

## PICA Fact Sheet

# City of Philadelphia's Quarterly City Managers Report

For the Period Ending September 30, 2023

### Significant Stats

#### **FY23:**

- **Updated Fund Balance of \$981.6M, up \$300M** from the 5YP due to non-recurring personnel underspends alongside higher than anticipated Wage and PICA Tax revenue.

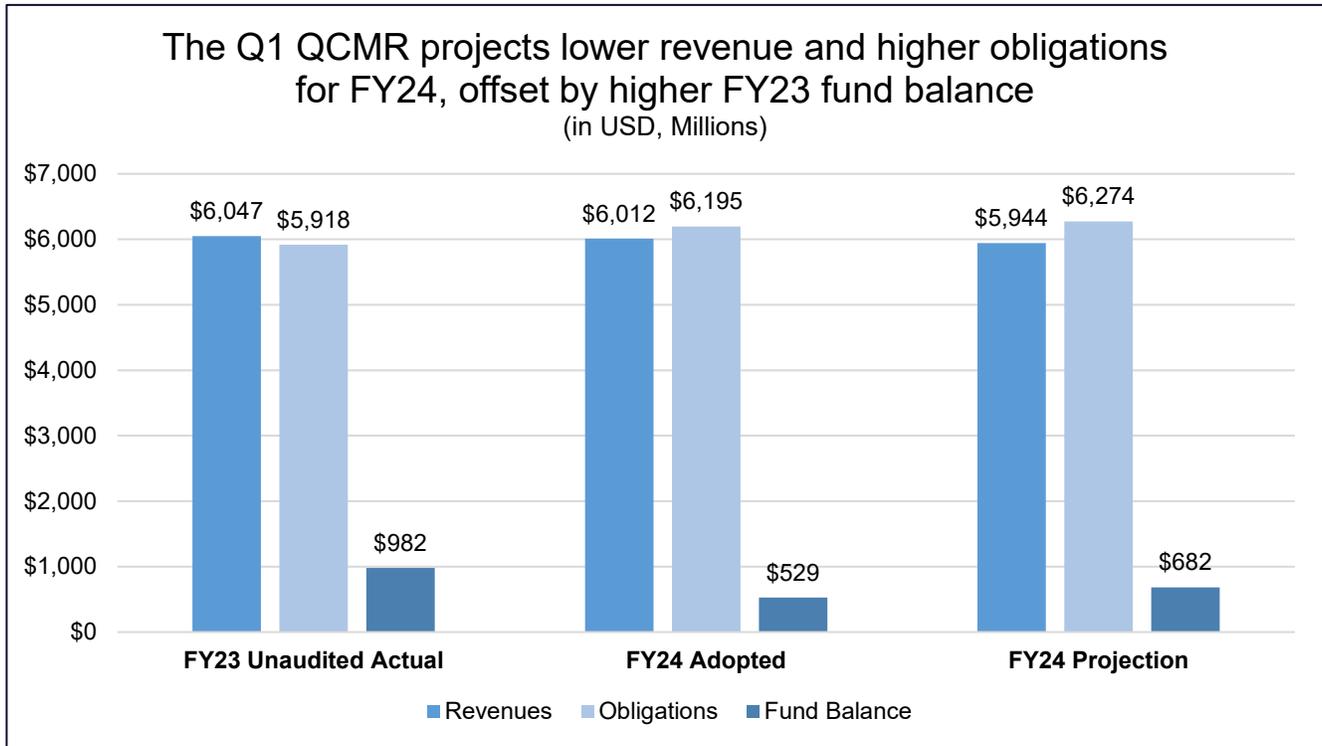
#### **FY24:**

- **Spending is projected to increase by \$78.2M** in conjunction with the proposed FY24 mid-year transfer ordinance. The largest increases are for Homeless Services (\$16.1M to maintain # of shelter beds and operations at the Phila Nursing Home), Finance (includes \$12M for indemnities + \$2M for contributions), Fire (\$10M for vehicles to reopen stations) and Prisons (\$10M for maintenance, locks, and food).
- **Realty Transfer Tax revenue projections have been lowered to \$265M, \$124M/ 32% lower** than in the 5YP.
- **About 1 in 5 jobs remain vacant.** The situation is worse in certain departments, like Prisons (42% vacancy). \$800K is being released from the Labor Reserve for employee attraction and retention initiatives.
- **The FY24 Fund Balance estimate has been raised to \$685M, \$153M higher than the 5YP.**

### The Takeaway

The City's finances are in good shape – for now. Continuing trends of rising spending and reduced revenues that require using up the fund balance cannot be sustained over the long run. Future 5YPs need to address this imbalance.

## The Big Picture



### Lower Revenues, Higher Obligations, and a Higher Fund Balance

**Revenue.** The current revenue projection for FY24 is \$5.9B, a decrease of \$67.7M from the approved Five-Year Plan. This can be attributed to lower-than-expected Realty Transfer Tax in the first quarter and BIRT due to reducing the base because FY23 collection fell short of projections.

**Obligations.** FY24 General Fund obligations are projected at \$6.3B, an increase of \$78.2M above the approved Five-Year Plan. This is primarily due to proposed increases in the FY24 Fall transfer ordinance to address staffing needs and one-time costs. This total may change in the adopted version of the legislation – stay tuned.

**Fund Balance.** The FY24 Fund Balance is projected to increase by \$153.2M over the Five-Year Plan projection, to \$682M, (11.5% of revenues). This exceeds the City’s Target of at least 6-8% of revenues but falls below the GFOA recommended level of 17% of obligations, or approximately \$1.1B.

PICA Fact Sheet: FY24 QCMR Q1

## Revenues

<b>FY24 General Fund Revenues</b>				
(USD, Millions)				
<b>Category</b>	<b>FY24-28 5YP</b>	<b>FY24 Q1</b>	<b>Current FY24 Projection</b>	<b>Change from 5YP</b>
Taxes	4,141.2	471.9	4,037.5	(103.7)
Locally Generated Non-Tax	386.7	118.5	406.7	20.0
Revenue from Other Governments	1,025.3	302.1	1,041.4	16.1
Revenue from Other Funds	458.8	-	458.8	-
<b>Total</b>	<b>6,012.1</b>	<b>892.6</b>	<b>5,944.4</b>	<b>(67.7)</b>

- **Taxes** are projected to decrease by \$103.7M from the Five-Year Plan, primarily due to collection decreases in Realty Transfer Tax and a lower BIRT base. This is partially offset by increases in Wage, Earnings, and Net Profits taxes and Sales. Realty Transfer Tax collections are down likely due to declines in transactions associated with higher interest rates.
- **Locally Generated Non-Tax Revenue** is projected to increase by \$20M from the Five-Year Plan, primarily due to increases in interest earnings (\$14.9M) and EMS fee collections (\$2.2M).
- **Revenue from Other Governments** is projected to increase by \$16.1M from the Five-Year Plan due to increases from the PICA Tax (\$10M) and pension aid (\$9.6M) from the Commonwealth.

<b>FY24 General Fund Tax Revenues by Type</b>				
(USD, Millions)				
<b>Category</b>	<b>FY24-28 5YP</b>	<b>FY24 Q1</b>	<b>Current FY24 Projection</b>	<b>Change from 5YP</b>
Wage, Earnings, Net Profits	1,814.2	313.7	1,836.7	22.5
Real Estate	845.9	7.3	845.9	-
Business Income & Receipts	669.7	37.5	649.3	(20.4)
Sales	307.1	16.1	321.0	14.0
Real Estate Transfer	388.9	73.1	265.1	(123.8)
Amusement	33.4	11.0	37.4	4.0
Beverage	73.5	12.3	74.4	0.9
Other	8.5	0.8	7.7	(0.8)
<b>Total</b>	<b>4,141.2</b>	<b>471.9</b>	<b>4,037.5</b>	<b>(103.7)</b>

- **Wage, Earnings, and Net Profits** is projected to increase by \$22.5M due to continued growth in wages through Q1.
- **BIRT** is projected to decrease by \$20.4M due to lower than anticipated FY23 tax base.
- **Sales** is projected to increase by \$14.0M due to stronger than anticipated growth.
- **Real Estate Transfer** is projected to decrease by \$123.8M likely due to the current interest rate environment.
- **Amusement** is projected to increase by \$4.0M due to Wrestlemania and other events.

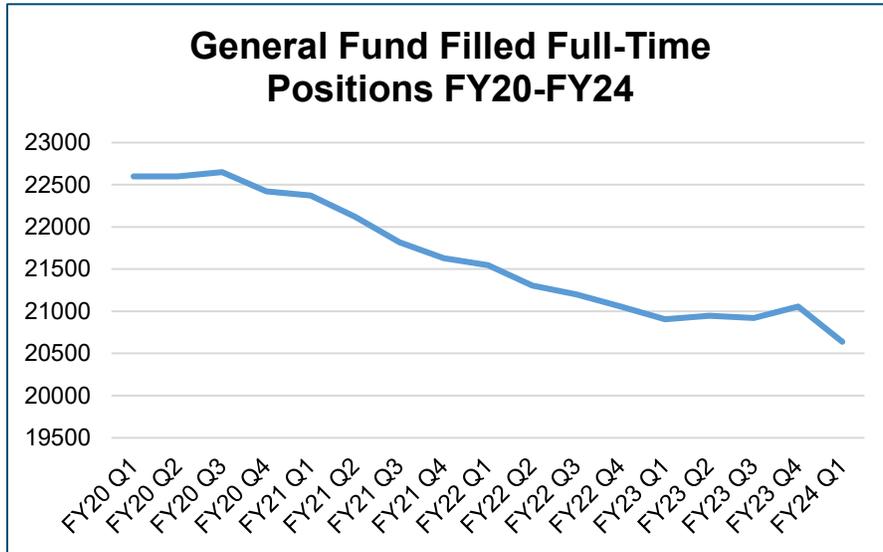
## Obligations

FY24 General Fund Obligations by Class (USD, Millions)				
Obligation Class	FY24-28 5YP	FY24 Q1	Current FY24 Projection	Change from 5YP
Wages & Benefits	3,829.0	614.1	3,837.0	8.0
Purchase of Services	1,380.1	634.4	1,413.8	33.6
Materials, Supplies, and Equipment	145.1	52.4	151.6	6.5
Contributions & Indemnities	425.2	159.5	440.0	14.8
Debt Service	201.6	125.9	201.6	-
Payments to Other Funds	147.0	73.2	163.2	16.1
Advances & Miscellaneous	67.4	-	66.5	0.8
<b>Total</b>	<b>6,195.4</b>	<b>1,659.6</b>	<b>6,273.7</b>	<b>78.2</b>

- **Wages and benefits (Class 100)** are projected to increase by \$8M due to increased personnel costs in MDO and the Mayor’s Office to support the mayoral transition.
- **Purchase of services (Class 200)** are projected to increase by \$33.6M due primarily to a shortfall in OHS and maintenance and food service increases in the Department of Prisons.
- **Materials, supplies, and equipment (Class 300/400)** are projected to increase by \$6.5M, largely for one-time equipment purchases and upgrades.
- **Contributions and indemnities (Class 500)** are projected to increase by \$14.8M due to increased contributions to other organizations, and indemnities arising from exonerations.
- **Payments to Other Funds (Class 800)** are projected to increase by \$16.1M, primarily for increased capital spending on vehicle purchases.
- **Advances and Miscellaneous (Class 900)** are projected to decrease by \$800,000 as funds in the Labor Reserve are released for employee retention initiatives.

Departments with the Largest \$ Change FY24 Adopted to Current Projection (USD)			
Department	FY24-28 5YP	Current Projection	Change from 5YP
Office of Homeless Services	80,556,703	96,656,703	16,100,000
Finance (Indemnities)	49,246,000	61,246,000	12,000,000
Fleet Services (Vehicle Purchases)	15,359,245	25,359,245	10,000,000
Prisons	292,774,430	302,768,812	9,994,382
Public Health	148,736,320	153,736,320	5,000,000
<b>Total</b>	<b>586,672,698</b>	<b>639,767,080</b>	<b>53,094,382</b>

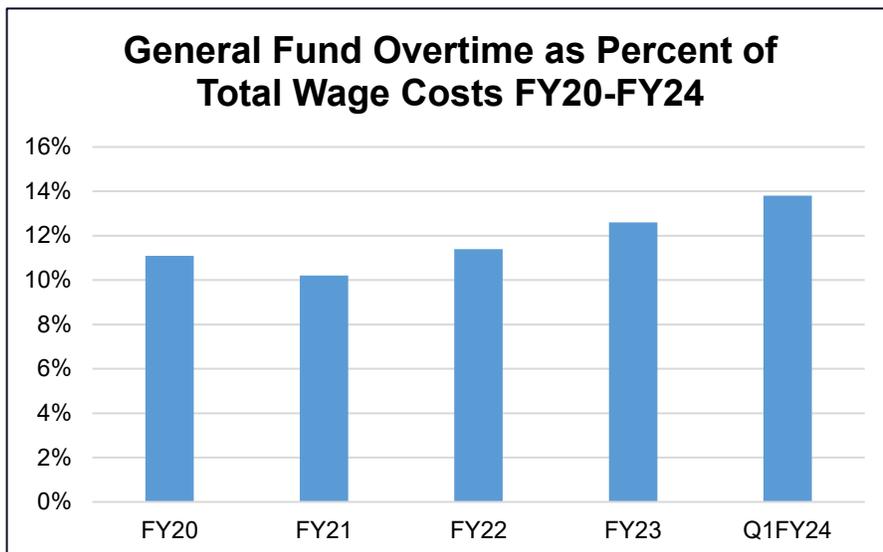
## Staffing, Overtime, and Leave Usage



### Staffing Trends

Total staffing through Q1 of FY24 is 20,638. The City’s adopted budget for FY24 approved a total of **25,185** full-time General Fund employees.

The departments with the highest vacancy rates are Prisons (42% of positions unfilled) and Procurement (31% of positions unfilled).



### Overtime Trends and Leave Usage

FY24 preliminary overtime costs through the first quarter were \$59.6M, or 13.8% of total wages, 1.3 percentage points lower than Q1 FY23.

City departments spent \$5.3M less on overtime through the first quarter of FY24 than over the same period last year, a decrease of 8.1%; however, this is affected by shifting some staff to the new Transportation Fund.

Median leave usage was 15.8%, 1.4 percentage points higher than Q1 of FY23, mainly due to sickness and injury leave usage increases.

## Performance Measures We're Keeping an Eye On

These are critical measures that are currently not on track to meet the FY24 target, although some, like the Homicide Clearance Rate, show improvement over the same quarter last year.

<u>Department</u>	<u>Measure</u>	<u>FY23 Q1</u>	<u>FY24 Q1</u>	<u>FY24 Target</u>
Police	Homicide clearance rate	39.1%	52.5%	65.0%
Fire	Number of civilian fire-related deaths	4	4	Less than FY23
Fire	Fire engine response time (min:sec)	6:44	6:42	Less than 6:39
Fire	Percent of EMS calls responded to within 9 minutes	36.9%	35.1%	Over 90%
Public Health	Number of months between food establishment inspections	12	14	Less than 12
Streets	Recycling rate	11.8%	11.1%	13.0%
Streets	On-time collection: recycling	87.0%	79.0%	85.0%