

Revenue Fact Sheet:

Revenue from Other Governments

Understanding Revenues from Other Governments (ROG)

The City of Philadelphia receives billions of dollars in Revenues from Other Governments (ROG) each year, mostly from the Commonwealth of Pennsylvania and the federal government. These funds are typically provided for specific uses regardless of whether they are a one-time award or a recurring revenue stream, limiting the flexibility of the City to determine how to spend them. ROG are the primary revenue source for several of the City's funds, including the Grants Revenue, Community Development, and Community Behavioral Health/HealthChoices funds. For the City's General Fund, ROG is a smaller but still material share of the revenues, historically about 17 percent of General Fund revenues, and are generally revenue streams with more flexibility to spend based on local preferences. With about 60 percent of General Fund ROG coming from the PICA Tax, an even smaller share of General Fund revenues, less than seven percent, are *really* coming from other governments whose spending decisions and timelines are beyond the control of City government.

Where does ROG come from?

Any PICA Tax collections not needed for debt service on PICA-issued bonds and PICA administration costs are passed along to the City and are the primary source of General Fund ROG. The PICA Tax, collected in conjunction with the City's Wage Tax, is 1.5 percent of Philadelphia residents' wages. Once received by the City, these funds are totally flexible and can be used for any operating or capital costs at the discretion of the Mayor and City Council. Since all PICA bonds were fully repaid in FY23, the vast majority of funds are now passed to the City's General Fund.

| Top Five General Fund ROG Sources: FY16-25 | | | |
|--|--------------------|------------------------|------------------|
| Source | Origin | Amount | Percent of Total |
| PICA Tax | Philadelphia | \$5,441,712,000 | 61.0% |
| Wage Tax Relief | State government | \$952,096,000 | 10.7% |
| Pension Aid | State government | \$815,804,000 | 9.1% |
| Philadelphia Parking Authority | Philadelphia | \$386,122,000 | 4.3% |
| Medical Assistance | Federal government | \$172,819,000 | 1.9% |
| Top Five ROG Sources Total | | \$7,768,553,000 | 87.0% |

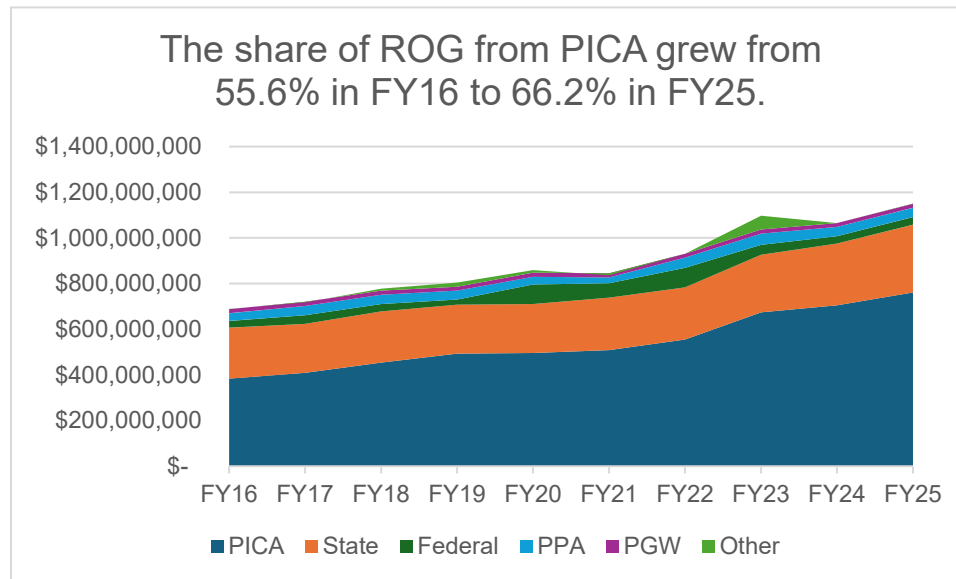
The Commonwealth of Pennsylvania provides the second largest share of ROG to the General Fund, with the main allocations being for Wage Tax Relief and Pension Aid. The Wage Tax Relief funds allow the City to operate without raising local earnings taxes and comes from taxes on casinos. In practice, this allows for Wage Tax Relief funds to be spent based on local priorities, so long as the overall Wage Tax rate is not increased. The City used those funds to reduce Wage Tax rates the first year they were received and either kept or lowered rates in subsequent years. Other communities in the Commonwealth also receive local tax relief funds supported by casino revenues, but those are directed towards property tax relief.

Federal funds are the third largest source of Revenue from Other Governments for the General Fund. Most of the federal funds received by the General Fund are reimbursements for medical care provided to individuals with Medicare and Medicaid at City health facilities. The General Fund also receives reimbursements for costs incurred during emergencies and together PICA,

You may be surprised to learn that most federal COVID relief was not classified as ROG in the General Fund. Instead, it was deposited into the City's Grants Revenue Fund and then transferred to the General Fund, causing it to be categorized as Revenue from Other Funds.

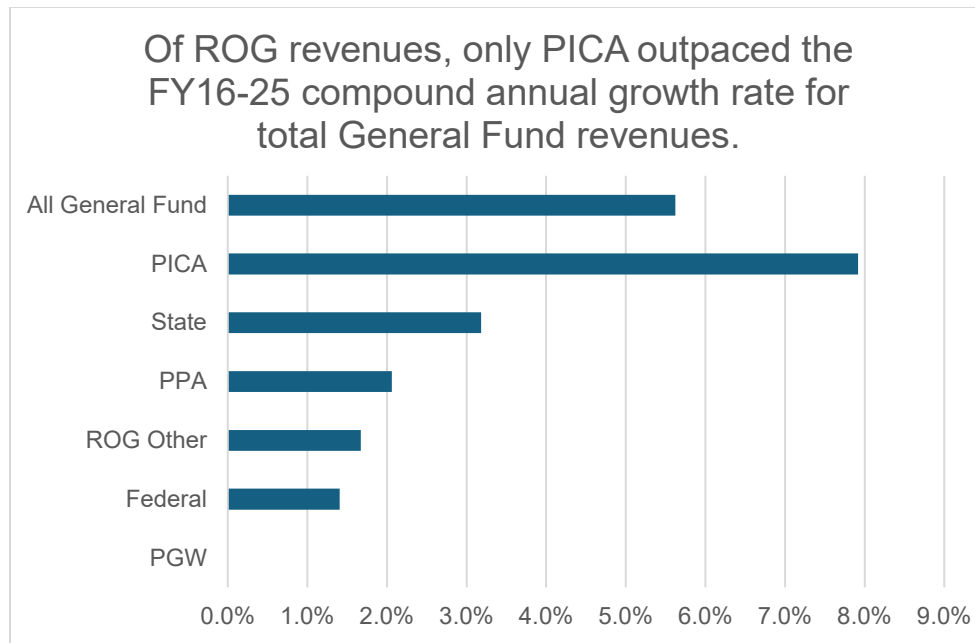
federal and state sources represent 92.6 percent of General Fund ROG. The Philadelphia Parking Authority (PPA), Philadelphia Gas Works (PGW), PATCO, the Philadelphia Industrial Development Corporation and a few other entities also remit funds to the General Fund. Aside from the major streams for Wage Tax and Pension relief, most ROG from the Commonwealth and Federal Government are targeted to supporting specific operations, primarily those associated with county-type services, like courts administration and public health.

10-Year Trend



ROG revenues grew at about the same rate as the overall General Fund revenues over the past decade, from \$689.1 million in FY16 to \$1.15 billion in FY25, with a compound annual growth rate of 5.9 percent. The PICA Tax, which accounts for nearly 60 percent of ROG (averaging more than a half billion dollars annually over the last decade), exhibited steady growth and a 7.9 percent compound annual growth rate. Unlike the other portions of the Wage Tax which had rate reductions in some years, the PICA Tax rate has been the same 1.5 percent since the early 1990s and cannot be reduced under state law. As a result, collections grew as wages and employment grew. The PICA Tax even grew through the pandemic since it wasn't affected by remote work and wage gains offset the impact of job losses. It may be helpful to think of the PICA portion of ROG as more closely aligned with tax revenue, as its collections are driven by economic conditions more than decisions at another level of government.

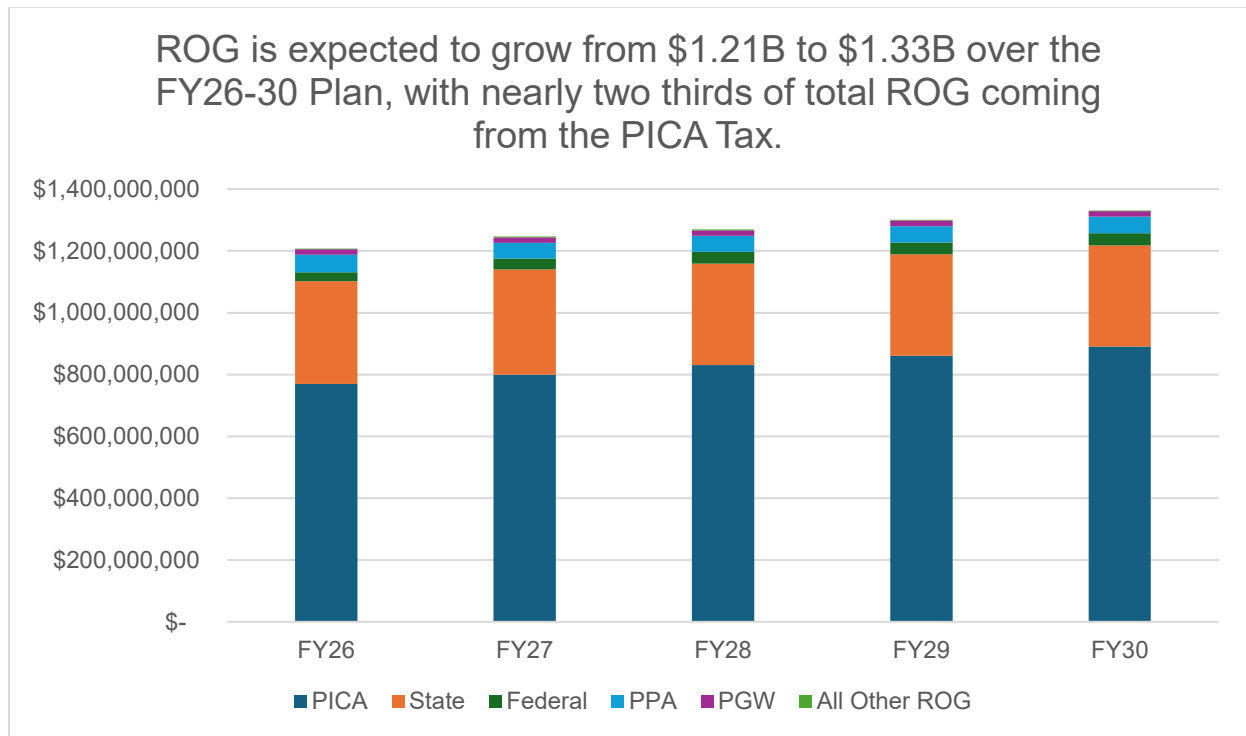
Resources derived from other governments rather than the strength of the local economy grew less robustly between FY16 and FY25. The compound annual growth rates for funds from the Commonwealth (3.2 percent) and federal government (1.4 percent) were more modest than the PICA Tax and General Fund overall. Commonwealth funds grew from \$223.7 million in FY16 to \$296.5 million in FY25, with steady growth across the decade.



Federal funds for the General Fund were \$29.7 million in FY16 and just \$4.0 million more than that in FY25, but that leaves out spikes from FY20 through FY22 due to FEMA payments for COVID-related and other emergencies reimbursed in those years.

Looking Ahead

The City projects a total of \$6.36 billion in General Fund Revenue from Other Governments over the FY26-30 Five-Year Plan, representing 19.1 percent of all General Fund revenues based on projections as of the end of the first quarter of FY26. ROG is projected to grow at a compound annual rate of 2.5 percent over the life of the Plan, from \$1.21 billion in FY26 to \$1.33 billion in FY30, less than half the rate in the past decade. Most of the \$123.2 million increase in ROG projected through the Plan is attributable to growth in the PICA Tax aligned with growth projections for the Wage Tax, with expectations for state funds to decline slightly, and federal funds to increase by about \$10 million. Wage Tax Relief from casino gaming funds and pension relief from the Commonwealth of Pennsylvania are expected to generate \$275 million in the first year of the Plan and the City anticipates a one-time payment of \$15 million in FY27 to cover costs associated with 2026 events including the World Cup and the 250th birthday of the United States. Federal funds for patient care are expected to increase in FY28 when the City plans to open new health centers, with greater capacity and increased patient load.



The Big Picture

Because the City classifies the PICA Tax as revenue from another government, local economic conditions will continue to have a significant impact on overall ROG receipts, although decisions at other levels of government have a material impact. Even though the non-PICA Tax ROG is less than 7 percent of all revenues, the expected low fund balances in the General Fund and the importance of ROG to other City funds to support community service needs mean that ongoing monitoring of this revenue stream is essential.

Where to Learn More

For additional details on Revenue from Other Governments and the City's financial outlook:

- See PICA's [Staff Report on the Five-Year Plan for FY26-30](#) and past Staff Reports at picapa.org.
- Find the City's revenue projections and budget documents on the [Office of the Director of Finance](#) website.
- Visit the City of Philadelphia's [Office of the Director of Finance](#) website for City budget documents.