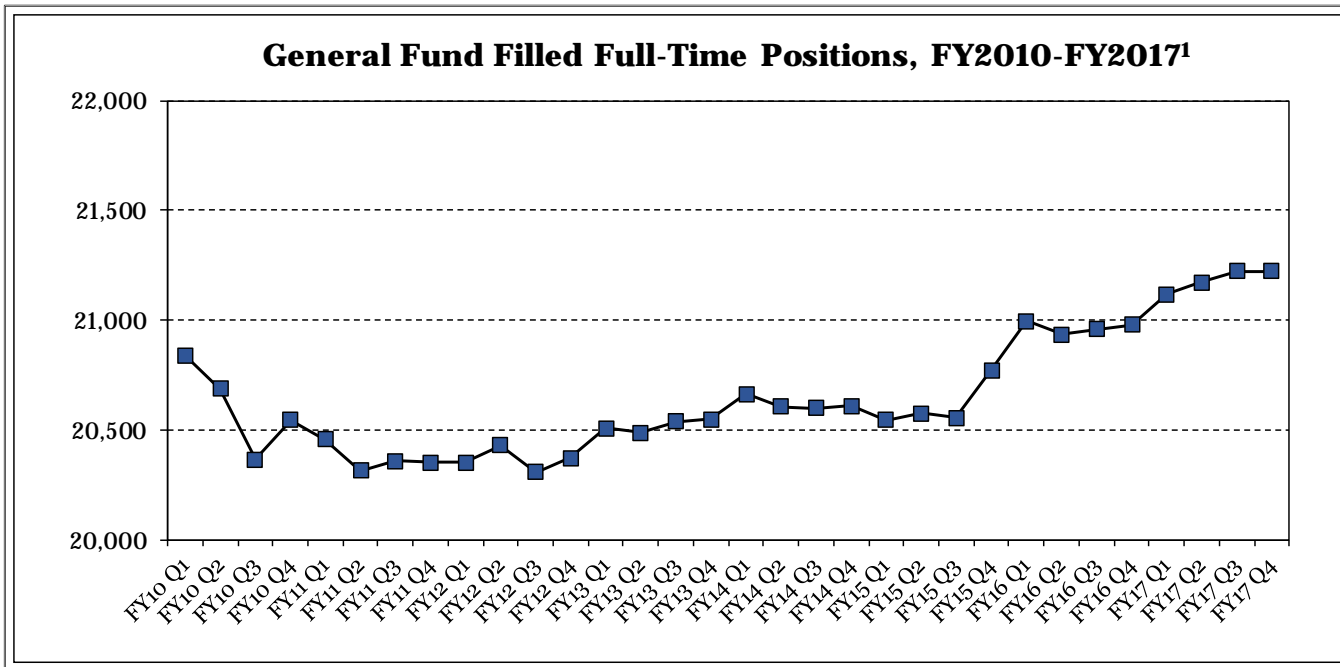
Notes:

¹ Newly-hired employees are those hired on or after the following dates: police, January 1, 2010; firefighters, October 15, 2010; DC33 including correctional officers), upon Council enactment; 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 and Plan 16 contributions do not include voluntary DC plan contributions.

² Assumes employees are covered by Social Security.

Key Management Issues: Staffing

- General Fund employment has remained consistent between the third and fourth quarters, and has increased by 105 positions since the first quarter of the fiscal year, bringing City staffing levels to 21,225 — roughly 300 employees less than the peak level of 21,521 recorded in the first quarter of FY2009.



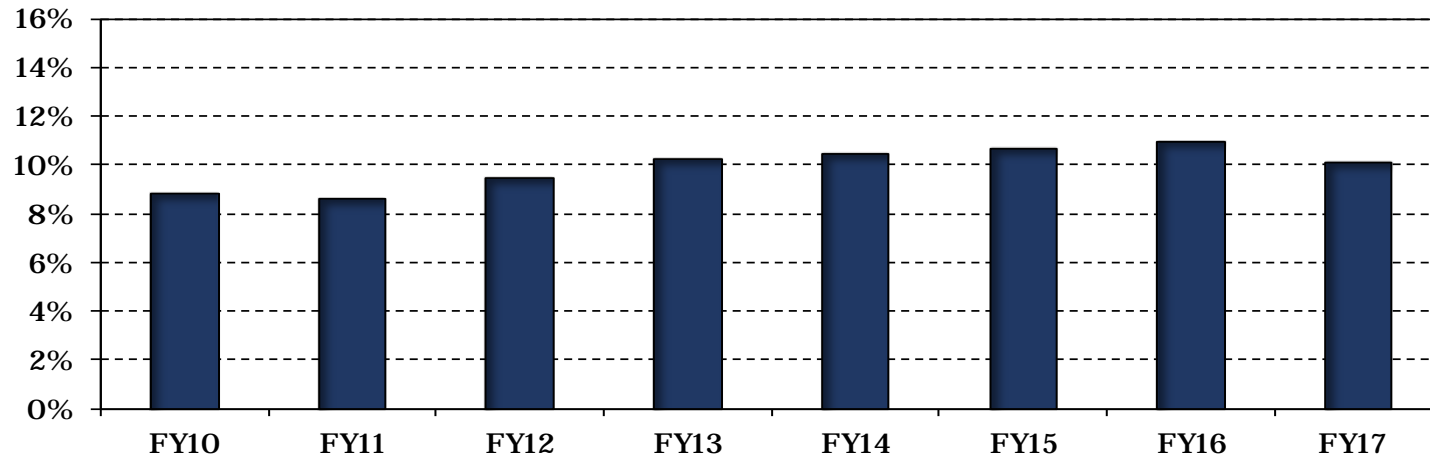
Note:

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.

Key Management Issues: Overtime

Overtime costs were projected to represent 10.1 percent of wages and salaries for FY2017, slightly lower than FY2016 figure of 10.9 percent over the same period, and lower than any other fiscal year since FY2012. Overtime as a percent of class 100 wages and salaries has trended downward this fiscal year, as the City's staffing level approaches pre-recession levels.

**General Fund Overtime as a Percent of Total Wage and Salary Costs
FY2010-FY2017¹**

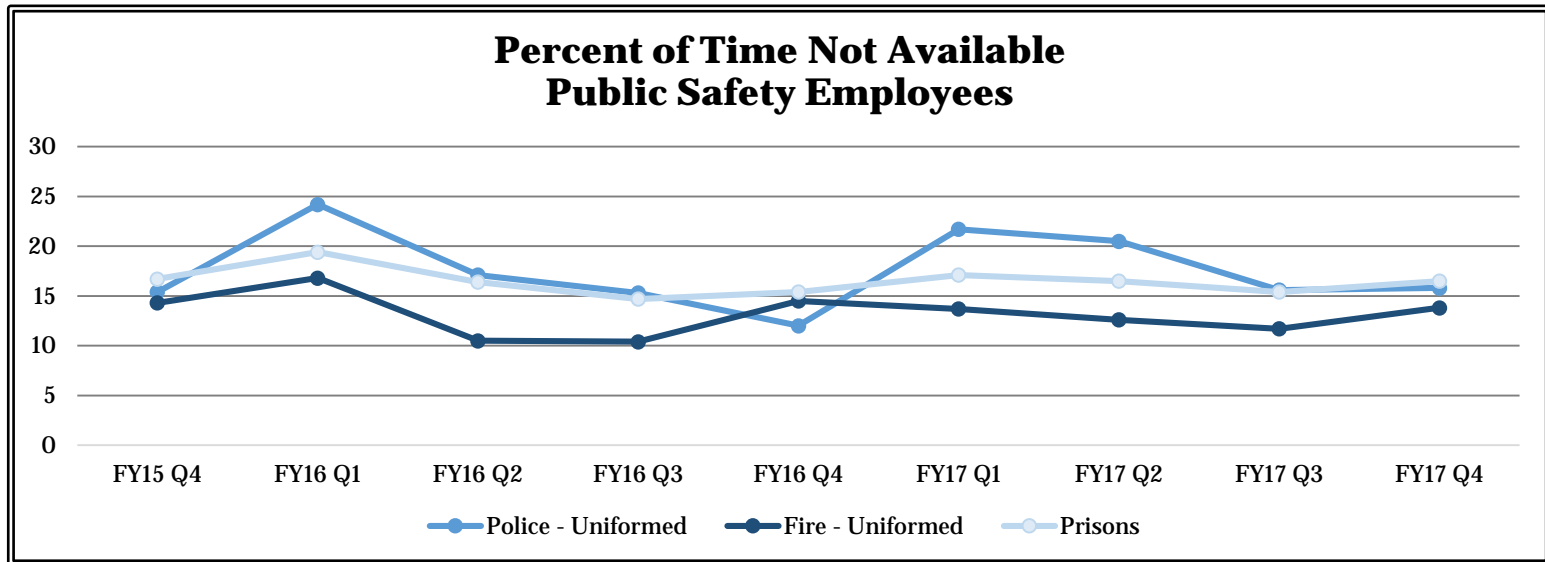


Note:

¹ The FY2011 amount excludes \$3.8 million in Fire Department overtime due to a one-time legal settlement related to overtime for emergency medical services personnel. The FY2017 amount represents the projected yearend overtime total.

Key Management Issues: Leave Usage

Leave usage in the fourth quarter of FY2017 increased for uniformed Police and Prisons employees as compared to the same quarter in FY2016. In the fourth quarter of FY2017, time not available due to leave usage varied from a high of 22.8 percent of work days for employees of the Department of Revenue, to a low of 5.4 percent for employees in the Mayor's Office. The median rate of leave usage among all City agencies was 14.8 percent.¹ Seasonal variability in leave use has major cost implications, since overtime is often necessary to ensure consistent staffing.



Note:

¹ The calculation includes time not available due to sick, injured-on-duty, vacation, compensation time, holiday compensation time, annual leave, funeral, military, excused, AWOL, suspension, administration, and other miscellaneous leave.



Departmental Performance

- ▶ **Public Safety**
- ▶ **Health and Human Services**
- ▶ **Community and Culture**
- ▶ **Transportation and Infrastructure**
- ▶ **Housing**

Departmental Performance: Public Safety

Police Department

Homicide totals increased through the fourth quarter of FY2017 compared to the same period last fiscal year; additionally, the homicide clearance rate (homicide cases in which an arrest is made) has declined from a high of 73 percent in FY2013 to the current rate of 36.8 percent. The clearance rate is well below the FY2017 target of 60 percent, as well as last fiscal year's clearance rate, and the PPD is looking into this issue. Part 1 violent crime declined through the fourth quarter of FY2017 as compared to the same period last fiscal year.

Police Department							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Homicides	350	263	246	248	288	307	<FY2016 ¹
Part 1 violent crime ²	18,224	17,384	16,533	15,912	15,859	15,368	<FY2016 ¹
Homicide clearance rate ³ (%)	64.0	73.0	56.5	62.1	49.8	36.8	60

Note:

¹ Less than FY2016 totals.

² Includes rape, murder, and robbery.

³ Homicide cases in which an arrest is made.

Departmental Performance: Public Safety

Fire Department

All Fire Department performance measures are under review as the City moves to comply with National Fire Protection Association (“NFPA”) standards, especially in relation to Fire and EMS response times. These definitional changes make year-over-year comparisons difficult; thus, Fire engine and EMS response times calculated pursuant to the definition recommended by NFPA, beginning in FY2017, are shown side-by-side with prior year data that was calculated under a different methodology. The Department did not meet its target for fire deaths in FY2017, although that metric is consistent with prior year numbers.

Fire Department ¹							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Fire engine average response time	4:57	4:54	4:57	4:54	4:53	--	NA
Fire engine average response time	--	--	--	--	--	5:16	≤5:20 ²
Structure fires ³	3,108	2,882	3,019	2,880	2,680	--	
Structure fires ⁴	--	--	--	--	--	2,573	<FY2016 ⁵
Fire deaths	24	25	23	24	17 ⁶	22	<FY2016 ⁵
EMS response time (% within 9 minutes)	68.0	66.0	64.0	68.5	69.8	--	NA
EMS response time (% within 9 minutes)	--	--	--	--	--	63.5	≥90 ⁷

Notes:

¹ All Fire Department measures are under review.

² Less than or equal to five minutes, twenty seconds. Prior to FY2017, this measure did not include call processing time as recommended by NFPA; thus, prior year figures are not comparable.

³ Prior to FY2017, this measure was calculated inaccurately, as a result of classifying certain types of fires as “structure fires” that did not meet the structure fire definition. This problem is being rectified going forward, thus FY2017 figures are not comparable to prior years.

⁴ As measured in FY2017.

⁵ Less than FY2016 total.

⁶ Adjusted from the previously reported number of 18 per updated reporting from the Fire Marshall’s Office.

⁷ Greater than or equal to 90 percent.

Departmental Performance: Public Safety

Department of Licenses & Inspections

New measures introduced by the Department of Licenses and Inspections (“L&I”) in FY2017 make year-over-year comparison of performance metrics difficult. L&I has met its targets for demolitions performed and permits issued, but has not met its target of 75 percent of nuisance properties inspected within seven days. L&I has increased staffing levels for inspection of nuisance properties.

Department of Licenses and Inspections							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY 2017 Target</u>
Demolitions performed ¹	543	521	522	492	557	--	NA
Demolitions performed	--	--	--	--	--	524	500
Percent of nuisance properties inspected within seven days ² (%)	--	--	--	--	--	55.1	75.0
Permits issued ³ (thousands)	--	--	35.7	35.4	39.9	--	NA
Permits issued (thousands)	--	--	--	--	--	54.4	47.0

Notes:

¹ Revised measure for FY2017; prior fiscal year totals limited to residential demolitions.

² New measure for FY2017.

³ Applies to commercial permits. Revised measure for FY2017; zoning permit counts have been added in FY2017, thus prior fiscal year totals are not comparable.

Departmental Performance: Health and Human Services

Department of Human Services

The Department of Human Services (“DHS”) has introduced a series of new performance metrics for FY2017, making year-over-year and quarter-over-quarter comparison difficult. The dependent placement population has remained relatively level over the last year and a half due to an increase in the overall length of stay and fewer children entering care. This is reflected by the measure showing dependent placement population in care more than two years, which has exceeded its target, at 34.9 percent. Almost 98 percent of Child Protective Services investigations were determined within 60 days, exceeding the FY2017 target.

Department of Human Services							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Percent of CPS investigations determined within 60 days ¹ (%)	--	--	--	--	--	97.9	≥95.0
Percent of children in Kinship Care ² (%)	--	--	--	--	--	46.2	48.0
Dependent placement population as of last day of quarter	4,030	4,179	4,473	5,184	5,948	5,990	<FY2016 ³
Percent of dependent placement population in care more than two years ⁴ (%)	--	--	31.5	30.5	31.2	34.9	28.0

Notes:

¹ New measure for FY2017. Due to the 60 day requirement, final data will be available in the first quarter of FY2018.

² New measure for FY2017; represents percent of children placed with kin when children have to be removed from their homes; measured as of the last day of the quarter.

³ Less than FY2016 total.

⁴ New measure beginning FY2014, measured as of the last day of the quarter.

Departmental Performance: Health and Human Services

Department of Public Health

The percent of District Health Center visits by uninsured patients continued to decline in FY2017, continuing a downward trend that began in FY2014, corresponding with the rollout of the Affordable Care Act. In FY2017, new HIV diagnoses decreased significantly compared to the same period in FY2016. The percentage of children with complete immunizations was 80.8 percent at FY2017 year end, which was above both FY2016 and the City's target.

Department of Public Health							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Uninsured patient visits to District Health Centers (%)	51.1	52.9	49.6	49.0	42.1	40.9	41.5
New HIV diagnoses	NA	792	704	585	538	480	605
Children with complete immunizations ¹ (%)	NA	NA	75	78	78	81	78

Notes:

¹ Includes children aged 19-35 months.

Departmental Performance: Health and Human Services

Office of Homeless Services

Households receiving financial assistance to prevent homelessness decreased considerably in FY2017 as compared to FY2016 - the result of a delay in the receipt of block grant funding to support such efforts. Placements into transitional housing also decreased through the fourth quarter compared to the same period in FY2016; these units are being transitioned to rapid rehousing units. New permanent supportive housing units declined from last fiscal year because rapid rehousing units are being excluded from the count, beginning in FY2017.

Office of Homeless Services							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Assistance to prevent homelessness (households)	809	610	676	814	824	760	593
Assistance to end homelessness (households)	NA	291	135	356	339	380	330
New permanent supportive housing units ¹	179	180	59	115	135	--	NA
New permanent supportive housing units ²	--	--	--	--	--	90	90
Transitional housing placements	558	539	509	610	495	415	385

Notes:

¹ Excludes Philadelphia Housing Authority units; totals tallied once per year by HUD at year-end and are not available on a quarterly basis.

² Measure redefined to exclude rapid rehousing units from the overall count of new permanent supportive housing units. The target was readjusted from 150 to 90 to reflect this change in definition.

Departmental Performance: Community and Culture

Parks & Recreation

Number of programs offered by the Parks department increased this past fiscal year, although falling below target. Reporting of programs offered changed in FY2017 to improve accuracy, thus prior quarter figures have been adjusted. Visits to department facilities remained level from FY2016 to FY2017, and were slightly below target. The target for trees planted was not met, while the target for acres mowed was met and was on par with last fiscal year.

Parks & Recreation							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Programs offered ¹	4,050	3,742	3,603	4,695	--	--	NA
Programs offered	--	--	--	--	3,196	3,286	3,300
Visits to Department facilities and sites ² (millions)	6.60	7.30	6.24	6.78	--	--	NA
Visits to Department facilities and sites (millions)	--	--	--	--	9.65	9.65	9.75
Acres mowed (thousands)	37.5	36.0	40.3	40.3	41.6	41.7	41.6
Trees planted (thousands)	20.3	26.0	18.3	13.9	7.5	4.9	5.3

Notes:

¹ Revised measure; beginning in FY2016 reported programs have been adjusted to remove duplications. Prior fiscal year totals do not reflect this change, and are intended for year-over-year comparison through FY2015 only.

² Revised measure; reporting method has changed to include more activities and services. Figures from FY16 and FY17 reflect this change. Prior fiscal year totals do not reflect this change, and are intended for year-over-year comparison through FY2015 only.

Departmental Performance: Community and Culture

Free Library of Philadelphia

In-person visits declined through the fourth quarter of FY2017 as compared to the same period last year, due to the closing of four library branches for all of FY2017 and one regional center until the fourth quarter, for updates and repairs. Targets were adjusted with the repairs in mind. However, despite the closures, program attendance increased for some age groups, while remaining relatively even for others, this fiscal year. Meanwhile, website visits decreased in FY2017 due to changes in reporting methods.

Free Library of Philadelphia							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Digital access ¹ (millions)	--	--	--	--	--	3.3	2.7
In-person visits (millions)	5.96	5.85	5.67	5.90	5.84	5.13	5.0
Website visits ² (millions)	--	--	8.2	9.9	8.7	--	NA
Website visits (millions)	--	--	--	--	--	5.0	5.0
Program attendance ³ (thousands)	--	--	--	--	--	684.9	622.5

Notes:

¹ New measure for FY2017; includes Wi-Fi usage, eBook circulation, electronic resource/database use, and public PC use.

² Beginning in Q4 of FY2016, FLP began using a different definition of what constitutes a virtual visit, thus prior year totals are not comparable and are not intended for year-over-year comparison.

³ New measure for FY2017; includes preschool, children's, teen, adult, and senior program attendance. PICA has aggregated these program attendance categories, which are presented separately in the QCMR.

Departmental Performance: Transportation and Infrastructure

Streets Department

On time recycling and trash collection increased slightly in FY2017, compared with the same period last fiscal year, although on-time trash collection fell significantly below the target. The percentage of total waste recycled has decreased to 19 percent year-over-year, while also missing the target of 21 percent.

Streets Department							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Recycling rate (%)	19	20	21	19	21	19	21
On-time trash collection ¹ (%)	94	96	85	76	84	85	96
On-time recycling collection ² (%)	97	97	93	96	96	97	97

Notes:

¹ Percentage of collections completed by 3:00 PM.

² Percentage of collections completed by 3:00 PM.

Departmental Performance: Housing

Division of Housing and Community Development

The number of mortgage foreclosures diverted decreased in FY2017 compared to the same period last year. This metric is dependent on available funding, as well as the number of mortgage foreclosures occurring. The number of clients receiving counseling increased and outperformed the City's target. Owner-occupied homes repaired declined this fiscal year – this metric varies depending on available funding. Year-over-year comparisons show the number of City lots cleaned and greened increased significantly in FY2017 and exceeded the target.

Division of Housing and Community Development							
<u>Measure</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY2017 Target</u>
Mortgage foreclosures diverted	1,423	1,754	1,232	1,178	1,502	1,210	1,200
Owner-occupied homes repaired ¹	7,129	5,409	5,689	5,111	6,080	5,621	5,000
City lots greened and cleaned ²	8,500	9,328	8,766	8,713	9,227	12,592	8,500
Clients receiving counseling	NA	12,463	12,398	11,495	10,428	12,191	11,350

Notes:

¹ Includes Basic System Repair Program, Weatherization, and Heater Hotline.

² Calculated as point in time at the end of the quarter. Includes land stabilization and land maintenance.

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