



PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

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

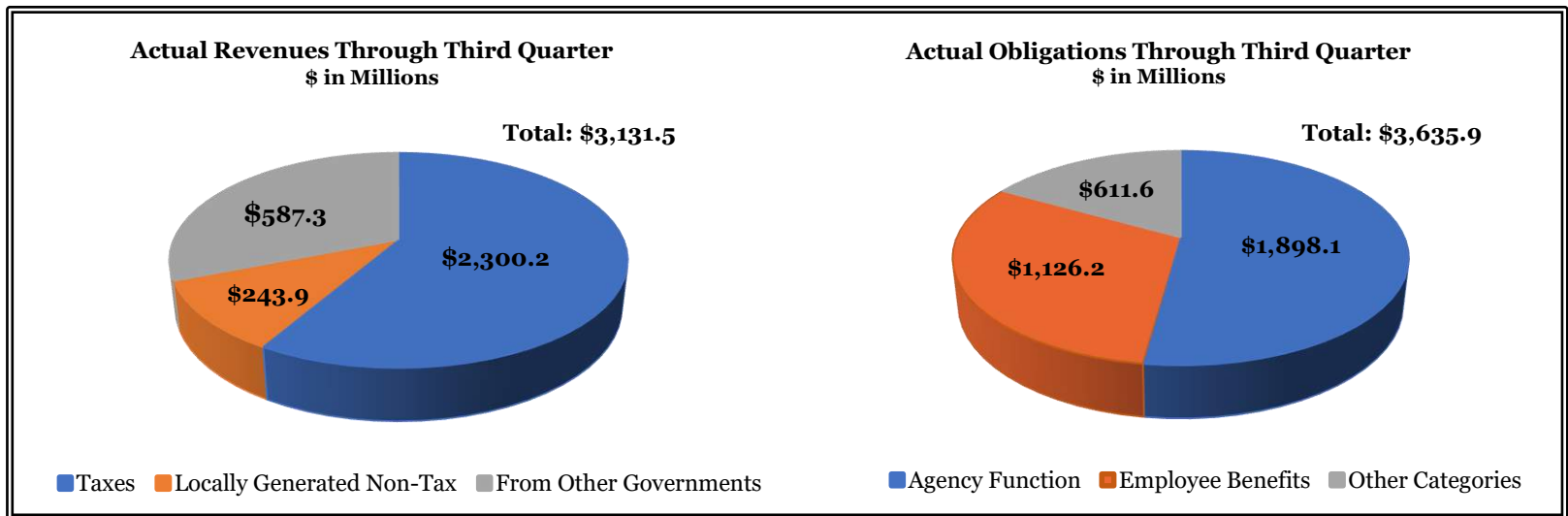
For the Period Ending March 31, 2019

Executive Summary

The *Quarterly City Managers Report* (the “QCMR”) for the third quarter of Fiscal Year 2019 (January 1, 2019 through March 31, 2019) was submitted to PICA on May 15, 2019. It contains estimated figures that are subject to change in subsequent QCMRs. The most significant elements of the report include:

FY2019 Third Quarter Financial Analysis:

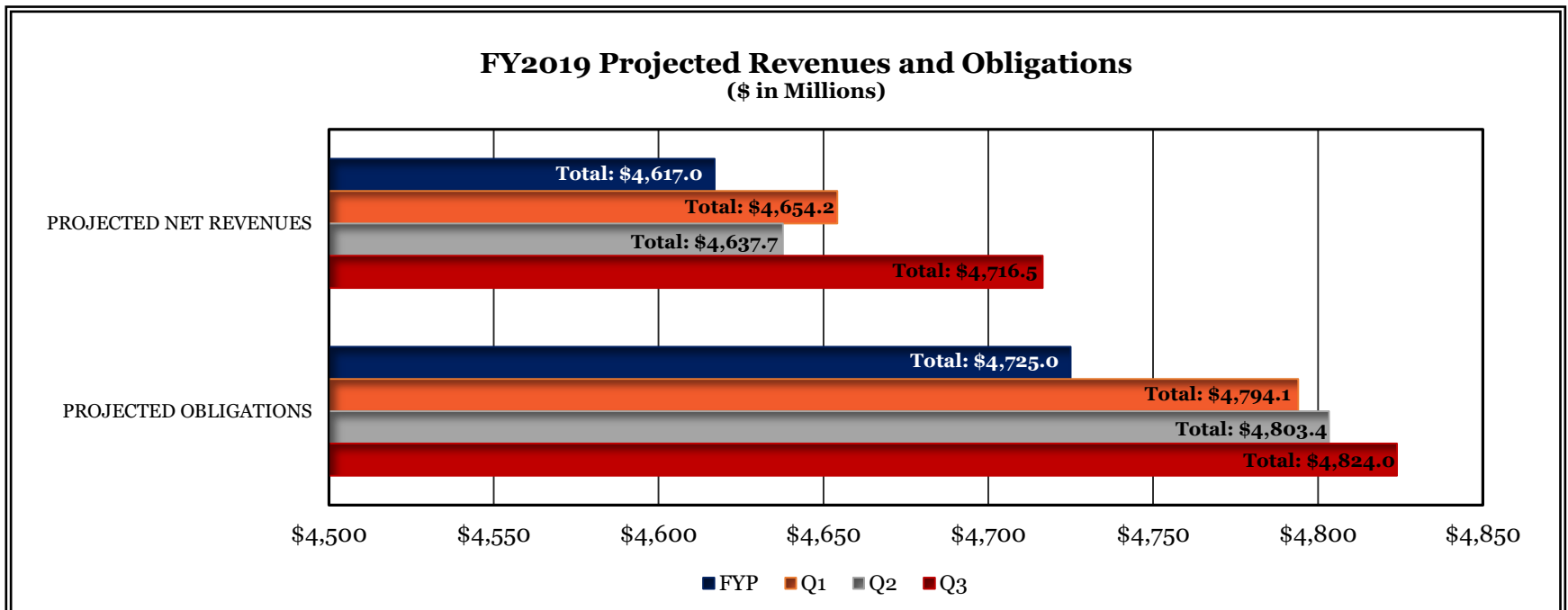
- ▶ **Revenues.** In the third quarter, estimated actual General Fund Revenues totaled \$3,131.5 million, representing 67.8 percent of the projection in the *FY2019-FY2023 Five Year Plan* (the “Plan”). It should be noted that many of the major tax collections occur in the spring.
- ▶ **Obligations.** In the third quarter, estimated actual General Fund Obligations totaled \$3,635.9 million, representing 76.9 percent of the Plan projection.



Executive Summary

► *FY2019 Financial Projections Analysis:*

- **Fund Balance.** The current General Fund FY2019 year-end fund balance estimate is \$280.8 million, \$141.3 million higher than projected in the Plan.
- **Revenue.** The current total revenue estimate is \$4,716.5 million, \$99.6 million above the Plan projection. Tax revenue for FY2019 General Fund is estimated at \$3,528.2 million, \$82.5 million higher than projected in the Plan.
- **Obligations.** FY2019 General Fund obligations are projected at \$4,824.0 million, an increase of \$98.5 million from the Plan.



Executive Summary

▶ *Key Management Issues:*

- ▶ *Staffing.* General Fund full-time positions totaled 21,846 in the third quarter of FY2019, an increase of 325 employees since peak pre-recession City staffing levels. Total employees decreased slightly since the second quarter, which represents the first staffing decrease since the third quarter of last year.
- ▶ *Overtime.* Actual overtime costs through the third quarter of FY2019 totaled approximately \$133.1 million, a decrease of \$2.3 million compared to the same period last year. Thus, the City has achieved a decrease in overtime spending in each of the first three quarters of this fiscal year.

▶ *Departmental Performance:*

- ▶ *Police.* Homicides increased by 51 victims, or 22.1 percent compared to the same period last year, while part one violent crimes decreased by 270, or 2.5 percent. The homicide clearance rate (homicide cases in which an arrest is made) decreased from 49.5 percent at this point last year, to 47.1 percent currently.
- ▶ *Licenses and Inspections.* L&I has issued over 4,000 more permits this year than last, reflecting the City's ongoing construction boom. The rate of nuisance properties inspected within twenty days increased slightly over last year, after having decreased through the second quarter.
- ▶ *Public Health.* The percent of District Health Center visits by uninsured patients through the third quarter increased slightly compared to last year, after a period of decline over previous fiscal years. New HIV diagnoses decreased through the third quarter, as compared to last year's figure. The percentage of children with complete immunizations decreased by four percentage points, to a low of 76.8 percent.

Introduction

- ▶ This PICA Staff Report analyzes the City of Philadelphia’s *Quarterly City Managers Report* (“QCMR”) for the third quarter of Fiscal Year 2019, the period ending March 31, 2019. The QCMR contains information on third quarter revenues and obligations totals, projected FY2019 General Fund revenues and expenditures, agency performance, personnel levels, leave usage, and cash flow.
- ▶ The focus of this report is to analyze third quarter revenues and obligations, current projections of FY2019 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
 - ▶ FY2019 Third Quarter Financial Analysis
 - ▶ Overview
 - ▶ Revenues
 - ▶ Obligations
 - ▶ FY2019 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 third quarter of FY2019.¹ It compares the third quarter QCMR estimates of FY2019 revenues and expenditures with estimates in the approved *FY2019-FY2023 Five Year Financial Plan* (the “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 Plan and QCMRs.

Notes:

¹ Please visit the [PICA website](#) to view this and previous quarter QCMRs.

² The *FY2019-FY2023 Five Year Financial Plan* was approved by PICA on July 25, 2018. Please visit the [PICA website](#) to view this and previous five year plans.

FY2019 Third Quarter Financial Analysis



- Overview
- Revenues
- Obligations

FY2019 Third Quarter Financial Analysis: Overview

- ▶ Actual revenues through the third quarter, amounted to \$3,131.5 million, or approximately 67.8 percent of revenues projected in the Plan, and 4.3 percent (\$128.8 million) over the same period last year. It should be noted that many of the major tax collections occur later in the fiscal year.
- ▶ Actual obligations through the third quarter are \$3,635.9 million, or 76.9 percent of the projected obligations in the Plan, and 8.9 percent (\$298.4 million) over the same period last year.
- ▶ The FY2019 operating deficit is projected at \$108.6 million in the Plan. Through the third quarter, the current actual operating deficit is \$504.5 million, approximately \$169.7 million higher than in the third quarter of the previous fiscal year.

FY2019 General Fund Summary Through the Third Quarter (\$ in Millions)				
<u>Category</u>	<u>FY2019-23 Plan</u>	<u>Actual Through Third Quarter FY2018</u>	<u>Actual Through Third Quarter FY2019</u>	<u>Percentage Through Third Quarter FY2019</u>
Revenues	\$4,616.9	\$3,002.7	\$3,131.5	67.8%
Obligations	4,725.5	3,337.5	3,635.9	76.9
Operating Surplus/(Deficit)	\$(108.6)	\$(334.8)	\$(504.5)	

FY2019 Third Quarter Financial Analysis: Revenues

- ▶ The Plan projects FY2019 General Fund revenue at \$4,616.9 million.
- ▶ Through the third quarter, General Fund Tax revenues amounted to \$2,300.2 million, or approximately 66.8 percent of the revenues projected in the Plan. It should be noted that many of the major tax collections occur later in the fiscal year.
- ▶ Locally Generated Non-Tax revenues totaled \$243.9 million through the third quarter, 83.6 percent of the projected \$291.7 million for FY2019.
- ▶ Revenue from Other Governments totaled \$587.3 million, or 72.8 percent of the Plan projection, due to an increase in the PICA City Account, which was bolstered by strong wage tax performance over the same period last year.

FY2019 General Fund Revenues (\$ in Millions)				
<u>Category</u>	<u>FY2019-23 Plan</u>	<u>Actual Through Third Quarter FY2018</u>	<u>Actual Through Third Quarter FY2019</u>	<u>Percentage Through Third Quarter FY2019</u>
Taxes	\$3,445.7	\$2,223.9	\$2,300.2	66.8%
Locally Generated Non-Tax	291.7	231.3	243.9	83.6
Revenue from Other Governments	806.4	547.5	587.3	72.8
Revenue from Other Funds	73.1	--	--	--
Total	\$4,616.9	\$3,002.7	\$3,131.5	67.8%

FY2019 Third Quarter Financial Analysis: Obligations

- ▶ The Plan projects FY2019 obligations at \$4,725.5 million, of which \$3,365.9 million, or 76.9 percent, has already been obligated through the third quarter. Seasonal demands can impact departmental obligations on a quarterly basis.
- ▶ The Office of Education has slightly exceeded its annual projected obligations through the third quarter, reaching 101.7 percent of its budget, while the Sinking Fund, Employee Benefits, and Fire Department have obligated 83.4, 82.8, and 79.6 percent, respectively.

FY2019 General Fund Obligations by Department/Line Item (\$ in Millions)				
<u>Department/Line Item</u>	<u>FY2019-23 Plan</u>	<u>Actual Through Third Quarter FY2018</u>	<u>Actual Through Third Quarter FY2019</u>	<u>Percentage Through Third Quarter FY2019</u>
Employee Benefits	\$1,360.2	\$1,069.7	\$1,126.2	82.8%
Police	709.5	495.6	502.4	70.8
Sinking Fund (Debt Service)	295.0	240.5	246.0	83.4
Fire	277.6	181.6	220.9	79.6
Prison System	249.4	214.8	194.8	78.1
Streets	142.0	107.3	109.1	76.8
Indemnities	48.8	29.9	29.3	60.2
Licenses & Inspections	37.5	24.5	27.6	73.6
Sheriff	26.2	20.4	21.5	82.1
Office of Education	24.9	22.2	25.4	101.7
Other Departments	1,554.4	930.9	1,132.8	72.9
Total	\$4,725.5	\$3,337.5	\$3,635.9	76.9%

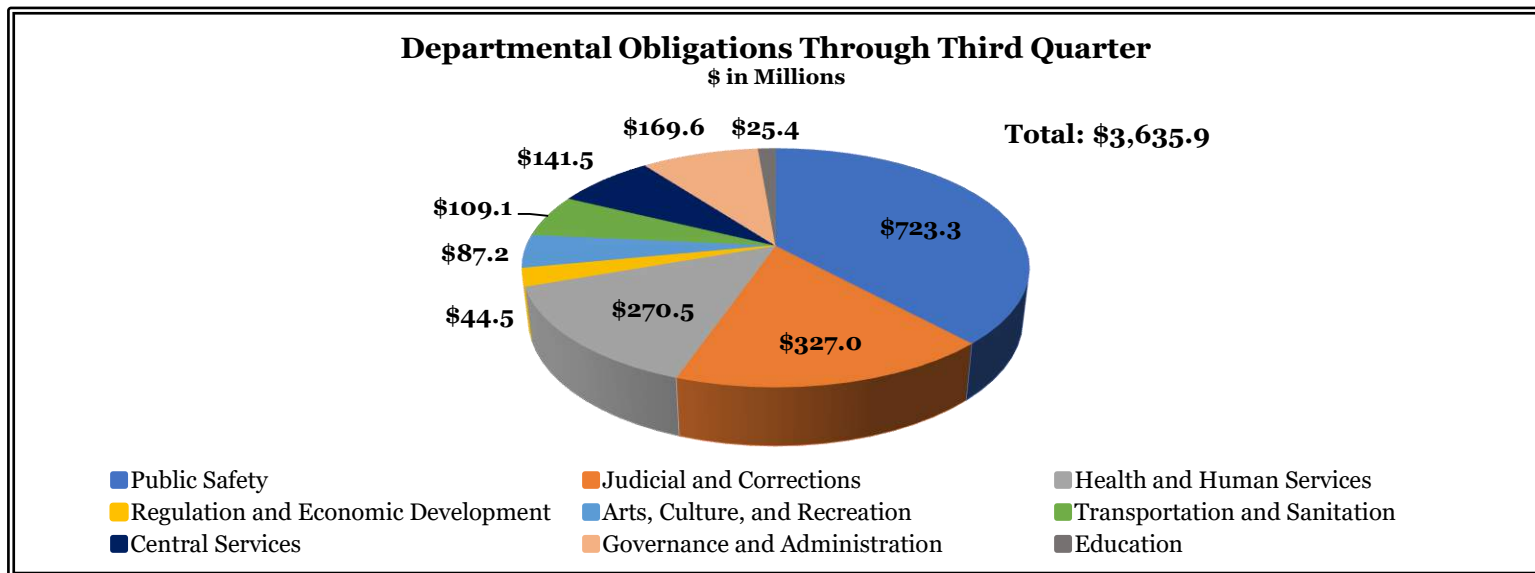
FY2019 Third Quarter Financial Analysis: Obligations

- ▶ Employee Wages experienced an increase of 5.7 percent over the same period last year, primarily due to negotiated wage increases and increased staffing levels.
- ▶ Employee Benefits increased by 5.3 percent or \$56.5 million over the same period last year primarily due to increased Employee Disability and Health/Medical costs.
- ▶ Contributions and Indemnities, increased substantially (\$138.1 million) over the same period last year, due to additional School District funding.
- ▶ The City obligated \$158.9 million for debt service through the third quarter, 93.7 percent of the \$169.5 million projected for FY2019 in the Plan.

FY2019 General Fund Actual Obligations by Class (\$ in Millions)				
<u>Obligation Class</u>	<u>FY2019-23 Plan</u>	<u>Actual Through Third Quarter FY2018</u>	<u>Actual Through Third Quarter FY2019</u>	<u>Percentage Through Third Quarter FY2019</u>
Employee Wages	\$1,738.4	\$1,190.8	\$1,258.2	72.4%
Employee Benefits	1,360.2	1,069.7	1,126.2	82.8
Purchase of Services	951.7	777.5	773.7	81.3
Materials, Supplies & Equipment	114.4	78.9	81.5	71.2
Contributions & Indemnities	282.2	74.0	212.1	75.1
Debt Service	169.5	146.3	158.9	93.7
Payments to Other Funds	38.1	0.4	25.4	66.8
Advances & Miscellaneous	71.0	--	--	--
Total	\$4,725.5	\$3,337.5	\$3,635.9	76.9%

FY2019 Third Quarter Financial Analysis: Obligations

- ▶ In PICA's Staff Report on the City's FY2019-23 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 following page.¹
- ▶ In total, actual obligations in the third quarter increased over the same quarter of FY2018 by \$298.4 million, mostly due to increases in non-agency spending, including \$56.5 in Employee Benefits and a \$135.5 million School District contribution.
- ▶ Public Safety obligations increased year-over-year in the third quarter, primarily due to increased Fire Department spending of \$39.4 million.
- ▶ Governance and Administration spending increased by \$35.2 million over the third quarter of FY2018, primarily in the Finance Department, for capital projects.



Note:

¹ 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.

FY2019 Third Quarter Financial Analysis: Obligations

FY2019 General Fund Obligations Categories & Descriptions	
<u>Agency Function/Category</u>	<u>Category Description</u>
Public Safety	Police Department, Fire Department
Judicial and Corrections	First Judicial District, Prisons Department, Office of the District Attorney, Register of Wills, Office of the Sheriff
Health and Human Services	Department of Human Services, Office of Homeless Services, Department of Public Health, Department of Behavioral Health and Intellectual disAbility Services, Commission on Human Relations
Central Services	Department of Public Property, Office of Innovation and Technology (includes 911 Call Center), Office of Fleet Management
Transportation and Sanitation	Streets Department
Governance and Administration	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
Arts, Culture, and Recreation	Free Library of Philadelphia, Department of Parks and Recreation, Office of Arts, Culture, and the Creative Economy, Mural Arts Program, Atwater Kent Museum
Education	Office of Community Schools and Pre-K
Regulation and Economic Development	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
Employee Benefits	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
Other Categories	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

FY2019 Third Quarter Financial Analysis: Obligations

FY2019 General Fund Obligations by Category (\$ in Millions)				
<u>Agency Function/Category</u>	<u>Actual Through Third Quarter FY2018</u>	<u>Actual Through Third Quarter FY2019</u>	<u>Percent Change</u>	<u>Amount Change</u>
Public Safety	\$677.2	\$723.3	6.8%	\$46.1
Judicial and Corrections	341.9	327.0	(4.3)	(14.8)
Health and Human Services	248.3	270.5	8.9	22.2
Central Services	139.5	141.5	1.5	2.0
Transportation and Sanitation	107.3	109.1	1.6	1.8
Governance and Administration	134.5	169.6	26.2	35.2
Arts, Culture, and Recreation	83.4	87.2	4.5	3.8
Education	22.2	25.4	14.1	3.1
Regulation and Economic Development	42.3	44.5	5.4	2.3
Agency Function Total	\$1,796.5	\$1,898.1	5.7%	\$101.6
Employee Benefits	1,069.7	1,126.2	5.3	56.5
Other Categories	471.3	611.6	29.8	140.3
Total	\$3,337.5	\$3,635.9	8.9%	\$298.4

Note: See page 13 for agency functions/category descriptions

FY2019 Financial Projections Analysis

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



FY2019 Financial Projections Analysis: Overview

- ▶ The third quarter QCMR projects FY2019 General Fund revenues at \$4,716.5 million, an increase of \$99.6 million from the Plan. Obligations are projected at \$4,824.0 million, an increase of \$98.5 million from the Plan. The FY2019 operating deficit is projected at \$107.5 million, a slight decrease from the \$108.6 million deficit projected in the Plan.
- ▶ The Plan projected the FY2018 year-end fund balance at \$228.5 million, while the actual audited FY2018 fund balance is \$368.8 million.
- ▶ The sum of the projected operating deficit, prior year adjustments, and FY2018 fund balance yields a projected FY2019 fund balance of \$280.8 million. This projection is \$141.3 million higher than the Plan.

<u>FY2019 General Fund Projections Summary</u> <u>(\$ in Millions)</u>					
<u>Category</u>	<u>FY2019-23 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Change from Plan to Third Quarter QCMR</u>
Revenues	\$4,616.9	\$4,654.2	\$4,637.8	\$4,716.5	\$99.6
Obligations	4,725.5	4,794.1	4,803.4	\$4,824.0	98.5
Operating Surplus/(Deficit)	(108.6)	(139.9)	(165.6)	(107.5)	1.1
Prior Year Net Adjustments	19.5	19.5	19.5	19.5	--
Prior Year Fund Balance/(Deficit)	228.5	368.8	368.8	368.8	140.2
Year-End Fund Balance	\$139.5	\$248.4	\$222.7	\$280.8	\$141.3

FY2019 Financial Projections Analysis: Revenues

- ▶ Total projected revenues increased by \$99.6 million from the Plan to a projected total of \$4,716.5 million. The increase is mostly attributable to higher than projected collections from Taxes (\$82.5 million) and Locally Generated Non-Tax Revenues (\$31.1 million), offset by lower than projected revenue from other governments (\$13.9 million), primarily in the Department of Public Health.
- ▶ Locally Generated Non-Tax revenues are projected to increase by \$31.1 million from the Plan, primarily due to strong building permit revenue, as well as gains from financial investments.

FY2019 General Fund Revenue Projections (\$ in Millions)					
<u>Category</u>	<u>FY2019-23 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Change from Plan to Third Quarter QCMR</u>
Taxes	\$3,445.7	\$3,490.4	\$3,461.7	\$3,528.2	\$82.5
Locally-Generated Non-Tax	291.7	296.1	310.6	322.8	31.1
Revenue from Other Governments	806.4	794.6	792.6	792.6	(13.9)
Revenue from Other Funds	73.1	73.1	72.9	72.9	(0.2)
Total	\$4,616.9	\$4,654.2	\$4,637.8	\$4,716.5	\$99.6

FY2019 Financial Projections Analysis: Tax Revenues

- ▶ FY2019 General Fund tax revenue is currently projected at \$3,528.2 million, an increase of \$82.5 million from the Plan.
- ▶ The overall projected increase from the Plan is mainly attributable to increases in the following taxes: business income and receipts (\$78.1 million), real estate transfer (\$24.2 million), amusement (\$5.7 million), and net profits (\$5.4 million).
- ▶ The above projected increases were partially offset by decreases in the following taxes: wage and earnings (\$16.9 million), real estate (\$9.1 million), parking (\$2.5 million), sales (\$1.4 million), and the beverage tax (\$1.4 million).

FY2019 General Fund Tax Revenue Projections (\$ in Millions)					
<u>Tax</u>	<u>FY2019-23 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Change from Plan to Third Quarter QCMR</u>
Wage and Earnings	\$1,588.6	\$1,572.6	\$1,571.7	\$1,571.7	(\$16.9)
Real Estate	669.1	669.1	660.0	660.0	(9.1)
Business Income and Receipts	425.2	466.8	454.2	503.3	78.1
Sales	216.5	210.5	210.4	215.2	(1.4)
Real Estate Transfer	310.5	333.4	323.0	334.7	24.2
Net Profits	31.2	35.1	36.6	36.6	5.4
Parking	100.7	98.4	98.1	98.1	(2.5)
Amusement	22.2	24.0	26.9	27.9	5.7
Beverage	78.0	76.6	76.6	76.6	(1.4)
Other	3.7	3.9	4.2	4.2	0.4
Total	\$3,445.7	\$3,490.4	\$3,461.7	\$3,528.2	\$82.5

FY2019 Financial Projections Analysis: Locally Generated Non-Tax Revenues

- ▶ FY2019 General Fund locally generated non-tax revenue is currently projected at \$322.8 million, an increase of \$31.1 million from the Plan.
- ▶ Changes from the Plan thus far include: an increase in revenues from Licenses and Inspections (\$13.5 million), the Treasurer's Office (\$7 million), and the Register of Wills (\$3.2 million).

FY2019 General Fund Locally-Generated Non-Tax Revenue Projections (\$ in Millions)					
<u>Agency Source</u>	<u>FY2019-23 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Change from Plan to Third Quarter QCMR</u>
Innovation & Technology	\$24.6	\$24.6	23.5	23.5	(1.1)
Streets	28.2	28.2	27.2	27.2	(1.0)
Fire	41.0	41.0	41.0	41.0	--
Public Health	23.8	24.4	24.4	24.9	1.1
Public Property	6.4	6.4	5.1	5.1	(1.3)
Fleet Management	4.1	4.1	3.3	3.3	(0.8)
Licenses & Inspections	59.7	59.7	66.2	73.2	13.5
Records	18.8	18.8	18.8	18.8	--
Finance	7.6	11.6	11.6	11.6	4.0
Revenue	4.3	4.3	6.0	6.0	1.7
Chief Administrative Officer	10.3	10.3	10.3	10.3	--
Sheriff	11.3	11.3	11.3	11.3	--
FJD	29.7	29.7	32.1	32.1	2.4
Other	22.2	22.0	29.9	34.6	12.4
Total	\$291.7	\$296.1	\$310.6	\$322.8	\$31.1

FY2019 Financial Projections Analysis: Revenues from Other Governments

- ▶ The third quarter QCMR projection of FY2019 General Fund revenue from other governments is \$792.6 million, a decrease of \$13.9 million from the Plan.
- ▶ The overall decrease is mostly attributable to a decrease in Public Health revenue (\$20.1 million), offset by increases in the PICA City Account revenue (\$7.7 million) and Finance revenue (\$4.3 million).

FY2019 General Fund Revenue From Other Governments Projections (\$ in Millions)					
<u>Agency Source</u>	<u>FY2019-23 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Change from Plan to Third Quarter QCMR</u>
PICA City Account	\$469.0	\$475.7	\$476.7	\$476.7	\$7.7
Finance	164.2	168.5	168.5	168.5	4.3
Revenue	42.8	42.8	41.0	41.0	(1.8)
Public Health	82.9	60.4	62.8	62.8	(20.1)
Other	47.6	47.3	43.7	43.7	(3.9)
Total	\$806.4	\$794.6	\$792.6	\$792.6	(\$13.9)

FY2019 Financial Projections Analysis: Obligations

- ▶ The third quarter QCMR projects FY2019 obligations at \$4,824.0 million, an increase of \$98.5 million from the Plan. This increase is largely attributable to an increase in the Employee Benefits category (\$15.4 million), Fire Department costs (\$28.6 million), and other departments such as: Finance, City Commissioners, and the Managing Director's Office.
- ▶ Additionally, total projected obligations were adjusted upward in the third quarter to reflect an increase in spending for payments to the Capital Fund (\$20.3 million), payroll expenses in the Fire Department (\$12.0 million), and for voting machines and electronic polling books (\$2.2 million).

FY2019 General Fund Obligations Projections by Department/Line Item (\$ in Millions)					
<u>Department/Line Item</u>	<u>FY2019-23 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Change from Plan to Second Quarter QCMR</u>
Employee Benefits	\$1,360.2	\$1,378.6	\$1,378.6	\$1,375.6	\$15.4
Debt Service	295.0	295.0	295.0	295.0	--
Police	709.5	710.2	711.1	711.1	1.6
Prisons	249.4	250.2	250.2	250.2	0.8
Fire	277.6	294.0	294.2	306.2	28.6
Streets	142.0	146.7	146.7	146.7	4.7
Indemnities	48.8	48.8	48.8	48.8	--
Office of Education	24.9	29.5	29.5	29.5	4.6
Licenses & Inspections	37.5	38.0	38.0	38.0	0.5
Sheriff	26.2	26.2	26.2	26.2	0.1
Other	1,554.4	1,576.8	1,585.0	1,596.7	42.3
Total	\$4,725.5	\$4,794.1	\$4,803.4	\$4,824.0	\$98.5

FY2019 Financial Projections Analysis: Obligations

- ▶ The third quarter QCMR projects FY2019 wage obligations at \$1,771.5 million, an increase of \$33.1 million from the Plan due to increased wage costs.
- ▶ The third quarter QCMR projects an increase in employee benefits costs of \$15.4 million compared to the Plan projections.
- ▶ Payments to other funds are also expected to come in significantly above Plan projections, by \$49.1 million.

FY2019 General Fund Obligations Projections by Class (\$ in Millions)					
<u>Obligation Class</u>	<u>Revised FY2019-23 Plan</u>	<u>First Quarter QCMR</u>	<u>Second Quarter QCMR</u>	<u>Third Quarter QCMR</u>	<u>Change from Plan to Third Quarter QCMR</u>
Wages	\$1,738.4	\$1,759.2	\$1,759.7	\$1,771.5	\$33.1
Employee Benefits	1,360.2	1,378.6	1,378.6	1,375.6	15.4
Purchase of Services	951.7	946.7	954.6	956.5	4.9
Materials, Supplies & Equipment	114.4	117.5	118.4	123.1	8.7
Contributions & Indemnities	282.2	282.1	282.1	287.0	4.8
Debt Service	169.5	169.5	169.5	169.5	--
Payments to Other Funds	38.1	86.9	86.9	87.2	49.1
Advances & Miscellaneous	71.0	53.6	53.6	53.6	(17.4)
Total	\$4,725.5	\$4,794.1	\$4,803.4	\$4,824.0	\$98.5

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 FY2019 through FY2020. The award provides for wage increases of 3.25 percent in FY2019, 3.5 percent in FY2019, and 3.75 percent in FY2020. The City is also required to make a \$4.5 million lump sum payment 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 FY2019 through FY2020. For Deputy Sheriffs, the award provides for wage increases of 3 percent in FY2019 and 3.25 percent in FY2019 and FY2020. For Register of Wills employees, the award provides for wage increases of 3 percent in FY2019, 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 FY2019 through FY2020. The award includes wage increases of 3.25 percent in FY2019, 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 includes pension reforms surrounding plan design,¹ 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. A reopener in November 2018 resulted in the City’s commitment to two lump sum payments to the union’s health fund of \$17 million in FY2019 and \$11 million in FY2020.
 - ▶ **Local 159 & Local 1637**: An interest arbitration award was issued for Correctional Officers covering the period from FY2019 through FY2020. The award provides for wage increases of 3 percent in FY2019 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 FY2019 through FY2020. The contract provides for wage increases for each step of each pay range in the DC47 pay plan of 3 percent in FY2019, 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 Five Year 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:

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 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 FY2019 and FY2019, for a total increase of 1.84 percent. Contributions for new hires will be increased by 2.5 percent above the FY2019 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

City Pension Plans Eligibility and Participant Contribution Requirements		
Bargaining Unit/ Category	Previously-Hired Employees	Newly-Hired Employees ¹
Police (FOP) and Firefighters (IAFF) ³	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 FY2019 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%-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 ⁴ ; 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 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 ⁴ ; City to match 50% of contributions, capped at 1.5% of annual compensation)

Notes:

¹ 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.

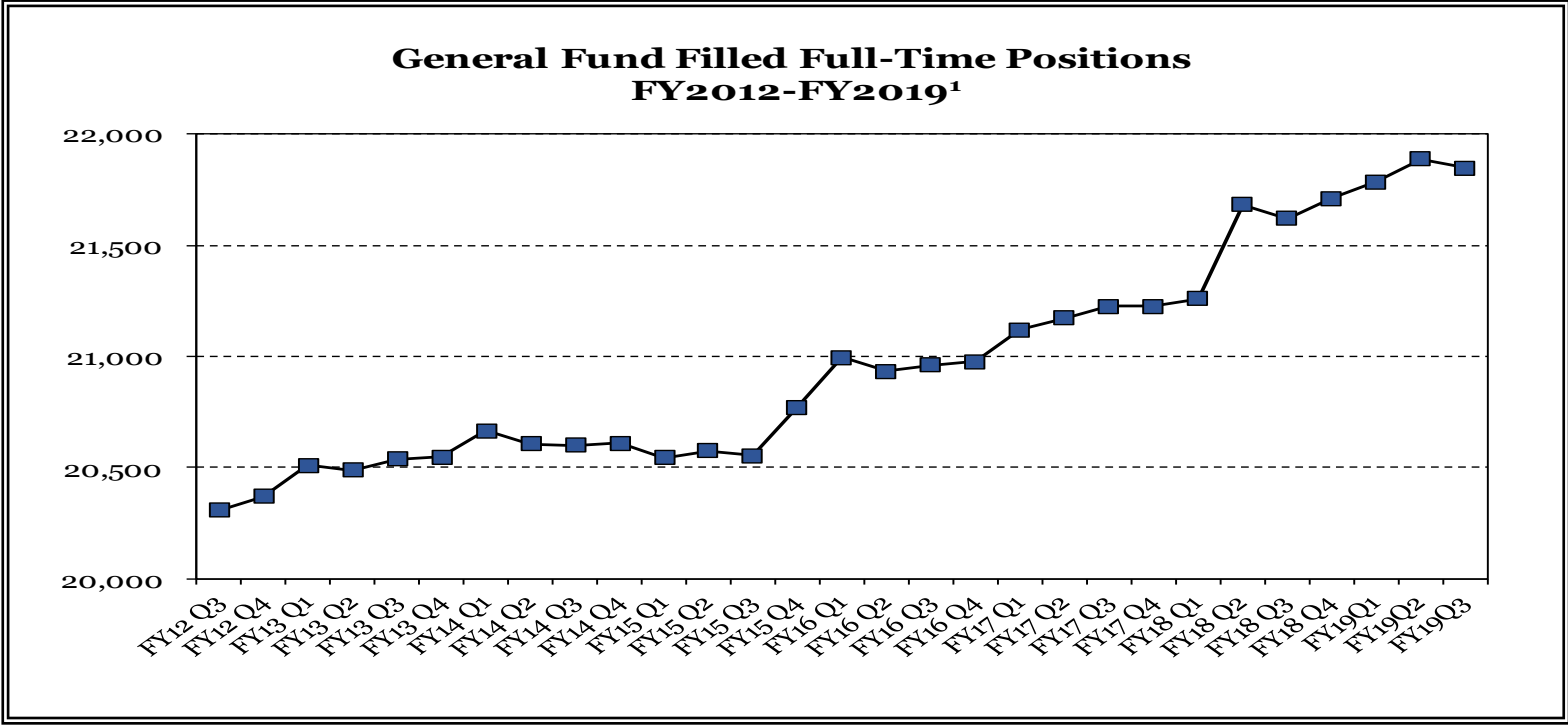
² Assumes employees are covered by Social Security.

³ 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.

⁴ 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 totaled 21,846 in the third quarter of FY2019, an increase of 225 employees since the third quarter of last year, and in increase of 325 employees since the first quarter of 2009 (the previous peak for pre-recession City staffing levels). However, total employees decreased slightly since the second quarter, which represents the first staffing decrease since the third quarter of last year.

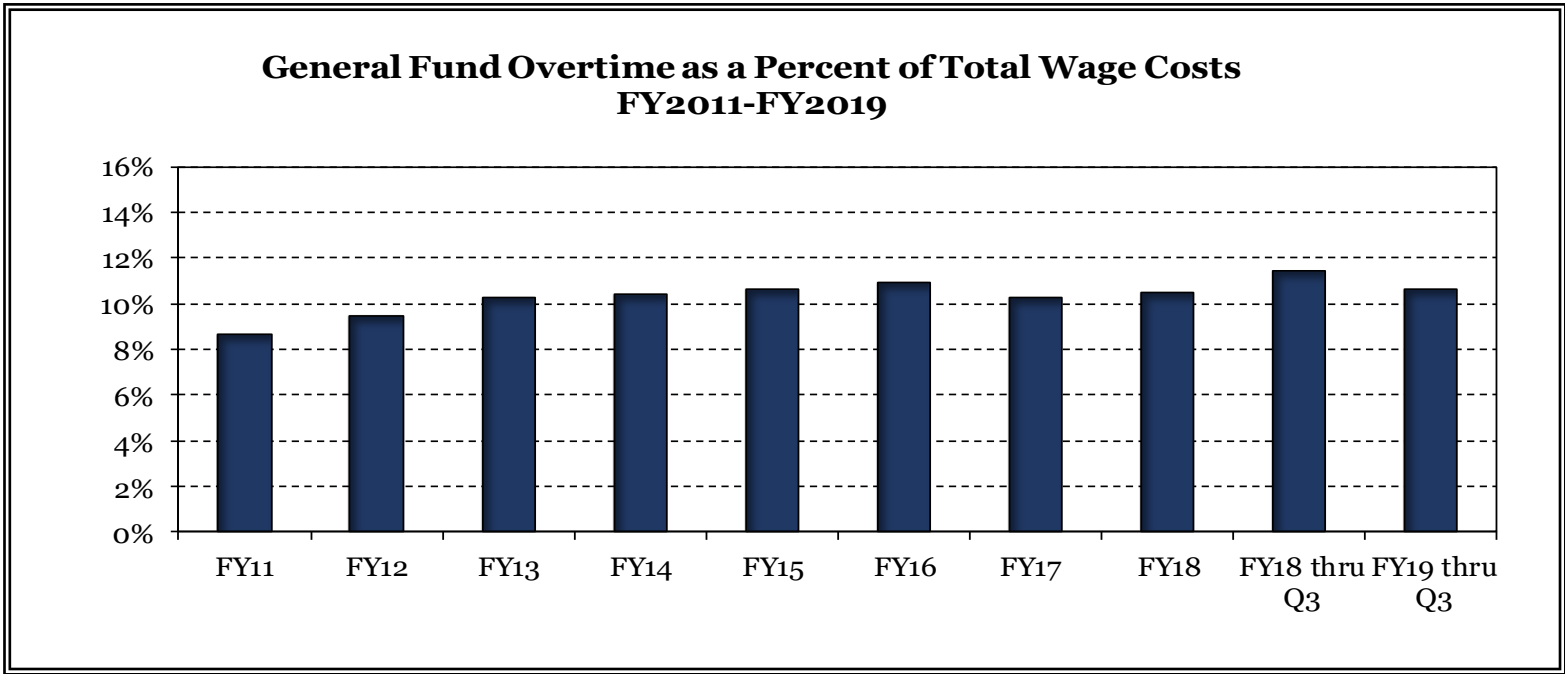


Note:

¹ Department of Human Service (“DHS”) personnel are excluded to allow comparability; DHS personnel are primarily reported in the Grants Revenue Fund beginning in FY2012, due to an accounting change.

Key Management Issues: Overtime

Actual overtime costs through the third quarter of FY2019 totaled approximately \$133.1 million, a decrease of \$2.3 million compared to the same period last year. Thus, the City has achieved a decrease in overtime spending in each of the first three quarters of this fiscal year. Additionally, this year’s overtime costs through the third quarter represent 10.6 percent of wages and salaries compared to 11.4 percent last year, reflecting a higher budget for wages and salaries in FY2019.¹



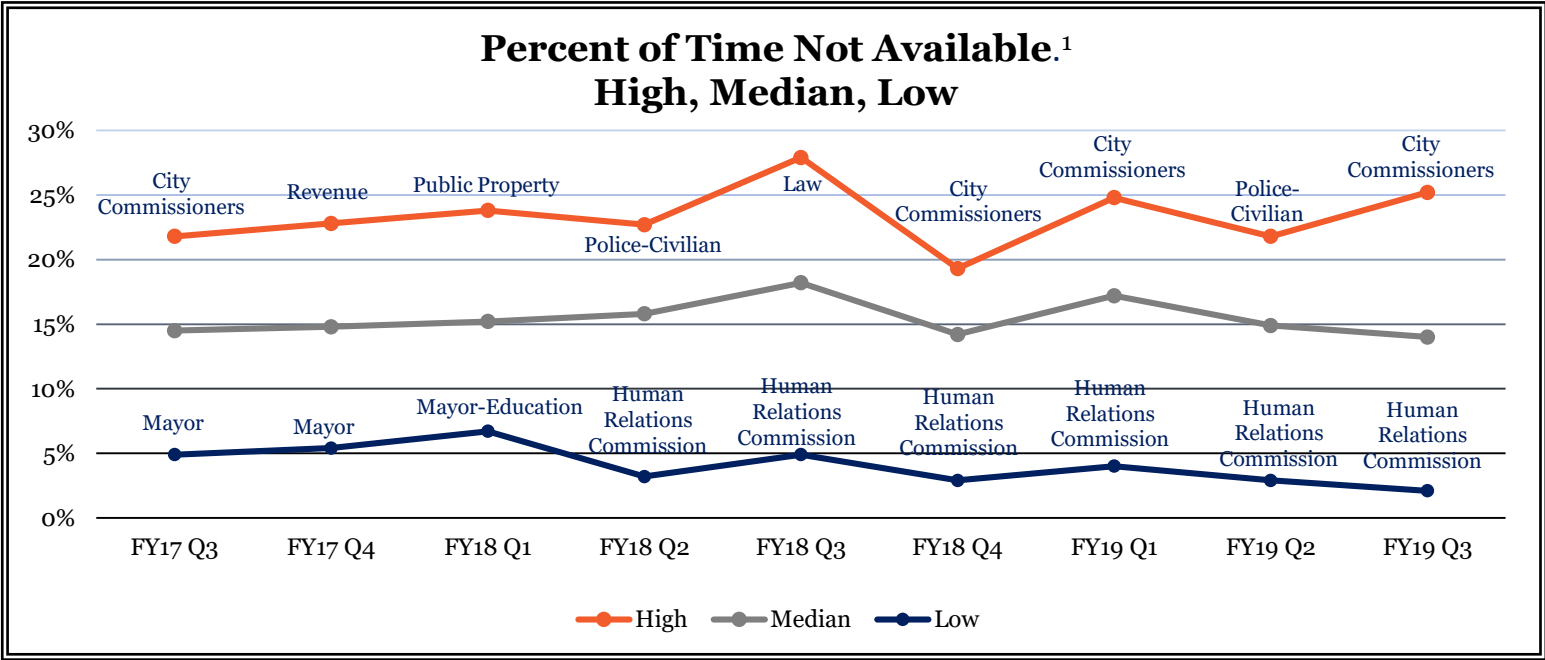
Notes:

¹ For further analysis on the City’s overtime spending by quarter, see PICA’s Staff Reports on City of Philadelphia Overtime <http://www.picapa.org/staff-report-on-city-of-philadelphia-overtime/>.

Key Management Issues: Leave Usage

All Departments

The median rate of leave usage across all City agencies in the third quarter was 14.0 percent, a considerable decrease compared to the same quarter last year and a return to an average rate of leave usage after a spike in median leave usage in the first quarter of FY2019. Employees of the City Commissioner’s Office recorded the high leave usage rate of 25.2 percent, while Human Relations Commission employees recorded the low rate for the sixth consecutive quarter, with a rate of 2.1 percent.

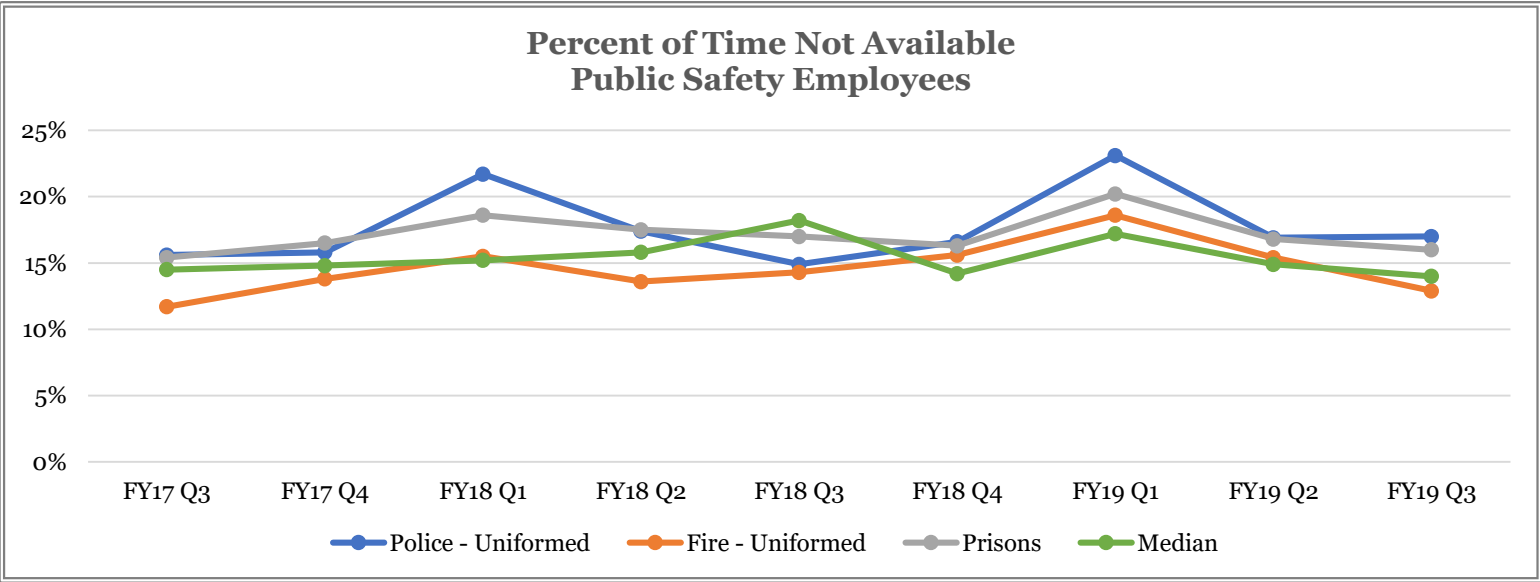


Note:
¹ The City’s calculation of leave usage is for the period from January 1 to March 17, 2019. The calculation does not represent the full quarter, as OnePhilly, the City’s new payroll system was implemented in mid-March. The calculation includes time not available due to sick, injured-on-duty, vacation, 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 third quarter of FY2019 increased for uniformed police officers, while decreasing for uniformed employees of the Fire and Prisons Departments, compared to the third quarter of FY2018.¹ Of these three departments, only uniformed employees of the Fire Department achieved a rate of leave usage lower than the median rate for all City departments.



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. 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

Homicides increased by 51 victims, or 22.1 percent compared to the same period last year, while part one violent crimes decreased by 270, or 2.5 percent. The homicide clearance rate (homicide cases in which an arrest is made) decreased from 49.5 percent at this point last year, to 47.1 percent currently. The Police Department is in the process of implementing Operation Pinpoint, a multi-agency crime-fighting and information-sharing strategy aimed at reducing gun violence and the homicide rate by targeting the worst violent offenders and areas of repeated incidents. PICA staff will monitor the effectiveness of these strategies.

Police Department								
<u>Measure</u>	<u>Totals</u>					<u>Through Q3</u>		<u>FY2019 Target</u>
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY18</u>	<u>FY19</u>	
Homicides	246	248	288	307	309	231	282	<FY2018 ¹
Part 1 violent crime ²	16,533	15,912	15,859	15,368	14,719	11,001	10,731	<FY2018 ¹
Homicide clearance rate ³ (%)	56.5	62.1	49.8	36.8	47.0	49.5	47.1	60.0

Notes:

¹ A reduction from FY2018.

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 have been under review since the fourth quarter of FY2016, and the Department's efforts to comply with National Fire Protection Association ("NFPA") standards and improve data collection and reporting efforts are ongoing. Please see associated footnotes for descriptions of updates in progress for corresponding metrics. Civilian fire-related deaths have nearly doubled through the first three quarters of FY2019 compared to the same period last year as a result of several fire incidents that resulted in more than one death.

Fire Department								
Measure	Totals					Through Q3		FY2019 Target
	FY14	FY15	FY16	FY17	FY18	FY18	FY19	
Fire engine average response time	4:57	4:54	4:53	--	--	--	--	--
Fire engine average response time ¹	--	--	--	7:12	7:21	7:20	6:42	≤5:20
Structure fires ²	3,019	2,880	2,680	2,573	2,525	N/A ³	--	--
Structure fires	--	--	--	--	--	--	3,761	Baseline ³
Civilian fire-related deaths	23	24	17 ⁴	22	17	11	20	<FY2018 ⁵
EMS response time (% within 9 minutes) ¹	64.0	68.5	69.8	--	--	--	--	--
EMS response time (% within 9 minutes)	--	--	--	36.5	33.0	33.3	32.9	≥90

Notes:

Emboldened, italicized figures have been revised from figures reported in prior Quarterly Reports.

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

² Prior to FY2018, 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 future years.

³ City officials hope to have a more accurate idea of the number of structure fires given changes in reporting, thus, FY2019 figures will be used to establish a baseline for future targets.

⁴ Adjusted from the previously reported number of 18 per updated reporting from the Fire Marshall's Office.

⁵ Less than FY2018

Departmental Performance: Public Safety

Prison System

Through the third quarter of FY2019, 82.7 percent of sentenced inmates were participating in educational or treatment programs, an improvement over last year's rate, while the one-year rate of reincarceration decreased to 37.4 percent, falling below the City's FY2019 target of 38 percent. The "percent of newly admitted inmates processed and housed within 24 hours" has stood at 100 percent since the City began reporting that measure in FY2009, and is unlikely to change given the current average processing time of 8-10 hours.

Prison System								
<u>Measure</u>	<u>Totals</u>					<u>Through Q3</u>		<u>FY2019</u>
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY18</u>	<u>FY19</u>	<u>Target</u>
Sentenced inmates participating in educational/treatment program (%)	73.8	78.6	80.5	77.9	81.5	79.2	82.7	80.0
One-year re-incarceration rate (%) ¹	40.3	40.6	38.2	37.1	38.1	38.3	37.4	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	100.0

Notes:

Emboldened, italicized figures have been revised from figures reported in prior Quarterly Reports.

¹ 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

The Department performed fewer demolitions through the third quarter of FY2019, as compared to the previous year. The number of demolitions continues to lag behind last year's totals due to a single \$600,000 demolition performed earlier in the year. L&I has issued over 4,000 more permits this year, reflecting the City's ongoing construction boom. The rate of nuisance properties inspected within twenty days increased slightly over last year, after having decreased through the second quarter.

Department of Licenses and Inspections								
<u>Measure</u>	<u>Totals</u>					<u>Through Q3</u>		<u>FY2019 Target</u>
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY18</u>	<u>FY19</u>	
Demolitions performed ¹	522	492	557	--	--	--	--	--
Demolitions performed	--	---	--	524	428	394	339	500
Percent of nuisance properties inspected within seven days (%)	--	--	--	55.1	--	--	--	--
Percent of nuisance properties inspected within twenty days ² (%)	--	--	--	70.0	82.3	82.3	84.0	85.0
Permits issued ³ (thousands)	35.7	35.4	39.9	--	--	--	--	--
Permits issued (thousands)	--	--	--	54.4	57.0	41.1	45.2	55.0

Notes:

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

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

³ 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

DHS has improved on all below performance metrics and are well within their targets, except for the percent of the dependent population in care more than two years, which has increased by a full percentage point through the third quarter, as compared to last year. However, DHS has implemented various initiatives aimed at improving this metric, such as Rapid Permanency Reviews and added legal staff. Child Protective Services (“CPS”) investigations were determined within 60 days, at a rate nearing 100 percent.¹ The dependent placement population decreased by 469, bringing the total dependent population to 5,572, while remaining below 6,000 for the fourth consecutive quarter. The percent of children in Kinship Care improved to 47.5 percent, from 46.9 percent last year, just short of the FY2019 target of 48.0 percent.

Department of Human Services								
Measure	Totals					Through Q3		FY2019
	FY14	FY15	FY16	FY17	FY18	FY18	FY19	Target
Percent of CPS investigations determined within 60 days ¹ (%)	--	--	--	98.2	99.3	99.2	99.8	≥98.0
Percent of children in Kinship Care ² (%)	--	--	--	46.2	47.0	46.9	47.5	48.0
Dependent placement population (as of last day of quarter)	4,473	5,184	5,948	6,095	5,927	6,041	5,572	≤5,927
Percent of dependent placement population in care more than two years (as of last day of quarter) (%)	31.5	30.5	31.2	34.9	37.6	37.4	38.9	≤36.0

Notes:

¹ New measure beginning in FY2017. CPS = Child Protective Services. Due to the 60 day reporting period, FY2019 data shown is *for* the first and second quarter of FY2019.

² 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.

Departmental Performance: Health and Human Services

Department of Public Health

The percent of District Health Center visits by uninsured patients through the third quarter increased slightly compared to last year, after a period of decline over previous fiscal years. New HIV diagnoses decreased through the third quarter, as also compared to last year's figure. The percentage of children with complete immunizations decreased by four percentage points to a low of 76.8 percent.

Department of Public Health								
<u>Measure</u>	<u>Totals</u>					<u>Through Q3</u>		<u>FY2019 Target</u>
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY18</u>	<u>FY19</u>	
Uninsured patient visits to District Health Centers (%)	49.6	49.0	42.1	40.9	40.4	40.5	41.4	41.0
New HIV diagnoses	704	585	538	480	495	374	332	550
Children with complete immunizations (%) ¹	78.0 ²	85.8	77.9	80.8	80.8	80.8	76.8	78.5

Notes:

¹ Includes children aged 19-35 months.

Departmental Performance: Health and Human Services

Office of Homeless Services

A point-in-time count performed by the Office of Homeless Services (“OHS”) in January of 2019 estimated the City’s homeless population at 3,993, of which 1,132 were unsheltered. This represents a reduction of 1,795 compared to last year’s total, a decrease of 31.0 percent. Households receiving financial assistance to prevent homelessness increased substantially, by 305 households through the third quarter of FY2019, compared to the FY2018 figure. However the number of households receiving assistance through the Rapid Rehousing program, which targets families and individuals who are currently residents of emergency or transitional housing programs, decreased by 26 households. OHS introduced a new metric in FY2019, “Percent of exits to permanent housing destinations from shelter and transitional housing programs,” improving on that metric by five percentage points through the third quarter over the prior fiscal year.

Office of Homeless Services								
<u>Measure</u>	<u>Totals</u>					<u>Through Q3</u>		<u>FY2019 Target</u>
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY18</u>	<u>FY19</u>	
Assistance to prevent homelessness (households) ¹	676	814	824	814 ²	837	539	844	725
Rapid Rehousing assistance to end homelessness (households) ²	135	356	339	380	447	305	279	400
Exits to permanent housing destinations from shelters/transitional housing (%) ³	--	--	--	--	35.0	30.0	35.7	30.0

Notes:

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

² Measures the Office of Homeless Services Rapid Rehousing units.

³ New measure for FY2019

Departmental Performance: Community and Culture

Free Library of Philadelphia

The Free Library of Philadelphia (“FLP”) reported increases in all of the below metrics through the third quarter of FY2019 except in-person visits, which declined by approximately 100,000, and have been declining annually since FY2015. Digital access increased by almost 400,000 instances and website visits by almost 300,000 visits—statistical representations of the changing demands of 21st century libraries. However, combined program attendance also increased by almost 56,400 residents, reflecting the community-based programming offered by neighborhood library branches.

Free Library of Philadelphia								
Measure	Totals					Through Q3		FY2019
	FY14	FY15	FY16	FY17	FY18	FY18	FY19	Target
Digital access ¹ (millions)	--	--	--	3.34	3.57	2.62	3.00	3.70
In-person visits (millions)	5.67	5.90	5.84	5.13	4.96	3.70	3.60	5.40
Website visits ² (millions)	8.2	9.9	8.7	--	--			--
Website visits (millions)	--	--	--	5.03	6.36	4.70	5.04	6.50
Program attendance ³ (thousands)	--	--	--	684.9	703.3	483.8	540.1	712.5

Notes:

¹ New measure beginning in 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 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. See City of Philadelphia, *Quarterly City Managers Report for the Period Ending March 31, 2019*: page 48, for a full breakdown of the age groups in attendance: <http://www.picapa.org/wp-content/uploads/2019/05/QCMR-ending-3-31-19.pdf>.

Departmental Performance: Community and Culture

Philadelphia Parks & Recreation

Each of the below metrics for Parks and Recreation decreased through the third quarter, as compared to last year. The number of programs offered by Parks and Recreation decreased slightly, while visits to Department facilities and sites decreased by approximately 60,000. There are no scheduled tree plantings in the third quarter, and a large scale tree planting project is scheduled for FY2020, substantially reducing the number of plantings this fiscal year.

Parks & Recreation								
<u>Measure</u>	<u>Totals</u>					<u>Through Q3</u>		<u>FY2019</u>
	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY18</u>	<u>FY19</u>	<u>Target</u>
Programs offered ¹	3,603	4,695	--	--	--			--
Programs offered	--	--	3,196	3,286	3,291	2,879	2,866	3,300
Visits to Department facilities and sites (millions) ²	6.24	6.78	--	--	--	--	--	--
Visits to Department facilities and sites (millions) ³	--	--	9.65	9.65	9.53	6.73	6.67	9.30
Acres mowed (thousands) ⁴	40.3	40.3	41.6	41.7	41.7	--	--	--
New trees planted (thousands) ⁵	18.3	13.9	7.5	4.9	4.3	2.9	1.1	2.8

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 FY2016 onward reflect this change. Prior fiscal year totals do not reflect this change, and are intended for year-over-year comparison through FY2015 only.

³ 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.

⁴ Parks and Recreation is no longer reporting acres mowed as a performance metric.

⁵ 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 through the third quarter of FY2019 increased by 90. The City funds counseling, outreach, a hotline, and legal assistance to prevent homeowners from becoming homeless due to foreclosure. Owner-occupied homes repaired decreased through the third quarter; despite available funding for the Basic System Repair Program (“BSRP”)—a program which provides free home systems repairs for low-income residents—being bolstered by a \$60 million bond issuance in the spring of 2017. DHCD reported 13,603 vacant City lots cleaned and greened through the third quarter, and has already reached its FY2019 target for this metric. Finally, 5,471 clients received housing counseling thus far this year; this is the only metric for which the Division is not on track to meet its annual target.

Division of Housing and Community Development								
Measure	Totals					Through Q3		FY2019
	FY14	FY15	FY16	FY17	FY18	FY18	FY19	Target
Mortgage foreclosures diverted	1,232	1,178	1,502	1,210	1,088	840	930	1,100
Owner-occupied homes repaired ¹	5,689	5,111	6,080	5,621	6,920	5,048	4,994	7,400
City lots greened and cleaned ²	8,766	8,713	9,227	12,592	12,841	12,488	13,603	12,000
Clients receiving housing counseling	12,398	11,495	10,428	12,191	NA ³	NA ³	5,471	8,000

Notes:

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

² Includes land stabilization and land maintenance.

³ DHCD is unable to report FY2018 housing counseling measures due to issues with switching from one case management system to another.

Departmental Performance: Transportation and Infrastructure

Streets Department

On-time trash and recycling collection rates through the third quarter of FY2019 both improved, yet neither are on track to meet the City's targets. The percentage of total waste recycled (recycling rate) continues to decrease, as "significant changes in the global recycling market have drastically reduced demand for recycling products and materials."¹ With the addition of a second paving crew at the end of FY2018, Streets has resurfaced 14 more miles of City streets in FY2019. However, the Department does not perform resurfacing from January through March, as weather conditions prevent asphalt from adhering to the roadways. The Department's ability to respond to potholes within three days improved, yet their ability to repair potholes within three days declined—potentially due to the complexity of the repairs. Both of these measures are on track to meet the City's FY2019 targets.

Streets Department								
Measure	Totals					Through Q3		FY2019
	FY14	FY15	FY16	FY17	FY18	FY18	FY19	Target
Recycling rate (%)	20.9	19.0	20.5	19.2	17.0	17.0	14.7	17.0
On-time trash collection ¹ (%)	85.3	75.5	84.3	85.3	80.8	80.7	87.0	90.0
On-time recycling collection ² (%)	93.3	96.0	95.8	96.5	95.9	95.2	96.7	97.0
Pothole response time (days) ²	1.8	2.4	2.0	2.3	3.4	3.5	2.7	3.0
Potholes repaired within 3 days ³ (%)	--	--	--	--	90.0	94.0	92.2	90.0
Miles resurfaced ⁴	--	--	--	56	77	41	55	95.0

Notes:

¹ City of Philadelphia, *Quarterly City Managers Report for the Period Ending March 31, 2019*: page 50: <http://www.picapa.org/wp-content/uploads/2019/05/QCMR-ending-3-31-19.pdf>.

² Percentage of collections completed by 3:00 PM.

³ New measure for FY2019.

⁴ New measure for FY2018.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

1500 WALNUT STREET, SUITE 1600, PHILADELPHIA, PA 19102

(215) 561-9160



www.picapa.org



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