



**PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY**

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

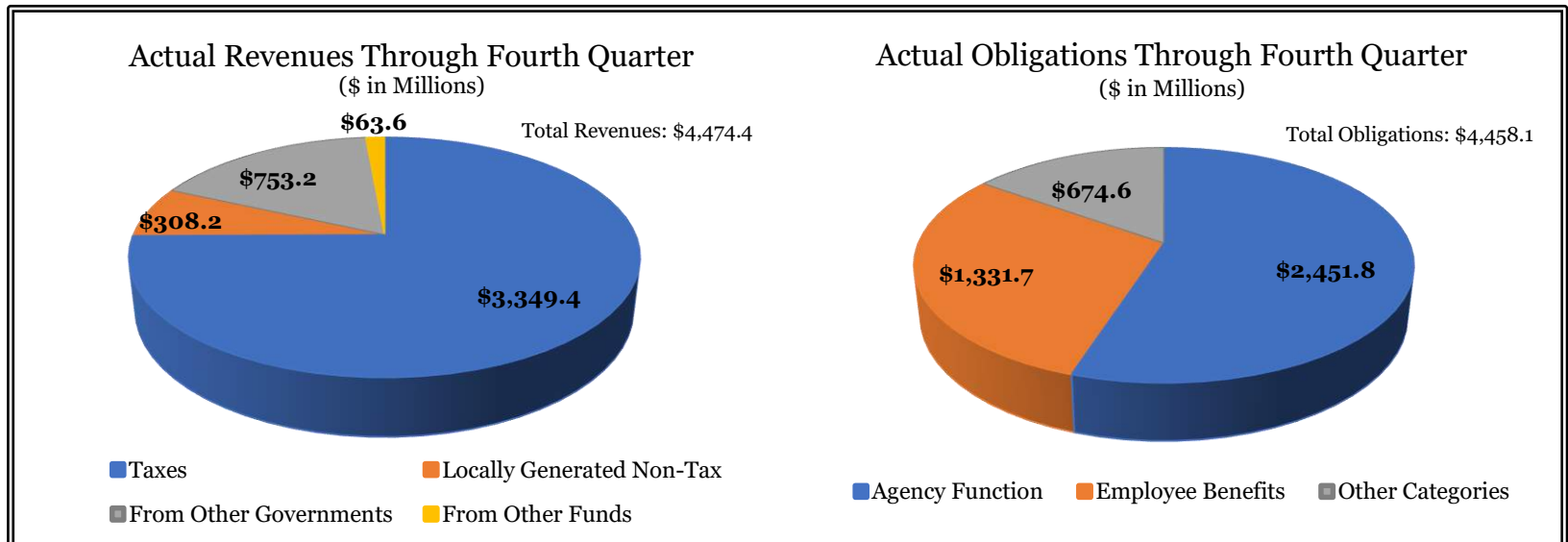
**For the Period Ending June 30, 2018**

## Executive Summary

The *Quarterly City Managers Report* (“QCMR”) for the fourth quarter of Fiscal Year 2018 (April 1, 2018 – June 30, 2018) was submitted to PICA on August 15, 2018. It contains estimated figures which are subject to change in subsequent QCMRs. The most significant elements of the report include:

### *FY2018 Fourth Quarter Financial Analysis:*

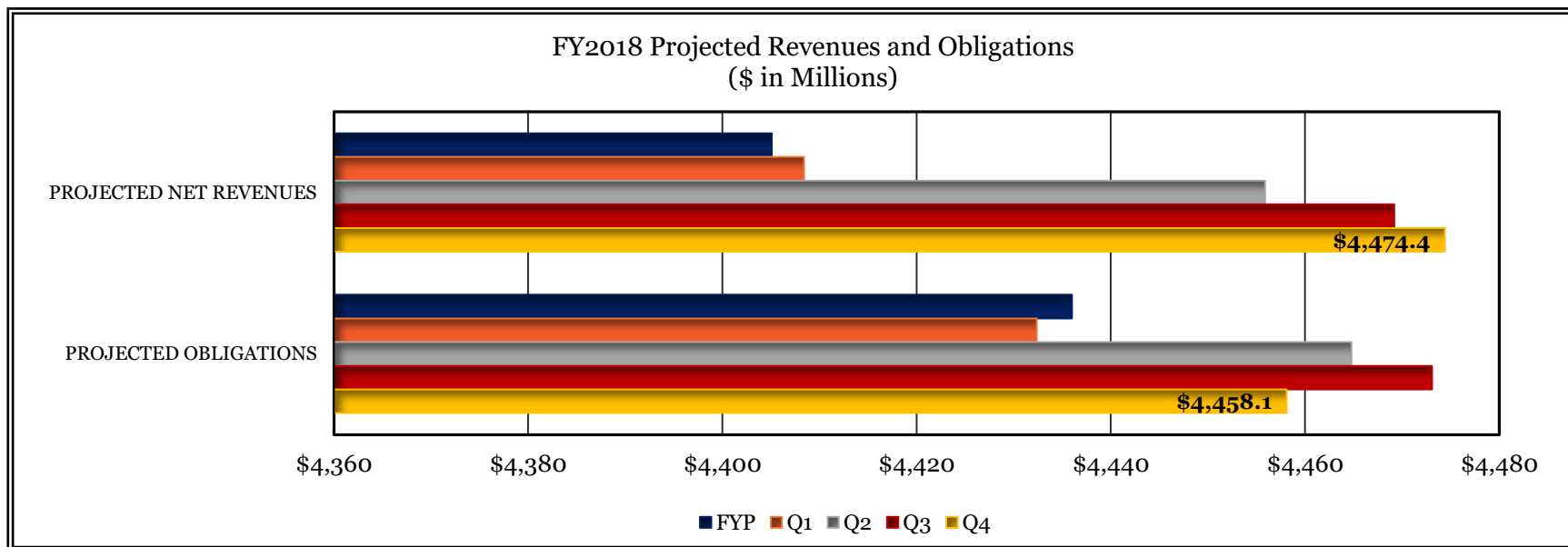
- ▶ **Operating Surplus.** Estimated actual revenues through the fourth quarter exceeded obligations by approximately \$16.4 million, which is 11.1 percent lower than in FY2017.
- ▶ **Revenues.** Through the fourth quarter, estimated actual General Fund Revenues totaled \$4,474.4 million, slightly higher than the projection in the *FY2018-FY2022 Five Year Plan – as Revised September 5, 2017* (“Revised Plan”) and 7.6 percent above FY2017 actuals.
- ▶ **Obligations.** Through the fourth quarter, estimated actual General Fund Obligations totaled \$4,458.1 million, slightly higher than projected in the Revised Plan and 7.7 percent above FY2017 obligations.



## Executive Summary

### ► *FY2018 Financial Projections Analysis:*

- **Fund Balance.** The current General Fund FY2018 year-end fund balance estimate is \$228.5 million, \$151.3 million higher than projected in the Revised Plan.
- **Revenue.** The current net revenue estimate is \$4,474.4 million, \$69.3 million above the Revised Plan projection. Tax revenue for FY2018 General Fund is estimated at \$3,349.4 million, \$51.1 million higher than projected in the Revised Plan.
- **Obligations.** FY2018 General Fund obligations are projected at \$4,458.1 million, an increase of \$22.2 million from the Revised Plan.



# Executive Summary

## ▶ *Key Management Issues:*

- ▶ *Labor.* In May 2018, an arbitration award was issued for the International Association of Fire Fighters (IAFF). Soon after, in June 2018, the City reached a collective bargaining agreement with District Council 47 (DC47). Presently, all of the City's unions have contracts through FY2020.
- ▶ *Overtime.* Overtime costs in FY2018 totaled \$177.9 million, \$14.7 million more than last year, representing 10.5 percent of wages and salaries, and the highest amount the City has ever spent on overtime costs. Overtime spending overall has spiked in FY2018 due to staffing shortages in the Fire and Prisons Departments, unplanned special events, and frequent political protests throughout the fiscal year.

## ▶ *Departmental Performance:*

- ▶ *Parks & Recreation.* The number of programs offered by Parks and Recreation increased slightly from FY2017 to FY2018, while visits to Department facilities and sites decreased. The City has launched a new website and expects attendance to increase as a result of advertising programs there. Overall, Parks and Recreation did not meet any of its published performance targets for FY2018.
- ▶ *Licenses and Inspections.* L&I issued more permits in FY2018, as compared to the previous year, however, the department performed almost 100 fewer demolitions due to a high cost commercial demolition which posed an immediate threat to public safety.
- ▶ *Human Services.* Child Protective Services ("CPS") investigations were determined within 60 days at a rate of 99.2 percent, a slight improvement over last year, and above the City's FY2018 target rate of 98 percent. The dependent placement population decreased by 168 dependents as of the Fourth Quarter, compared to the same point in time last year.

# Introduction

- ▶ This PICA Staff Report analyzes the City of Philadelphia’s *Quarterly City Managers Report* (“QCMR”) for the fourth quarter of Fiscal Year 2018, the period ending June 30, 2018. The QCMR contains information on fourth quarter revenues and obligations totals, projected FY2018 General Fund revenues and expenditures, agency performance, personnel levels, leave usage, and cash flow.
- ▶ The focus of this report is to analyze fourth quarter revenues and obligations, current projections of FY2018 General Fund revenues and expenditures, and key management issues such as labor contracts, pension benefits, staffing, overtime, and departmental performance. The report is organized as follows:
  - ▶ Background
  - ▶ FY2018 Fourth Quarter Financial Analysis
    - ▶ Overview
    - ▶ Revenues
    - ▶ Obligations
  - ▶ FY2018 Financial Projections Analysis
    - ▶ Overview
    - ▶ Revenues
    - ▶ 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 FY2018.<sup>1</sup> It compares the fourth quarter QCMR estimates of FY2018 revenues and expenditures with estimates in the approved *FY2018-FY2022 Five Year Financial Plan – as Revised September 5, 2017* (“Revised Plan”).<sup>2</sup> The report also highlights agency performance and key management issues.
- ▶ Unless otherwise noted, information in this report is drawn from City reports, including the Revised Plan and QCMRs.

### Notes:

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

<sup>2</sup> The *FY2018-FY2022 Five Year Financial Plan – as Revised September 5, 2017*, was approved by PICA on September 19, 2017.



# FY2018 Fourth Quarter Financial Analysis



► Overview

► Revenues

► Obligations

## FY2018 Fourth Quarter Financial Analysis: Overview

- ▶ The Revised Plan projects FY2018 General Fund revenues at \$4,405.1 million, and obligations at \$4,435.9 million.
- ▶ Estimated actual revenues through the fourth quarter are \$4,474.4 million, 7.6 percent higher than FY2017 actual revenues.
- ▶ Estimated actual obligations through the fourth quarter are \$4,458.1 million, 7.7 percent higher than FY2017 actual obligations.
- ▶ The FY2018 operating deficit was projected at \$30.8 million in the Revised Plan. Through the fourth quarter, the estimated actual operating surplus is \$16.4 million, which is significantly higher than the projection but 11.1 percent lower than in FY2017.

FY2018 General Fund Summary Through the Fourth Quarter (\$ in Millions)					
<u>Category</u>	<u>Revised FY2018-22 Plan</u>	<u>Actual Through Fourth Quarter FY2017<sup>1</sup></u>	<u>Est. Actual Through Fourth Quarter FY2018<sup>1</sup></u>	<u>Percentage Through Fourth Quarter FY2018<sup>2</sup></u>	<u>Percent Change From FY2017 to FY2018 Actual</u>
Revenues	\$4,405.1	\$4,158.2	\$4,474.4	101.6%	7.6%
Obligations	4,435.9	4,139.8	4,458.1	100.5	7.7
<b>Operating Surplus/(Deficit)</b>	<b>(\$30.8)</b>	<b>\$18.4</b>	<b>\$16.4</b>	<b>153.1%</b>	<b>(11.1%)</b>

Notes:

<sup>1</sup> All actuals listed in the City's Quarterly Report are unaudited and subject to revision.

<sup>2</sup> Percentage of Revised FY2018-22 Plan projected revenues collected or obligations spent through the fourth quarter of FY2018.



## FY2018 Fourth Quarter Financial Analysis: Revenues

- ▶ The Revised Plan projects FY2018 General Fund revenue at \$4,405.1 million.
- ▶ General Fund revenues increased by 7.6 percent from FY2017 to FY2018, in large part due to a 9.1 percent increase in General Fund tax revenue.
- ▶ Revenue from Other Governments and Revenue from Other Funds also increased by 5.0 and 5.8 percent, respectively, between FY2017 and FY2018. The PICA Tax was the main driver in the increase in Revenue from Other Funds.

FY2018 General Fund Revenues (\$ in Millions)					
<u>Category</u>	<u>Revised FY2018-22 Plan</u>	<u>Actual Through Fourth Quarter FY2017</u>	<u>Est. Actual Through Fourth Quarter FY2018</u>	<u>Percentage Through Fourth Quarter FY2018</u>	<u>Percent Change From FY2017 to FY2018 Actual</u>
Taxes	\$3,298.3	\$3,071.4	\$3,349.4	101.5%	9.1%
Locally Generated Non-Tax	307.1	309.5	308.2	100.4	(0.4)
Revenue from Other Governments	735.5	717.2	753.2	102.4	5.0
Revenue from Other Funds	64.2	60.1	63.6	99.0	5.8
<b>Total</b>	<b>\$4,405.1</b>	<b>\$4,158.2</b>	<b>\$4,474.4</b>	<b>101.6%</b>	<b>7.6%</b>

## FY2018 Fourth Quarter Financial Analysis: Obligations

- General Fund obligations increased by 7.7 percent from FY2017 to FY2018. Some of the largest increases in obligations include: Community Schools & Pre-K (67.1 percent), Indemnities (49.7 percent), Debt Service (24.2 percent), and Fire Department costs (14.8 percent).

<b>FY2018 General Fund Obligations by Department/Line Item (\$ in Millions)</b>					
<b><u>Department/Line Item</u></b>	<b><u>Revised FY2018-22 Plan</u></b>	<b><u>Actual Through Fourth Quarter FY2017</u></b>	<b><u>Est. Actual Through Fourth Quarter FY2018</u></b>	<b><u>Percentage Through Fourth Quarter FY2018</u></b>	<b><u>Percent Change From FY2017 to FY2018 Actual</u></b>
Employee Benefits	\$1,298.9	\$1,240.9	\$1,331.7	102.5%	7.3%
Police	679.0	666.3	691.3	101.8	3.8
Debt Service <sup>1</sup>	296.0	238.4	296.0	100.0	24.2
Prisons	259.0	260.9	262.7	101.5	0.7
Fire	247.5	236.3	271.3	109.6	14.8
Streets	137.3	142.5	136.2	99.2	(4.3)
Indemnities <sup>2</sup>	44.9	--	44.9	100.0	--
Community Schools/Pre-K	42.6	13.9	23.2	54.5	67.1
Licenses & Inspections	35.8	32.9	35.4	99.1	7.6
Sheriff	23.1	26.4	26.3	114.1	(0.3)
Other	1,371.8	1,281.5	1,338.9	99.2	4.5
<b>Total</b>	<b>\$4,435.9</b>	<b>\$4,139.8</b>	<b>\$4,458.1</b>	<b>100.5%</b>	<b>7.7%</b>

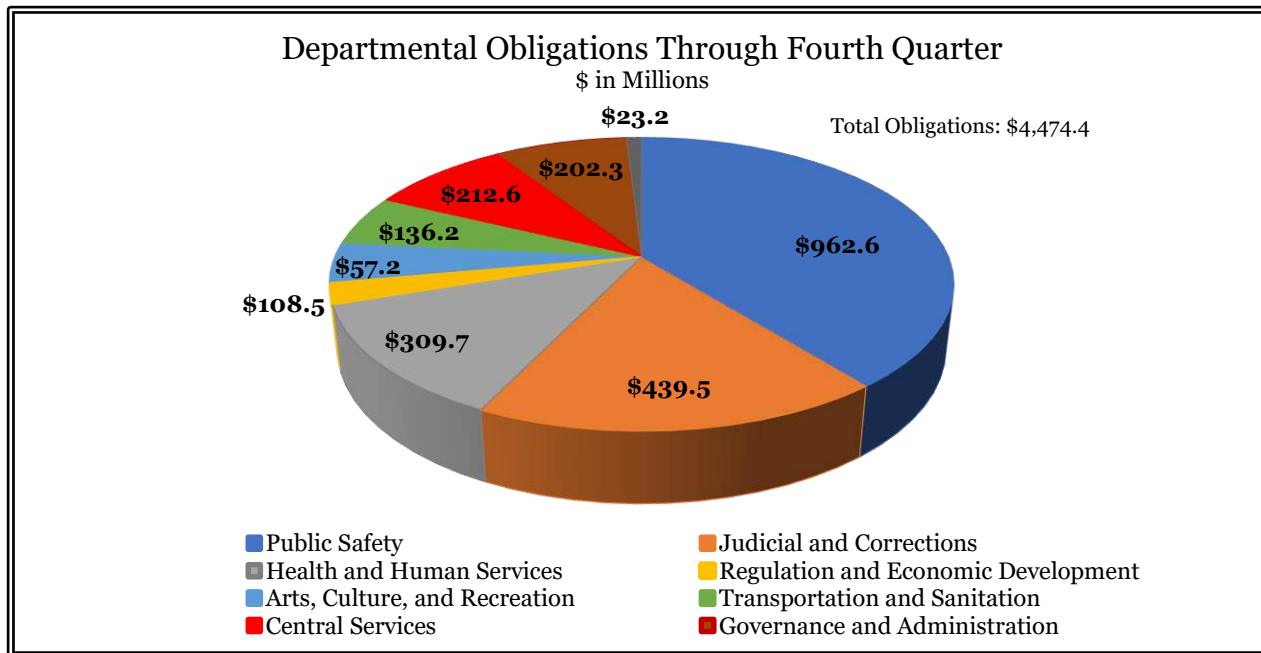
Note:

<sup>1</sup> Includes Debt Service paid through other agencies.

<sup>2</sup> FY2017 indemnities of \$38.3 million have been allocated to departmental totals; FY2018 indemnities have not been allocated.

## FY2018 Fourth Quarter Financial Analysis: Obligations

- ▶ In PICA's *Staff Report on the City's FY2018-22 Five Year Plan*, certain departments and agencies are categorized into essential functions. These categories, and the departments and agencies that comprise them, are shown on the next page, with corresponding actual obligations through the fourth quarter.<sup>1</sup>
- ▶ Public Safety obligations, comprised of the Police and Fire Departments, totaled \$962.6 million through the fourth quarter, making this the highest category of City spending.
- ▶ Judicial and Corrections obligations totaled \$439.5 million through the fourth quarter.
- ▶ Health and Human Services obligations amounted to \$309.7 million through the fourth quarter.



Note:

<sup>1</sup> These categories have been developed by PICA for purposes of obligations analysis, and do not correspond with the City's categorization of agencies for departmental performance analysis, shown later in this report.

# FY2018 Fourth Quarter Financial Analysis: Obligations

FY2018 General Fund Obligations by Category (\$ in Millions)		
<u>Agency Function/Category</u>	<u>Actual Through Fourth Quarter</u>	<u>Category Description</u>
<b>Public Safety</b>	\$962.6	Police Department, Fire Department
<b>Judicial and Corrections</b>	439.5	Second Judicial District, Prisons Department, Office of the District Attorney, Register of Wills, Office of the Sheriff
<b>Health and Human Services</b>	309.7	Department of Human Services, Office of Homeless Services, Department of Public Health, Department of Behavioral Health and Intellectual disAbility Services, Commission on Human Relations
<b>Central Services</b>	212.6	Department of Public Property, Office of Innovation and Technology (includes 911 Call Center), Office of Fleet Management
<b>Governance and Administration</b>	202.3	Office of the Mayor, Office of the Managing Director, Office of the Director of Finance, City Council, Board of Ethics, Office of Labor Relations, Office of Property Assessment, Board of Revision of Taxes, Office of the City Commissioners, Office of the City Treasurer, Office of Human Resources, Civil Service Commission, Office of the Inspector General, Department of Records, Department of Revenue, Office of the Chief Administrative Officer, Law Department, Office of the City Controller
<b>Transportation and Sanitation</b>	136.2	Streets Department
<b>Arts, Culture, and Recreation</b>	108.5	Free Library of Philadelphia, Department of Parks and Recreation, Office of Arts, Culture, and the Creative Economy, Mural Arts Program, Atwater Kent Museum
<b>Regulation and Economic Development</b>	57.2	Department of Commerce (includes economic stimulus), Office of the City Representative, Department of Licenses and Inspections, Licenses and Inspections Boards of Building Standards, Review, and Adjustment, Office of Sustainability, Office of Community Empowerment and Opportunity, Department of Planning and Development, Board of Licenses and Inspections Review
<b>Education</b>	23.2	Office of Community Schools and Pre-K
<b>Agency Function Total</b>	<b>\$2,451.8</b>	
<b>Employee Benefits</b>	<b>1,331.7</b>	Unemployment Compensation, Employee Disability, Pensions (including Pension Obligations Bonds and additional pension payments from the City sales tax), Social Security, Flex Cash, Health and Medical, Group Life, Group Legal, Tool Allowance
<b>Other Categories</b>	<b>674.6</b>	Debt Service, Legal Services (Defender Association), Indemnities, Refunds, Witness Fees, Hero Awards, Mayor's Scholarships, PA Convention Center Subsidy, Art Museum Subsidy, SEPTA Subsidy, Space Rentals, Utilities, Federal Grant Reduction Reserve, Budget Stabilization Reserve, School District Contribution, Community College Subsidy
<b>Total</b>	<b>\$4,458.1</b>	



## FY2018 Fourth Quarter Financial Analysis: Obligations

- ▶ FY2018 General Fund obligations are estimated at \$4,448.1 million, which is 7.7 percent higher than in FY2017.
- ▶ The most significant increases, by class, include: Materials, Supplies & Equipment (14.4 percent) and Debt Service (11.7 percent).

<b>FY2018 General Fund Obligations by Class (\$ in Millions)</b>					
<b><u>Obligation Class</u></b>	<b><u>Revised FY2018- 22 Plan</u></b>	<b><u>Actual Through Fourth Quarter FY2017</u></b>	<b><u>Est. Actual Through Fourth Quarter FY2018</u></b>	<b><u>Percentage Through Fourth Quarter FY2018</u></b>	<b><u>Percent Change From FY2017 to FY2018 Actual</u></b>
Wages	\$1,656.0	\$1,589.0	\$1,693.4	102.3%	6.6%
Employee Benefits	1,298.9	1,241.0	1,331.7	102.5	7.3
Purchase of Services	935.1	851.4	922.6	98.7	8.4
Materials, Supplies & Equipment	105.7	94.4	108.0	102.2	14.4
Contributions & Indemnities	196.0	186.6	196.5	100.3	5.3
Debt Service	157.3	140.9	157.3	100.0	11.7
Payments to Other Funds	36.0	36.5	36.0	100.0	(1.3)
Advances & Miscellaneous	50.9	--	12.6	24.7	--
<b>Total</b>	<b>\$4,435.9</b>	<b>\$4,139.8</b>	<b>\$4,458.1</b>	<b>100.5%</b>	<b>7.7%</b>



# FY2018 Financial Projections Analysis



- **Overview**

- **Revenue**

- **Tax Revenues**

- **Locally-Generated Non-Tax**

- **From Other Governments**

- **Obligations**



## FY2018 Financial Projections Analysis: Overview

- ▶ The fourth quarter QCMR projects FY2018 General Fund revenues at \$4,474.4 million, an increase of \$69.3 million from the Revised FY2018-FY2022 Plan (“Revised Plan”). Obligations are projected at \$4,458.1 million, an increase of \$22.2 million from the Revised Plan. The FY2018 operating surplus is projected at \$16.4 million, a \$47.2 million increase from the \$30.8 million deficit projected in the Revised Plan. The Revised Plan projected the FY2017 year-end fund balance at \$88.6 million, however the actual FY2017 fund balance ended significantly higher at \$189.2 million.
- ▶ The sum of the projected operating deficit, prior year adjustments, and FY2017 fund balance comprise the projected FY2018 fund balance of \$228.5 million. This projection is \$151.3 million higher than the Revised Plan.

**FY2018 General Fund Projections Summary  
(\$ in Millions)**

<b><u>Category</u></b>	<b><u>Revised FY2018-22 Plan</u></b>	<b><u>First Quarter QCMR</u></b>	<b><u>Second Quarter QCMR</u></b>	<b><u>Third Quarter QCMR</u></b>	<b><u>Fourth Quarter QCMR</u></b>	<b><u>Change from Plan to Fourth Quarter QCMR</u></b>
Revenues	\$4,405.1	\$4,408.4	\$4,455.9	\$4,469.2	\$4,474.4	\$69.3
Obligations	4,435.9	4,432.4	4,464.8	4,473.1	4,458.1	22.2
Operating Surplus/(Deficit)	(30.8)	(24.0)	(8.9)	(3.9)	16.4	47.2
Prior Year Net Adjustments	19.5	19.5	22.9	22.9	22.9	3.4
Prior Year Fund Balance/(Deficit)	88.6	189.2	189.2	189.2	189.2	100.6
<b>Year-End Fund Balance</b>	<b>\$77.3</b>	<b>\$184.8</b>	<b>\$203.3</b>	<b>\$208.3</b>	<b>\$228.5</b>	<b>\$151.3</b>

## FY2018 Financial Projections Analysis: Revenues

- ▶ The fourth quarter QCMR projects FY2018 General Fund revenues at \$4,474.4 million, an increase of \$69.3 million from the Revised Plan.
- ▶ The increase is largely attributable to higher than projected tax revenue (\$51.2 million) and revenue from other governments (\$17.7 million).

FY2018 General Fund Revenue Projections (\$ in Millions)						
<u>Category</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Fourth Quarter QCMR</u>	<u>Change from Plan to Fourth Quarter QCMR</u>
Taxes	\$3,298.3	\$3,297.1	\$3,332.7	\$3,345.1	\$3,349.4	\$51.2
Locally-Generated Non-Tax	307.1	302.9	310.7	307.5	308.2	1.2
Revenue from Other Governments	735.5	744.3	749.2	753.2	753.2	17.7
Revenue from Other Funds	64.2	64.2	63.4	63.4	63.6	(0.6)
<b>Total</b>	<b>\$4,405.1</b>	<b>\$4,408.4</b>	<b>\$4,455.9</b>	<b>\$4,469.2</b>	<b>\$4,474.4</b>	<b>\$69.3</b>



## FY2018 Financial Projections Analysis: Tax Revenues

- ▶ FY2018 General Fund tax revenue is currently projected at \$3,349.4 million, an increase of \$51.1 million from the Revised Plan. The overall increase reflects increases for the following taxes: wage and earnings (\$71.2 million), real estate transfer (\$70.3 million), and sales (\$6.4 million).
- ▶ These increases were partially offset by decreases in the following taxes: business income and receipts (\$76.4 million), beverage (13.6), parking (\$5.7 million), and real estate (\$0.9 million).

FY2018 General Fund Tax Revenue Projections (\$ in Millions)						
<u>Tax</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Fourth Quarter QCMR</u>	<u>Change from Plan to Fourth Quarter QCMR</u>
Wage and Earnings	\$1,464.6	\$1,492.7	\$1,535.8	\$1,535.8	\$1,535.8	\$71.2
Real Estate	651.5	651.5	646.3	646.3	650.5	(0.9)
Business Income and Receipts	489.9	452.2	413.5	413.5	413.5	(76.4)
Sales	198.1	198.1	204.5	204.5	204.5	6.4
Real Estate Transfer	242.9	255.6	287.1	313.2	313.2	70.3
Net Profits	29.7	29.6	30.0	30.0	30.0	0.3
Parking	103.7	99.5	98.0	98.0	98.0	(5.7)
Amusement	22.1	22.1	21.3	21.3	21.3	(0.9)
Beverage	92.4	92.4	92.4	78.8	78.8	(13.6)
Other	3.4	3.4	3.8	3.8	3.8	0.4
<b>Total</b>	<b>\$3,298.3</b>	<b>\$3,297.1</b>	<b>\$3,332.7</b>	<b>\$3,345.1</b>	<b>\$3,349.4</b>	<b>\$51.1</b>

## FY2018 Financial Projections Analysis: Locally Generated Non-Tax Revenues

- ▶ FY2018 locally generated non-tax revenue is currently projected at \$308.2 million, an increase of \$1.2 million from the Revised Plan.
- ▶ The most significant changes from the Revised Plan were revenue increases in Finance (\$8.0 million), Public Health (\$7.7 million), and Licenses & Inspections (\$3.2 million), offset by revenue decreases in Public Property (\$17.5 million), Fire (\$1.0 million), and Streets (\$1.1 million).

<b>FY2018 General Fund Locally-Generated Non-Tax Revenue Projections (\$ in Millions)</b>						
<u>Agency Source</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Fourth Quarter QCMR</u>	<u>Change from Plan to Fourth Quarter QCMR</u>
Finance	\$7.6	\$11.1	11.5	15.6	15.6	\$8.0
Public Health	19.1	22.6	27.6	26.7	26.7	7.7
Revenue	4.7	4.7	4.3	4.3	4.3	(0.4)
Fire	43.5	45.5	43.7	42.0	42.5	(1.0)
Office of Technology	24.1	24.1	24.1	24.1	24.1	--
Licenses and Inspections	59.2	59.2	62.4	62.4	62.4	3.2
Public Property	23.2	9.9	9.9	5.8	5.8	(17.5)
Streets	25.7	25.7	24.8	24.5	24.5	(1.1)
Records	18.0	18.0	18.0	18.0	18.0	--
First Judicial District	33.4	33.4	32.6	32.6	32.6	(0.8)
Sheriff	11.3	11.3	11.3	11.3	11.3	--
Chief Administrative Officer	11.5	11.5	11.5	11.2	11.5	--
Fleet Management	3.6	3.6	3.6	3.6	3.6	--
Other	22.3	22.3	25.5	25.5	25.5	3.2
<b>Total</b>	<b>\$307.1</b>	<b>\$302.9</b>	<b>\$310.7</b>	<b>\$307.5</b>	<b>\$308.2</b>	<b>\$1.2</b>

## FY2018 Financial Projections Analysis: Revenues from Other Governments

- ▶ The fourth quarter QCMR projection of FY2018 revenue from other governments is \$753.2 million, an increase of \$17.7 million from the Revised Plan.
- ▶ PICA City Account revenue is projected at \$441.3 million, accounting in large part for the above-mentioned increase.

FY2018 General Fund Revenue From Other Governments Projections (\$ in Millions)						
<u>Agency Source</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Fourth Quarter QCMR</u>	<u>Change from Plan to Fourth Quarter QCMR</u>
PICA City Account	\$419.2	\$427.6	\$441.3	\$441.3	\$441.3	\$22.1
Finance	162.7	165.3	163.4	168.1	168.1	5.3
Revenue	38.8	38.8	40.1	40.1	40.1	1.3
Public Health	67.2	65.4	60.4	60.4	60.4	(6.8)
Other	47.6	47.2	43.9	43.3	43.3	(4.3)
<b>Total</b>	<b>\$735.5</b>	<b>\$744.3</b>	<b>\$749.2</b>	<b>\$753.2</b>	<b>\$753.2</b>	<b>\$17.7</b>

## FY2018 Financial Projections Analysis: Obligations

- ▶ The fourth quarter QCMR projects FY2018 obligations at \$4,458.1 million, an increase of \$22.2 million from the Revised Plan. This increase is largely attributable to a projected increase in Employee Benefits (\$32.8 million), which is entirely driven by an increase in pension costs. Other significant increases include Police and Fire spending – \$12.3 million and \$23.8 million, respectively – driven by overtime costs in those departments. The overall increase in obligations is offset by a decrease in projected spending for the Community Schools and Pre-K programs (\$19.4 million).

<b>FY2018 General Fund Obligations Projections by Department/Line Item (\$ in Millions)</b>						
<b><u>Department/Line Item</u></b>	<b><u>Revised FY2018-22 Plan</u></b>	<b><u>First Quarter QCMR</u></b>	<b><u>Second Quarter QCMR</u></b>	<b><u>Third Quarter QCMR</u></b>	<b><u>Fourth Quarter QCMR</u></b>	<b><u>Change from Plan to Fourth Quarter QCMR</u></b>
Employee Benefits	\$1,298.9	\$1,296.2	\$1,299.4	\$1,299.4	\$1,331.7	\$32.8
Debt Service	296.0	296.0	296.0	296.0	296.0	--
Police	679.0	679.0	691.3	691.3	691.3	12.3
Prisons	259.0	257.9	258.9	262.7	262.7	3.8
Fire	247.5	247.5	257.7	260.0	271.3	23.8
Streets	137.3	136.2	136.2	136.2	136.2	(1.1)
Indemnities	44.9	44.9	44.9	44.9	44.9	--
Community Schools/Pre-K	42.6	42.5	42.5	23.2	23.2	(19.4)
Licenses & Inspections	35.8	35.4	35.4	35.4	35.4	(0.3)
Sheriff	23.1	23.9	25.5	26.3	26.3	3.2
Other	1,371.8	1,372.8	1,376.8	1,397.5	1,338.9	32.9
<b>Total</b>	<b>\$4,435.9</b>	<b>\$4,432.4</b>	<b>\$4,464.8</b>	<b>\$4,473.1</b>	<b>\$4,458.1</b>	<b>\$22.2</b>



## FY2018 Financial Projections Analysis: Obligations

- ▶ The fourth quarter QCMR projects FY2018 wage obligations at \$1,693.4 million, an increase of \$37.4 million from the Revised Plan, this is largely due to excessive overtime costs.
- ▶ The fourth quarter QCMR projects an increase in employee benefits costs of \$32.8 million compared to the Revised Plan projections, due to additional pensions contributions.
- ▶ Purchase of services (contracts and leases) are projected to come in lower than the Revised Plan by \$12.5 million.

FY2018 General Fund Obligations Projections by Class (\$ in Millions)						
<u>Obligation Class</u>	<u>Revised FY2018-22 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Fourth Quarter QCMR</u>	<u>Change from Plan to Fourth Quarter QCMR</u>
Wages	\$1,656.0	\$1,651.1	\$1,676.7	1,682.1	\$1,693.4	\$37.4
Employee Benefits	1,298.9	1,296.2	1,299.4	1,299.4	1,331.7	32.8
Purchase of Services	935.1	936.8	939.9	922.6	922.6	(12.5)
Materials, Supplies & Equipment	105.7	108.0	108.0	108.1	108.0	2.4
Contributions & Indemnities	196.0	196.0	196.5	196.5	196.5	0.5
Debt Service	157.3	157.3	157.3	157.3	157.3	--
Payments to Other Funds	36.0	36.0	36.0	36.0	36.0	--
Advances & Miscellaneous	50.9	50.9	50.9	71.2	12.6	38.3
<b>Total</b>	<b>\$4,435.9</b>	<b>\$4,432.4</b>	<b>\$4,464.8</b>	<b>\$4,473.1</b>	<b>\$4,458.1</b>	<b>\$22.2</b>

# 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 City's unions:

- ▶ **Fraternal Order of Police (“FOP”)**: In August 2017, an arbitration panel issued an award for the FOP covering the period FY2018 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 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.
- ▶ **Deputy Sheriffs & Register of Wills**: An interest arbitration award was issued for Deputy Sheriffs and Register of Wills employees, covering the period from FY2018 through FY2020. For Deputy Sheriffs, the award provides for wage increases of 3 percent in FY2018 and 3.25 percent in FY2019 and FY2020. For Register of Wills employees, the award provides for wage increases of 3 percent in FY2018, 2.5 percent in FY2019, and 3 percent in FY2020. Both categories of employees are subject to the new pension Plan 16 and increased contributions, similar to the requirements previously established for District Council (“DC33”) employees.
- ▶ **International Association of Fire Fighters (“IAFF”)**: In May 2018, a new IAFF arbitration award was issued covering the period FY2018 through FY2020. The award includes wage increases of 3.25 percent in FY2018, 3.5 percent in FY2019, and 3.75 percent in FY2020. Employees will also receive a one-time cash payment related to an increase in IAFF health fund assets. The City will provide \$2.65 million lump sum payments into the union's Retiree Trust Fund in FY2019 and in FY2020. Additionally, the City's life insurance contribution will increase by \$4.00 per employee per month. The award also includes pension reforms similar to those pertaining to the FOP, which are discussed in the following section.



## Key Management Issues: Labor Contracts

- ▶ **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 design<sup>1</sup>, 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, down from 4.5 percent. The City also committed to provide \$20 million in two lump sum payments to the union’s health fund.
- ▶ **Local 159 & Local 1637**: An interest arbitration award was issued for Correctional Officers covering the period from FY2018 through FY2020. The award provides for wage increases of 3 percent in FY2018 and 3.25 percent in FY2019 and FY2020. These employees are subject to the new pension Plan 16 and increased contributions.
- ▶ **District Council 47 - Local 2187, 2186, & 810 (“DC47”)**: In June 2018, the City executed a contract with DC47 covering FY2018 through FY2020. The contract provides for wage increases for each step of each pay range in the DC47 pay plan of 3 percent in FY2018, 2.5 percent in FY2019, and a 3 percent in FY2020. The City will make three one-time lump sum payments to the union’s Health Fund, totaling \$4 million. Pension reforms, including mandatory Plan 16 participation for new employees starting January 1, 2019, are also outlined in the contract.
- ▶ If the actual costs of any contracts between the City and municipal unions deviate from the projections in the Revised 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.

Note:

<sup>1</sup> 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 changes to its pension system to reduce costs and promote fiscal sustainability. Reforms have been implemented for the City's union and non-union employees, which will take effect on January 1, 2019 – 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 newly-hired exempt and non-represented employees (except elected officials) and members of DC33, DC47, Deputy Sheriffs, and Register of Wills. Furthermore, all current union, exempt employees, non-represented employees, and elected officials are required to make increased contributions. The status of recent pension changes for each bargaining unit is as follows:
  - ▶ **FOP.** The most recent arbitration award stipulates that new and existing members will pay increased pension contributions, although the FOP will not be subject to Plan 16. Contributions for current employees will be increased by 0.92 percent in FY2018 and FY2019, for a total increase of 1.84 percent. Contributions for new hires will be increased by 2.5 percent above the FY2018 contribution rate. Members of Plan 67 will be exempted from those increases. Newly-hired employees continue to have the option to participate in Plan 10 or make an additional contribution to participate in Plan 87.
  - ▶ **IAFF.** New and existing members will pay increased pension contributions in line with the increases described for the FOP above. Members of Plan 67 will be exempted from those increases. Like the FOP, the IAFF will also not be subject to Plan 16. Newly-hired employees continue to have the option to participate in Plan 10 or make an additional contribution to participate in Plan 87.

## 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 2.75%, based on salary. New hires are required to participate in Plan 16, which caps the salary for the defined benefit pension at \$65,000 and offers a defined contribution component for voluntary contributions for employees earning above \$65,000 annually.
- ▶ **DC47.** Current employees have a tiered contribution system, as described above for DC33 members. New hires are required to participate in Plan 16, which caps the defined benefit pension at \$65,000 and offers a defined contribution component for voluntary contributions for employees earning above \$65,000 annually.
- ▶ **Non-Union Employees and Elected Officials.** Current employees are subject to the new tiered contribution system. For elected officials, the tiered contributions will be effective as of the beginning of the next term of office. Newly-hired non-union employees, are required to participate in Plan 16, as of January 1, 2019. Employees who are currently enrolled in Plan 10 will have a one-time irrevocable option to enter Plan 16. 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 & Deputy Sheriffs (“FOP”).** Current employees have a tiered contribution system, as described above for DC33 members. Newly-hired employees are required to participate in Plan 16. Employees who are currently enrolled in Plan 10 will have a one-time irrevocable option to enter Plan 16.
- ▶ Current pension benefits, eligibility and participant contribution requirements are summarized on the next three pages.

## Key Management Issues: Pension Benefits

- ▶ 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 most recently, as passed by City Council and signed into law by the Mayor in 2016. Presently, new hires who are exempt, non-represented, or are members of DC33, DC47, Register of Wills, or Deputy Sheriffs, starting January 1, 2019, are subject to Plan 16. Employees belonging to the aforementioned unions are also required to make tiered contributions to the pension fund, based on salary. Elected officials would also pay the tiered contributions but would not be subject to Plan 16. FOP and IAFF members are also not subject to Plan 16, but they will have increased contributions for current and new members.
- ▶ The formula for determining the defined benefit under each pension plan is shown on the following page. 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 for pensionable earnings, up to a certain salary threshold annually. Employees may also voluntarily participate in a defined contribution plan. For new hires with pensionable earnings exceeding the aforementioned threshold, which may differ by employee classification, the City will match half of the employee contribution up to 1.5 percent of annual 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; 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.
- ▶ The below tables are a summary of the provisions of City offered pension plans:

## 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 \$65,000
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

<b>City Pension Plans</b> <b>Eligibility and Participant Contribution Requirements</b>		
Bargaining Unit/ Category	Previously-Hired Employees	Newly-Hired Employees <sup>1</sup>
Police (FOP) and Firefighters (IAFF) <sup>3</sup>	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 second 20 years of service); 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 second 20 years of service); all members hired beginning in FY2018 will contribute an additional 2.5%
DC33 (including Correctional Officers) <sup>2</sup>	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%-2.75%) or Plan 10 (50% of normal cost)	Plan 16 (up to \$45,000 salary, same as Plan 87; an additional contribution for earnings above \$45,000 <sup>4</sup> ; City to match 50% of contributions, capped at 1.5% of annual compensation)
DC47 and Non-Union <sup>2</sup>	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 between 2014 and after (dates vary by employee group) who elect Plan 87 over Plan 10 pay an additional 1% above this total, tiered increases based on salary above \$45,000, ranging from an additional 0.5%-2.75%	Plan 16 (up to \$45,000 salary, same as Plan 87; an additional contribution for earnings above \$45,000 <sup>4</sup> ; City to match 50% of contributions, capped at 1.5% of annual compensation)

**Notes:**

<sup>1</sup> Newly-hired employees are those hired on or after January 1, 2019. Plan 10 and Plan 16 contributions do not include voluntary DC plan contributions.

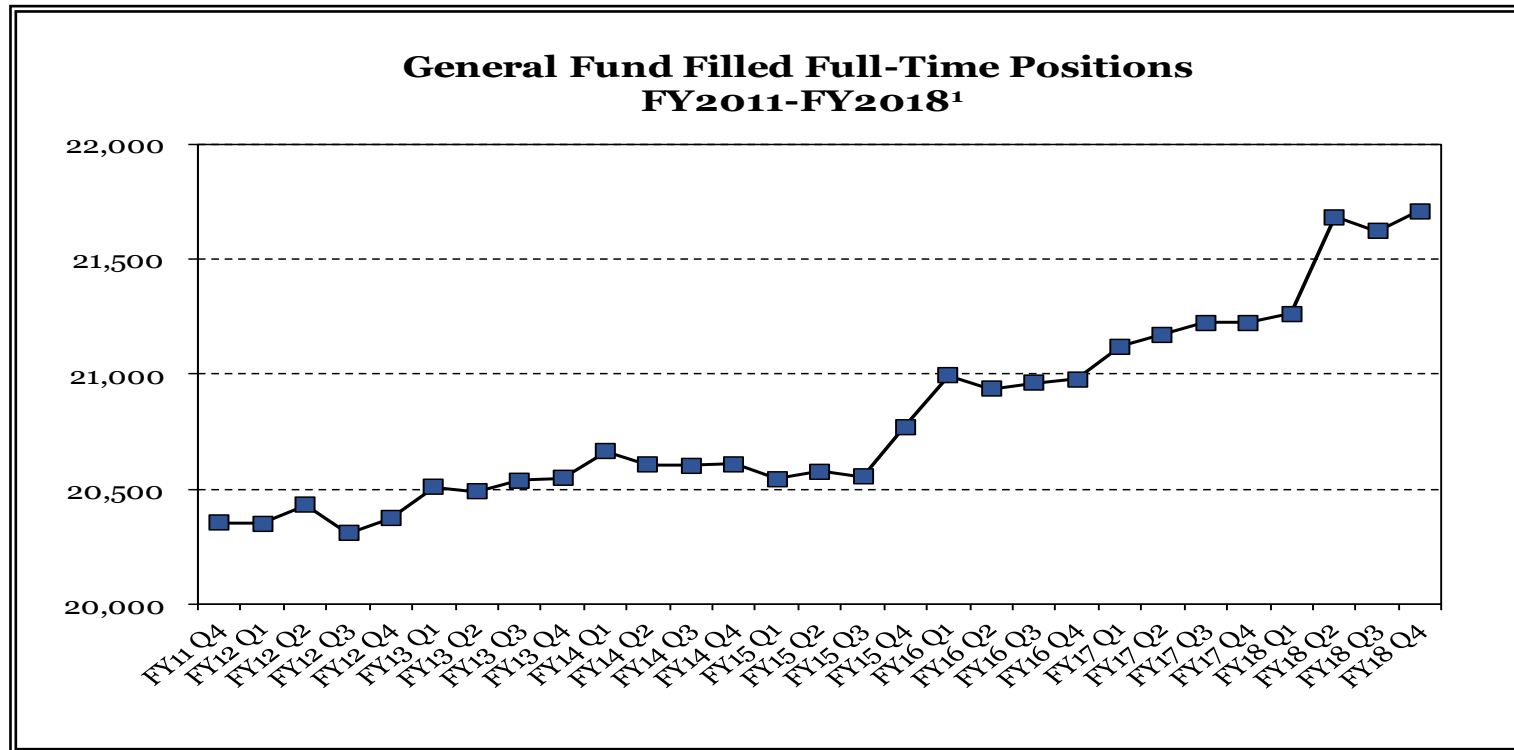
<sup>2</sup> Assumes employees are covered by Social Security.

<sup>3</sup> This description does not apply to Register of Wills and Deputy Sheriffs employees, who are FOP members, but whose pension benefits mirror those of DC33 employees for the purposes of Plan 16 and the tiered contribution system outlined in Philadelphia Code Sec. 22-902.

<sup>4</sup> Additional pension contribution tiers: an increase of 0.5% for salary between \$45,001 to \$55,000; an increase of 1.5% for salary between \$55,001 to \$75,000; an increase of 2.0% for salary between \$75,001 to \$100,000; an increase of 2.75% for salary above \$100,001.

## Key Management Issues: Staffing

- ▶ General Fund full-time positions in the Fourth Quarter of FY2018 increased by 88 employees since the previous quarter, and increased by 484 employees since the Fourth Quarter of FY2017, bringing City staffing levels to 21,709 – exceeding the peak pre-recession level of 21,521 recorded in the first quarter of FY2009.



Note:

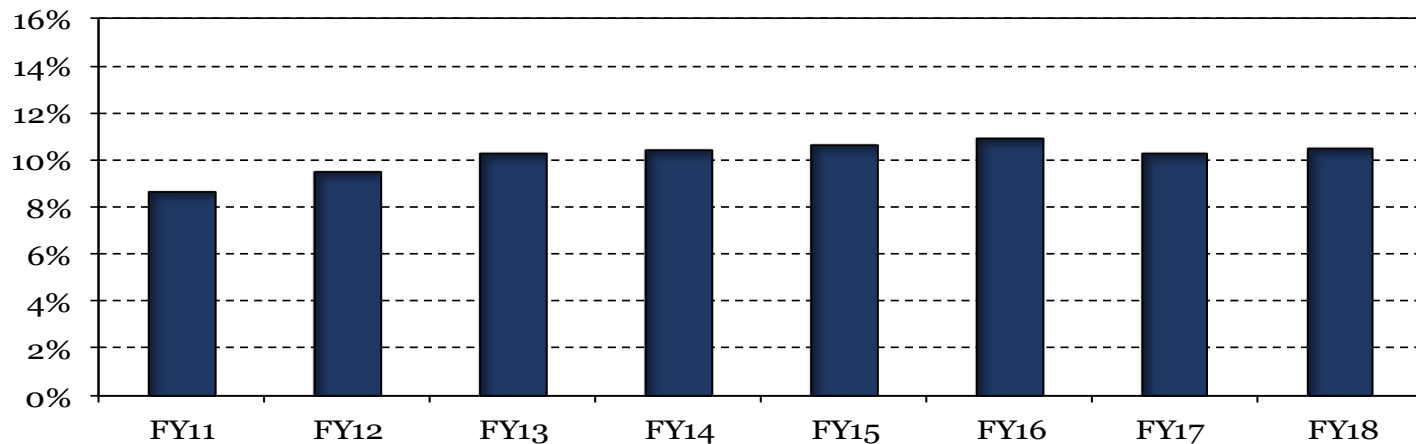
<sup>1</sup> Department of Human Service (“DHS”) personnel are excluded to allow comparability. DHS personnel are primarily reported in the Grants Revenue Fund beginning in FY12, due to an accounting change.



## Key Management Issues: Overtime

Overtime costs in FY2018 totaled \$177.9 million, \$14.7 million more than last year, representing 10.5 percent of wages and salaries, and the highest amount the City has ever spent on overtime costs. Overtime spending overall has spiked in FY2018 due to staffing shortages in the Fire and Prisons Departments, unplanned special events, and frequent political protests throughout the fiscal year.<sup>1</sup> Seasonal demands, such as an increase in winter weather events recorded in FY2018, also have the potential to impact overtime spending on a quarterly basis.

**General Fund Overtime as a Percent of Total Wage Costs  
FY2011-FY2018<sup>2</sup>**



**Notes:**

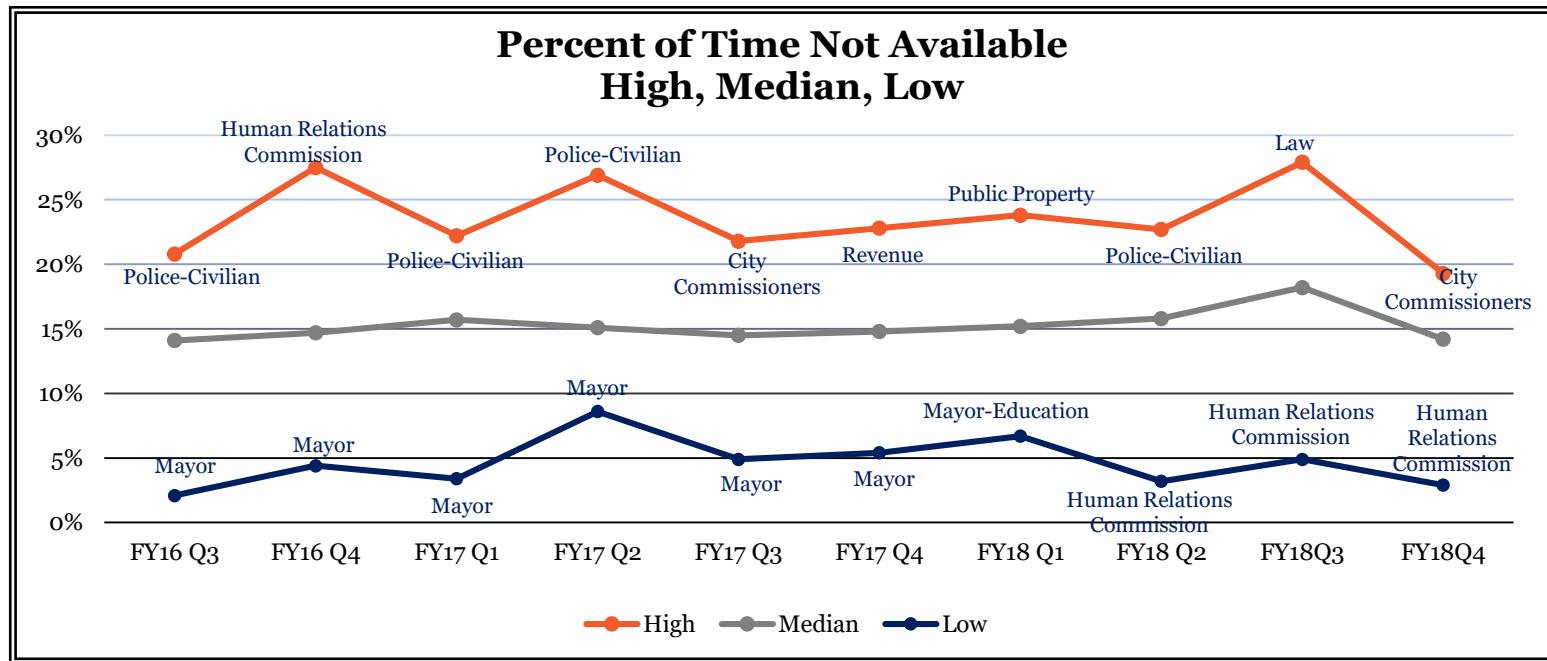
<sup>1</sup> For further analysis on the City's overtime spending, see PICA's [Staff Reports on City of Philadelphia Overtime](#).

<sup>2</sup> The FY2011 figure excludes \$3.8 million in Fire Department overtime due to a one-time legal settlement related to overtime for emergency medical services personnel.

## Key Management Issues: Leave Usage

### All Departments

The median rate of leave usage among all City agencies in the Fourth Quarter was 14.2 percent, a substantial decrease since from the third quarter which saw the highest median leave usage since the City began reporting it across all departments in FY2009.<sup>1</sup> Employees of the Office of the City Commissioners recorded the high leave usage rate at 19.3 percent, while Human Relations Commission employees recorded the low rate for the third consecutive quarter, at 2.9 percent.



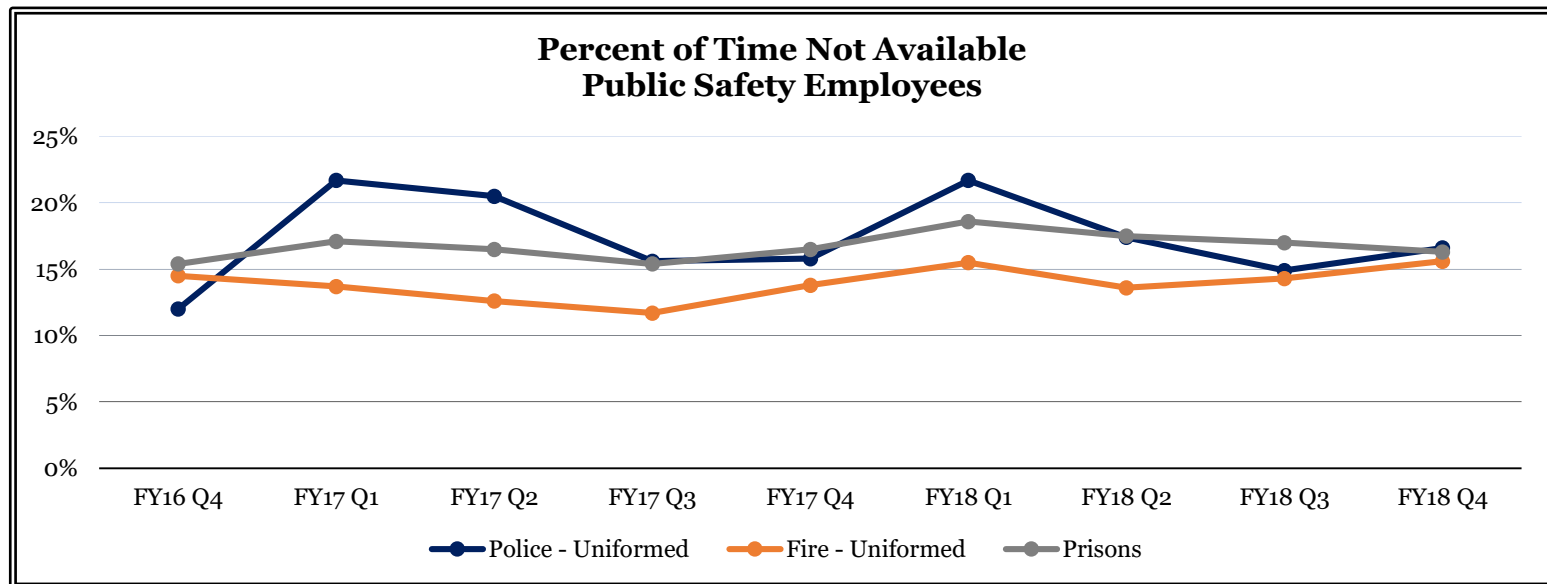
Note:

<sup>1</sup> 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. Leave usage data is sourced from the most recent Quarterly City Managers Report in which the data is reported, and may be revised from previous reports.

## Key Management Issues: Leave Usage

### Public Safety

The percent of time not available due to leave usage in the Fourth Quarter of FY2018 increased for uniformed employees of the Police Department (16.6 percent) and the Fire Department (15.6 percent), while decreasing for employees of the Prison System (16.3 percent) as compared to the Fourth Quarter of last year.<sup>1</sup> Fourth Quarter leave usage rates for all three public safety departments were above the median rate of 14.2 percent for all City agencies (see previous page).



**Note:**

<sup>1</sup> 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. Leave usage data is sourced from the most recent Quarterly City Managers Report in which the data is reported, and may be revised from previous reports.

# Departmental Performance



- ▶ **Public Safety**

- ▶ **Health and Human Services**

- ▶ **Community and Culture**

- ▶ **Planning and Development**

- ▶ **Transportation and Infrastructure**

## Departmental Performance: Public Safety

### Police Department

The City reported an increase of two homicides in FY2018, as compared to the previous fiscal year, however, part 1 violent crimes decreased by 649 to 14,719. The substantial decrease in part 1 violent crime extends the overall decrease in violent crime in Philadelphia since FY2013. The homicide clearance rate (homicide cases in which an arrest is made), while not meeting its goal of 60 percent, has improved by more than ten percentage points over the previous year. The rate continues to improve after falling below 40 percent in FY2017.

Police Department							
Measure	Totals						FY2018 Target
	FY13	FY14	FY15	FY16	FY17	FY18	
Homicides	263	246	248	288	307	309	<FY2017 <sup>1</sup>
Part 1 violent crime <sup>2</sup>	17,384	16,533	15,912	15,859	15,368	14,719	<FY2017 <sup>1</sup>
Homicide clearance rate <sup>3</sup> (%)	73.0	56.5	62.1	49.8	36.8	47.0	60.0

Notes:

<sup>1</sup> A reduction from FY2017.

<sup>2</sup> Includes rape, murder, and robbery.

<sup>3</sup> Homicide cases in which an arrest is made.

# Departmental Performance: Public Safety

## Fire Department

All Fire Department performance measures remain 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 separately from prior year data calculated under a different methodology. All response time-related measures have a margin of error of 10-15 percent, since the first-on-scene time is recorded 85-90 percent of the time. The Fire Department is working to minimize this margin. Despite these data collection and reporting challenges, the Fire Department reported reductions in civilian fire-related deaths and structure fires in FY2018, while fire engine and EMS response times have increased slightly, as compared to FY2017.

Fire Department							
<u>Measure</u>	<u>Totals</u>						<u>FY2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Fire engine average response time	4:54	4:57	4:54	4:53	--	--	--
Fire engine average response time <sup>1</sup>	--	--	--	--	5:16	5:21	5:20
Structure fires <sup>2</sup>	2,882	3,019	2,880	2,680	--	--	
Structure fires	--	--	--	--	2,573	2,525	<FY2017 <sup>3</sup>
Civilian fire-related deaths	25	23	24	17 <sup>4</sup>	22	17	<FY2017 <sup>3</sup>
EMS response time (% within 9 minutes) <sup>1</sup>	66.0	64.0	68.5	69.8	--	--	--
EMS response time (% within 9 minutes)	--	--	--	--	63.5	61.3	90

**Notes:**

<sup>1</sup> Prior to the second quarter of FY2017, this measure did not include call processing time as recommended by NFPA; thus, prior year figures are not comparable.

<sup>2</sup> 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 has been rectified, thus FY2016 figures are not comparable to prior years.

<sup>3</sup> Less than FY2017 total.

<sup>4</sup> Adjusted from the previously reported number of 18 per updated reporting from the Fire Marshall’s Office.



# Departmental Performance: Public Safety

## Prison System

In light of the City’s commitment to criminal justice reform and its participation in the MacArthur Foundation’s Safety and Justice Grant Challenge, PICA began including performance measures for the Philadelphia Prison System in FY2018. However, PICA continues to recommend the City introduce expanded performance measures for the Prison System in its Quarterly City Managers Report to better reflect that commitment. Through the Fourth Quarter of FY2018, 81.5 percent of sentenced inmates were participating in educational or treatment programs, a slight improvement over last year. The rate of reincarceration through the Fourth Quarter was 38.0 percent, slightly higher than last year, and within the City’s FY2018 target.

Prison System							
<u>Measure</u>	<u>Totals</u>						<u>FY2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Sentenced inmates participating in educational/treatment program (%)	--	73.8	78.6	80.5	77.9	81.5	80.5
One-year re-incarceration rate (%) <sup>2</sup>	41.6	40.3	40.6	38.2	37.1	38.0	38.0
Newly admitted inmates processed and housed within 24 hours (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Notes:

<sup>1</sup> Prior to FY2014, measure was recorded as “opportunity to participate” in educational/treatment program.

<sup>2</sup> Based on the number of incarcerated persons who are released from Philadelphia prisons and return to Philadelphia prisons within one year.

# Departmental Performance: Public Safety

## Department of Licenses & Inspections

New measures introduced by the Department of Licenses and Inspections (“L&I”) in FY2017 continue to make year-over-year comparison of performance metrics difficult. L&I issued more permits in FY2018, as compared to the previous year, however, the department performed almost 100 fewer demolitions due to a large, high cost commercial demolition which posed an immediate threat to public safety. The percentage of nuisance properties inspected within twenty days was 82.3 percent; L&I’s target time frame for such inspections increased from seven to twenty days in FY2018 under a new service level agreement, as seven days proved too difficult a metric for the department to meet.

Department of Licenses and Inspections							
<u>Measure</u>	<u>Totals</u>						<u>FY2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Demolitions performed <sup>1</sup>	521	522	492	557	--	--	--
Demolitions performed	--	--	---	--	524	428	525
Percent of nuisance properties inspected within seven days (%)	--	--	--	--	55.1	--	--
Percent of nuisance properties inspected within twenty days (%) <sup>2</sup>	--	--	--	--	70.0	82.3	80.0
Permits issued <sup>3</sup> (thousands)	--	35.7	35.4	39.9	--	--	--
Permits issued (thousands)	--	--	--	--	54.4	57.0	55.0

**Notes:**

<sup>1</sup> Revised measure in FY2017; prior fiscal year totals limited to residential demolitions.

<sup>2</sup> Revised measure in FY2018; previously, quarterly reports listed the number of nuisance properties inspected within seven days.

<sup>3</sup> Applies to commercial permits. Revised measure beginning in FY2017 shown below; 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

Child Protective Services (“CPS”) investigations were determined within 60 days at a rate of 99.2 percent through the Third Quarter of FY2018,<sup>2</sup> a slight improvement over last year, and above the City’s FY2018 target rate of 98 percent. The dependent placement population decreased by 168 dependents as of the Fourth Quarter, compared to the same point last year. The percentage of the dependent population in care more than two years was 37.6 percent—an increase of 2.7 percentage points over the same point in time last year. DHS is has introduced new legal staff and Rapid Permanency Reviews to accelerate permanency for children in care more than two years.

Department of Human Services <sup>1</sup>							
<u>Measure</u>	<u>Totals</u>						<u>FY2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Percent of CPS investigations determined within 60 days <sup>2</sup> (%)	--	--	--	--	98.2	99.2	98.0
Percent of children in Kinship Care <sup>3</sup> (%)	--	--	--	--	46.2	47.0	48.0
Dependent placement population as of last day of quarter	4,179	4,473	5,184	5,948	6,095 <sup>4</sup>	5,927	≤6,095
Percent of dependent placement population in care more than two years <sup>5</sup> (%)	--	31.5	30.5	31.2	34.9	37.6	32.0

Notes:

<sup>1</sup> DHS introduced a series of new performance metrics in FY2017, making year-over-year comparison difficult.

<sup>2</sup> New measure beginning in FY2017. CPS = Child Protective Services. Due to the 60 day reporting period, FY2018 data shown is for the third quarter of FY2018.

<sup>3</sup> New measure beginning in FY2017; represents percent of children placed with a relative when children have to be removed from their homes; measured as of the last day of the quarter.

<sup>4</sup> Revised from the previously reported figure of 6,058.

<sup>5</sup> New measure beginning in 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 through in FY2018, continuing a downward trend that began in FY2014, corresponding with the rollout of the Affordable Care Act and its continued support of Medicaid. However, new HIV diagnoses increased slightly in FY2018, but not by enough to be statistically significant. The percentage of children with complete immunizations remained constant.<sup>1</sup> Public Health exceeded all of its FY2018 targets shown below.

Department of Public Health							
<u>Measure</u>	<u>Totals</u>						<u>FY2018 Target</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	
Uninsured patient visits to District Health Centers (%)	52.9	49.6	49.0	42.1	40.9	40.4	41.5
New HIV diagnoses	792	704	585	538	480	495	550
Children with complete immunizations <sup>1</sup> (%)	75	78.0 <sup>2</sup>	85.8	77.9	80.8	80.8	78.5

Notes:

<sup>1</sup> Includes children aged 19-35 months.

<sup>2</sup> More precise figure, to one decimal place, provided beginning FY2014.

# Departmental Performance: Health and Human Services

## Office of Homeless Services

Households receiving financial assistance to prevent homelessness increased by 23 households in FY2018, while assistance to end homelessness increased by 67 households, as compared to last year. A 2018 point-in-time count performed by the Office of Homeless Services in February 2018, estimated the City's homeless population at 5,788. Placements into transitional housing has decreased substantially, therefore the City revised its previous target of 350 units in the second quarter QCMR. The decrease/target revision reflects the transition made by many transitional housing providers to Rapid Rehousing, which targets families and individuals who are currently residents of emergency or transitional housing programs. The Office of Homeless Services exceeded all of its FY2018 performance targets.

Office of Homeless Services							
<u>Measure</u>	<u>Totals</u>						<u>FY2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Assistance to prevent homelessness (households) <sup>1</sup>	610	676	814	824	814 <sup>2</sup>	837	650
Rapid Rehousing assistance to end homelessness (households) <sup>3</sup>	291	135	356	339	380	447	380
New permanent supportive housing units <sup>4</sup>	180	59	115	135	--	--	--
New permanent supportive housing units <sup>5</sup>	--	--	--	--	90	91	90
Transitional housing placements	539	509	610	495	415	284	220

**Notes:**

<sup>1</sup> Measures the number of individuals and/or families provided Homeless Prevention assistance.

<sup>2</sup> Revised from the previously reported figure of 760.

<sup>3</sup> Measures the Office of Homeless Services Rapid Rehousing units.

<sup>4</sup> Measure redefined in FY2017 to exclude Rapid Rehousing units from the overall count of new permanent supportive housing units.

<sup>5</sup> Excludes Philadelphia Housing Authority units.



# Departmental Performance: Community and Culture

## Free Library of Philadelphia

In-person visits decreased in FY2018, as compared to FY2017, despite the re-opening of four library branches and one regional center that were closed for some or all of FY2017 for updates and repairs. However number of virtual visits through the Library website increased by 26 percent. Digital access also increased, as did program attendance, which increased by 18.4 thousand. Increased attendance was reported across all Free Library programs except senior programs.

Free Library of Philadelphia							
<u>Measure</u>	<u>Totals</u>						<u>FY2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Digital access <sup>1</sup> (millions)	--	--	--	--	3.34	3.57	2.80
In-person visits (millions)	5.85	5.67	5.90	5.84	5.13	4.96	5.30
Website visits <sup>2</sup> (millions)	--	8.2	9.9	8.7	--	--	--
Website visits (millions)	--	--	--	--	5.03	6.36	5.33
Program attendance <sup>3</sup> (thousands)	--	--	--	--	684.9	703.3	681.0

**Notes:**

<sup>1</sup> New measure beginning in FY2017; includes Wi-Fi usage, eBook circulation, electronic resource/database use, and public PC use.

<sup>2</sup> 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.

<sup>3</sup> New measure beginning in 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: Community and Culture

## Philadelphia Parks & Recreation

The number of programs offered by Parks and Recreation increased slightly from FY2017 to FY2018, while visits to Department facilities and sites decreased. The City has launched a new website and expects attendance to increase as a result of advertising programs there. The number of acres mowed remained constant, while 543 fewer new trees were planted in FY2018. Overall, Parks and Recreation did not meet any of its published performance targets for FY2018.

Parks & Recreation							
<u>Measure</u>	<u>Totals</u>						<u>FY2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Programs offered <sup>1</sup>	3,742	3,603	4,695	--	--	--	--
Programs offered	--	--	--	3,196	3,286	3,291	3,450
Visits to Department facilities and sites <sup>2</sup> (millions)	7.30	6.24	6.78	--	--	--	--
Visits to Department facilities and sites <sup>3</sup> (millions)	--	--	--	9.65	9.65	9.53	10.00
Acres mowed (thousands)	36.0	40.3	40.3	41.6	41.7	41.7	41.8
New trees planted (thousands) <sup>4</sup>	26.0	18.3	13.9	7.5	4.9	4.3	5.3

**Notes:**

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Visits is an estimated measure based on the number of visitors and dates that a program runs, including some duplicate visits by the same individuals.

<sup>4</sup> There are no scheduled tree plantings in the First or Third Quarters.

# Departmental Performance: Planning and Development

## Division of Housing and Community Development

The number of mortgage foreclosures diverted in FY2018 decreased by 122, or 10.1 percent, from the previous year. City officials have cited fewer overall foreclosures and available funding levels as factors driving the fluctuation of this metric. Owner-occupied homes repaired increased substantially in FY2018, an increase which may be attributed to a \$60 million bond issuance in the spring of 2017, helping to eliminate the waiting list for the Basic System Repair Program (“BSRP”). The Division of Housing and Community Development managed to exceed its FY2018 target for one of the three performance metrics for which data is available.

Division of Housing and Community Development							
<u>Measure</u>	<u>Totals</u>						<u>FY2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Mortgage foreclosures diverted	1,754	1,232	1,178	1,502	1,210	1,088	1,200
Owner-occupied homes repaired <sup>1</sup>	5,409	5,689	5,111	6,080	5,621	6,920	7,395
City lots greened and cleaned <sup>2</sup>	9,328	8,766	8,713	9,227	12,592	12,841	12,000
Clients receiving housing counseling	12,463	12,398	11,495	10,428	12,191	NA <sup>3</sup>	11,350

Notes:

<sup>1</sup> Includes Basic System Repair Program, Weatherization, and Heater Hotline.

<sup>2</sup> Includes land stabilization and land maintenance.

<sup>3</sup> DHCD is unable to report FY2018 housing counseling measures due to issues with switching from one case management system to another. DHCD anticipates that these issues will be resolved in FY2019.

# Departmental Performance: Transportation and Infrastructure

## Streets Department

On time trash and recycling collection rates decreased from FY2017 to FY2018, falling short of the City's FY2018 targets for both metrics. Winter weather events, compactor and staff shortages, and high absentee rates have all been cited by the City as factors impacting on-time collection rates. The percentage of total waste recycled has also decreased, as the composition of recycled materials continues to shift. Due to the City's commitment to pave more miles of streets in FY2018, PICA began including related performance measures in this report starting in FY2018. Pothole response time increased from FY2017, as winter weather events impacted Streets Department operations. However, with the addition of a second paving crew, Streets resurfaced 21 more miles of City streets through FY2018 compared to last year, with miles resurfaced representing the only metric shown below for which the department met or exceeded its FY2018 target.

Streets Department							
<u>Measure</u>	<u>Totals</u>						<u>FY2018</u>
	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>Target</u>
Recycling rate (%)	19.0	20.9	19.0	20.5	19.2	17.0	21.0
On-time trash collection <sup>1</sup> (%)	94.4	85.3	75.5	84.3	85.3	80.8	96.0
On-time recycling collection <sup>1</sup> (%)	97.0	93.3	96.0	95.8	96.5	95.9	97.0
Pothole response time (days) <sup>2</sup>	1.3	1.8	2.4	2.0	2.3	3.4	3.0
Miles resurfaced <sup>2</sup>	--	--	--	--	56	77	75

Notes:

<sup>1</sup> Percentage of collections completed by 3:00 PM.

<sup>2</sup> New measure for FY2018.



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