

PICA Staff Report on the City of Philadelphia's FY27-31 Five-Year Plan



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July 2026

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Pennsylvania Intergovernmental
Cooperation Authority

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July 28, 2026

To the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority:

The staff of the Pennsylvania Intergovernmental Cooperation Authority (PICA) is pleased to provide you with our report on the City of Philadelphia's Five-Year Financial Plan for Fiscal Years 2027 through 2031 (the Plan).

This report provides a comprehensive assessment of the Plan and its compliance with the [Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class](#) (the PICA Act). This report:

- Analyzes the revenue, expenditure, and fund balance projections;
- Evaluates the reasonableness of the assumptions used to develop those projections; and,
- Assesses potential risks to the Plan.

Based on this review, and in accordance with the PICA Act, Section 209(f), "Authority Review and Approval of Plan," **I recommend that the Board approve the Plan as presented.**

The preparation of this report on a timely basis was made possible by the dedicated service of the entire PICA staff and our economic consultant, Professor Charles Swanson. I would also like to thank the City of Philadelphia's Office of the Director of Finance, the Budget Office, the Department of Revenue, and the Office of the City Controller for their expertise, cooperation, and ongoing assistance.

Sincerely,

Marisa G. Waxman, AICP
Executive Director

Executive Summary

PICA Staff recommends PICA Board approval of the City of Philadelphia's FY27-31 Five-Year Plan because it meets the PICA Act's criteria:

- Positive fund balances in all years of the Plan.
- Revenue and spending projections are based on reasonable and appropriate assumptions.
- Includes projections of all revenues and expenditures for five fiscal years.
- Includes all required elements: Mayor's statement, debt service payment schedule, legally mandated service schedule, description of methods and assumptions, operating and capital budget for FY27, cashflow forecast for FY27, City Controller's statement, and number of employee positions.

PICA Staff are confident that the Plan is based on reasonable and appropriate assumptions, and year-end fund balances are positive.

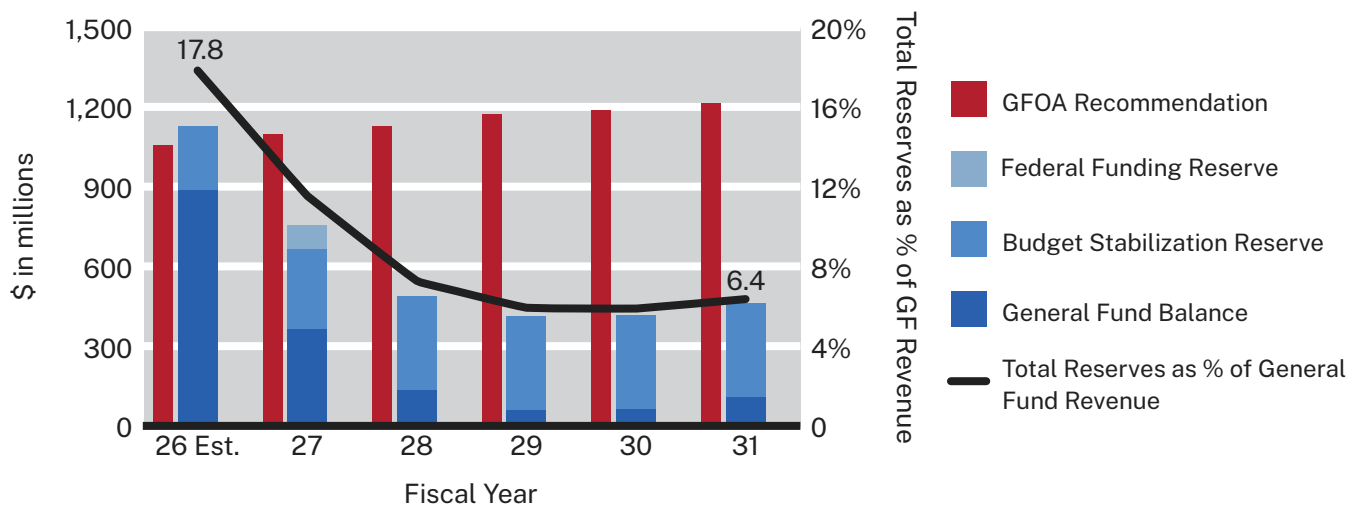
Positive Factors		Fiscal Risks	
• Commitment to Pension Plan funding	• External funding and policy uncertainty	• Economic downturns and other disruptions	
• Deposits into the Budget Stabilization Reserve	• Labor needs & costs	• Budget blind spots that don't have regular reporting	
• Decreasing operating deficits over the life of the Plan and operating surplus towards the end of the Plan	• Expanding programs without a recurring revenue source and/or standard reporting		
• Stable credit ratings			
• Maintaining the Labor Reserve			

FY27-31 Revenue Growth Rate	FY27-31 Spending Growth Rate	FY31 General Fund Balance	FY31 Budget Stabilization Reserve Balance
2.5%	0.5%	\$107,354,000	\$354,853,000

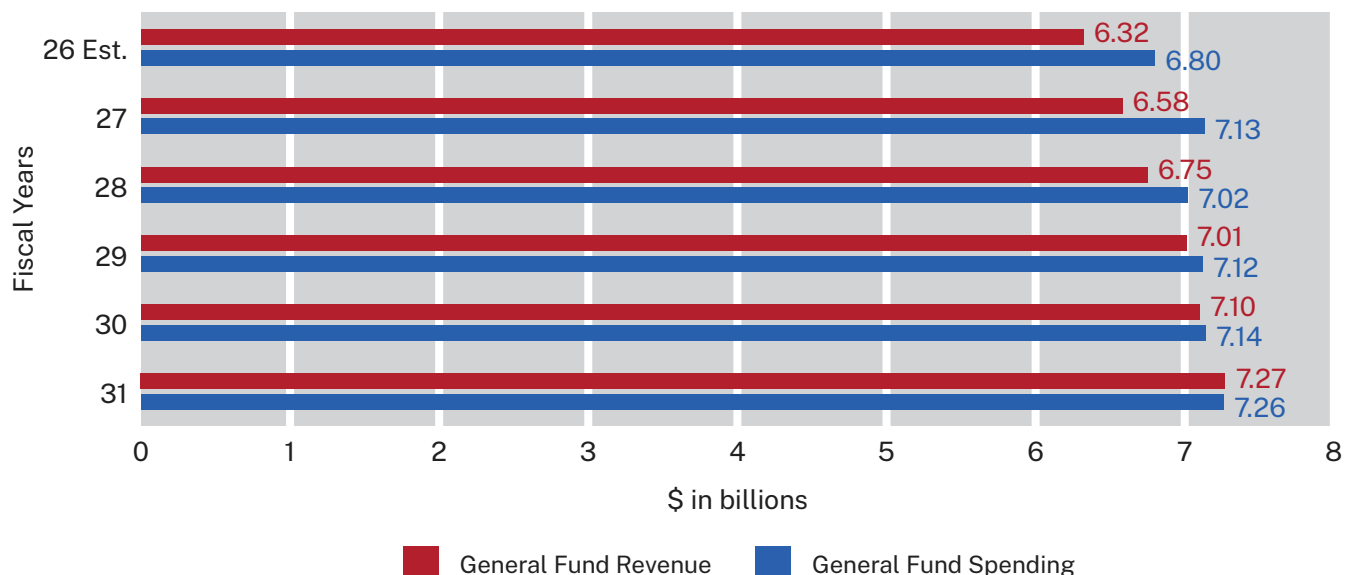
Note: Revenue and spending growth rates are calculated using compound annual growth rates, which expresses the average annual rate of growth over the period.

Although the Plan is in compliance with the PICA Act, reserves are below Government Finance Officers Association (GFOA) recommended levels and operating deficits persist through FY30. Adequate reserves are essential to maintain services and fiscal stability.

Total reserves as a percent of revenue fall below the GFOA recommended level in all years of the FY27-31 Plan.



The City anticipates spending to outpace revenues through FY30. The gap shrinks over time and an operating surplus is expected in FY31.



Analysis of Plan Projections

The [PICA Act](#) states that PICA shall promptly review each submitted Five-Year Plan along with the corresponding annual operating budget and capital budget. Within 30 days of receiving the Plan and associated documentation, PICA's Board must vote on the submitted Five-Year Plan. Prior to the vote, PICA Staff authors and submits a report on the Plan to the Board. The PICA Staff Report helps the Board determine whether the Plan projects balanced budgets in each year of the Plan, whether the operating and capital budgets are consistent with the Plan, and whether the revenue and obligation projections in the Plan are based on reasonable assumptions and estimates.

This section of the report details the legally required elements and standards of formulation for the FY27-31 Five-Year Plan. It then analyzes the Plan's projected revenues, obligations, performance, and fund balances for reasonableness and consistency throughout the Plan.

Purpose of the Report and Plan Requirements

In the early 1990s, the City of Philadelphia was in fiscal crisis. The City's precarious fiscal condition meant that it was denied access to capital markets at reasonable rates, preventing steady cashflow and investment in infrastructure. In 1991, the Pennsylvania Legislature passed the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (PICA Act) to bolster the City's fiscal condition and restore its access to capital markets.

The PICA Act created the Pennsylvania Intergovernmental Cooperation Authority (PICA) to issue bonds and assist the City. To support the City's ongoing fiscal stability, the PICA Act requires the City to produce annually a Five-Year Financial and Strategic Plan (the Plan).

This report is PICA's evaluation of the City's Five-Year Financial and Strategic Plan for Fiscal Years 2027 through 2031 as submitted to PICA on June 29, 2026. The framework for producing and evaluating the Plan is provided by the PICA Act. This report analyzes whether the Plan meets the criteria laid out in the PICA Act, identifies potential risks to the City's fiscal stability, evaluates spending and personnel trends, assesses indicators of financial health, and makes a recommendation for approval or disapproval of the Plan by PICA's Board of Directors.

Required Elements

The statutory criteria detailed in the PICA Act are used to assess the City of Philadelphia's Five-Year Plan. These are the elements required for the Plan to gain the approval of PICA's Board of Directors:

PICA Act Requirement		FY27-31 Five-Year Plan
"Projected revenues and expenditures of the principal operating funds of the City for five fiscal years consisting of the current fiscal year and the next four fiscal years."	✓	The Plan includes projections of revenues and expenditures for the General Fund and other covered operating funds.
"Eliminate any projected deficit for the current fiscal year and four subsequent fiscal years."	✓	The Plan projects positive fund balances for each year from FY27 through FY31.
"Restore to special fund accounts money from those accounts used for purposes other than those specifically authorized."	✓	The Plan does not include any restricted funds being used for unauthorized purposes.
"Balance the current fiscal year budget and subsequent budgets in the financial plan through sound budgetary practices, including but not limited to, reductions in expenditures, improvements in productivity, increases in revenues, or a combination of these steps."	✓	Despite structural deficits in four of five years before prior year adjustments, the Plan maintains positive fund balances in each year. It advances sound financial planning and budgeting by sustaining efforts to improve pension funding, contributing to the Budget Stabilization Reserve, and projecting growth in local tax and non-tax revenues to meet service needs.
"Provide procedures to avoid a fiscal emergency condition in the future."	✓	The Plan budgets for more than \$100 million in deposits to the Budget Stabilization Reserve and includes a \$91.0 million Federal Funding Reserve in FY27.
"Enhance the ability of the city to regain, improve, or maximize access to the short-term and long-term credit markets."	✓	The City holds A1 and A+ ratings for its general obligation debt, the highest combined ratings in four decades, and therefore maintains access to short- and long-term credit markets.

Standards of Formulation

The PICA Act codifies specific standards for the formulation of the Five-Year Plan. These standards ensure that the Plan and its estimates and projections are reasonable and realistic.

PICA Act Standard		FY27-31 Five-Year Plan
“All projections of revenues and expenditures in a financial plan shall be based on reasonable and appropriate assumptions and methods of estimation, all such assumptions and methods to be consistently applied.”	✓	The Plan projects revenues in accordance with the estimation standards included in the Act. Expenditure projections are based on reasonable and appropriate assumptions and methods of estimation.
“All revenue and appropriation estimates shall be on a modified accrual basis in accordance with generally accepted standards. Revenue estimates shall recognize revenues in the accounting period in which they become both measurable and available.”	✓	The Plan uses a modified accrual basis of accounting to recognize revenues and expenditures for budgeting purposes.
“Estimates of city-generated revenues shall be based on current or proposed tax rates, historical collection patterns, and generally recognized econometric models.”	✓	Tax revenue projections in the Plan are primarily based on econometric forecasts from the City’s consultant, S&P Global Market Intelligence. In February, prior to the release of the proposed budget and Five-Year Plan, PICA held a conference of economists and policymakers at the Federal Reserve Bank of Philadelphia to evaluate the reasonableness of the City’s tax revenue projections. PICA engaged Professor Charles Swanson to evaluate the City’s tax projections and he deemed them reasonable.
“Estimates of revenues to be received from the State government shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the Governor.”	✓	The Plan’s estimates for revenue from the Commonwealth of Pennsylvania incorporate changes to funding levels and local-match requirements included in the budget proposed by the Governor. The Commonwealth’s 2026-2027 budget was adopted on July 12, 2026, after Plan submission to PICA.

PICA Act Standard		FY27-31 Five-Year Plan
“Estimates of revenues to be received from the Federal Government shall be based on historical patterns, currently available levels, or on levels proposed in a budget by the President or in a congressional budget resolution.”	✓	The Plan incorporates estimates of revenue from the federal government based on historical patterns and currently available levels, with a Federal Funding Reserve in FY27 to give the City time to adapt to potential changes.
“Nontax revenues shall be based on current or proposed rates, charges or fees, historical patterns, and generally recognized econometric models.”	✓	Locally Generated Non-Tax revenue projections included in the Plan are based on historical patterns and current rates for charges and fees.
“Appropriation estimates shall include, at a minimum, all obligations incurred during the fiscal year and estimated to be payable during the fiscal year or in the 24-month period following the close of the current fiscal year and all obligations of prior fiscal years not covered by encumbered funds from prior fiscal years.”	✓	The Plan meets this standard.
“All cashflow projections shall be based upon reasonable and appropriate assumptions as to sources and uses of cash, including, but not limited to, reasonable and appropriate assumptions as to the timing of receipt and expenditure thereof, and shall provide for the operations of the assisted city to be conducted within the resources so projected.”	✓	The Plan incorporates cashflow projections based on historic and seasonal revenue collection patterns for each source of revenue. In the event of a timing mismatch between General Fund revenues and expenditures within a fiscal year, the City budgeted for the cost of Tax Revenue Anticipation Notes (TRANs) for FY28-31.

General Fund Revenues

Revenue Sources (\$ in millions)						
	FY26 Est.	FY27	FY28	FY29	FY30	FY31
Tax	4,593.0	4,844.3	5,003.4	5,156.4	5,296.1	5,427.8
Locally Generated Non-Tax	460.3	435.0	395.6	399.2	410.8	414.2
PICA	762.7	796.9	828.7	860.3	892.7	924.5
Revenue from Other Gov'ts	426.8	435.2	455.4	432.3	433.4	434.5
Revenue from Other Funds	80.9	66.2	66.2	160.4	67.0	67.4
Total	6,323.7	6,577.6	6,749.5	7,008.7	7,100.1	7,268.3

PICA finds the revenue estimates by the City of Philadelphia for FY27-31 to be reasonable and consistent. The PICA Act requires the City's Five-Year Plan revenue projections to be based on "reasonable and appropriate assumptions and methods of estimation." To project most tax revenues over the five-year period, the City engages S&P Global Market Intelligence (S&P GMI), an econometrics firm with decades of experience projecting tax revenues for the City and the Commonwealth of Pennsylvania. Projections for other revenue sources are based on various methodologies, including historical patterns.

For many of the City's revenue types, the coming five years will not be much of a departure from recent years. There are a few notable exceptions that have been incorporated into the Plan. Tax types will be unchanged, with incremental rate reductions planned for the Business Income and Receipts and Wage, Earnings, and Net Profits taxes over the life of the Plan and a shift in Real Estate tax millage to the School District starting in FY30. PICA Tax collections, categorized as Revenues from Other Governments, are expected to grow at a rate similar to Wage Tax expansion, albeit slightly higher. The remaining General Fund Revenues from Other Governments, primarily from the Commonwealth of Pennsylvania, are anticipated to bring in steady levels of funding over the Plan based on formula-driven allocations for Pension Aid and Wage Tax Relief from gaming proceeds.

Locally Generated Non-Tax collections are projected to see a decline in interest earnings, as the City's cash-on-hand is projected to decline and interest rates are projected to be lower than in the early 2020s. The most dramatic change will be in Revenues from Other Funds. In the early 2020s, about \$1.4 billion in federal pandemic relief was transferred incrementally from the Grants Fund to the General Fund over several years, prior to the deadline at the end of 2024. Aside from interest earnings on those funds that will be drawn down in FY29, those funds have been expended as required under US Treasury rules and the Revenue from Other Funds will revert to pre-pandemic levels, reducing its share of total revenues to about one percent.

Overall, compound annual growth in revenues of 2.5 percent is expected between FY27 and FY31, slightly higher than the growth of 2.3 percent between FY22 and FY26. More information about historical budget, demographic, and economic trends is available in PICA's June 2026 report, [Foundations for the Five-Year Plan](#).

Measuring Growth

PICA's evaluation of the City of Philadelphia's revenue and spending trends requires comparison of growth rates across different time periods. To compare growth without giving outlier years too much influence, PICA utilizes compound annual growth rates. Factoring in the compounding effect of growth measures long-term trends while accounting for the way each year's changes build upon growth (or decline) that took place in prior years.

Measuring Volatility

PICA evaluates the volatility of revenue sources to understand their consistency and predictability. PICA's 2024 report, [Hitting the Bullseye](#), found that Philadelphia is pretty precise with its revenue estimates, with actual results on average within +/- 4.0 percent of predictions compared to an average of +/- 5.2 percent among 11 comparison cities. To measure volatility, PICA analyzes the standard deviation, or how much revenue varies each year compared to the average change over multiple years. A higher standard deviation indicates greater year-to-year fluctuations in revenue, while a lower standard deviation suggests more stable revenue over time.

Economic Expectations

Economic conditions exert a strong influence over the level of revenues the City of Philadelphia collects. To develop its tax projections, the City engages outside economists to evaluate current conditions, develop forecasts for the future, and utilize those forecasts to recommend projected growth rates for most of the City's tax types. The City's economists focus their attention on the city and region's employment levels, wages, incomes, and gross metro product. When local data is insufficient, the economists refer to national data, including corporate profits and personal consumption expenditures on goods.

At a forum convened by PICA at the Federal Reserve Bank of Philadelphia in February 2026, the City's external economists shared the assumptions that underpin the tax base projections throughout the Plan. There is an expectation for growth in payrolls, wages, personal income, and gross metro product through FY31, but at declining rates from FY27 through FY31. The City's economists noted that the city and regional job economy, especially the job market, remained solid in 2025 but showed signs of slowing heading into 2026. The City's economists drew attention to the region's reliance on federal funding to maintain services and staffing at government entities and non-profits. It was noted that SEPTA funding remains an issue to watch, as lack of state support could trigger major service cuts that could impede economic activity. Event attendees generally agreed with expectations of the City's economists.

Philadelphia Region Key Economic Indicators (% Change, Fiscal Year Basis, January 2026 Forecast)							
Philadelphia MSA	2025	2026	2027	2028	2029	2030	2031
Payroll Employment	1.0	1.0	0.4	0.2	0.2	0.3	0.1
Wage Disbursements	4.9	5.4	5.8	5.3	4.5	4.1	3.8
Personal Income	5.0	5.3	5.7	5.0	4.4	4.3	4.2
Real Gross Metro Product	1.8	2.9	2.2	1.7	1.7	1.5	1.4
City of Philadelphia/ Delaware County division	2025	2026	2027	2028	2029	2030	2031
Payroll Employment	1.2	1.1	0.6	0.4	0.4	0.4	0.1
Wage Disbursements	5.0	5.5	6.0	5.5	4.6	4.2	3.8
Personal Income	4.9	5.6	6.2	5.4	4.6	4.4	4.2
Real Gross Metro Product	1.6	3.2	2.4	1.8	1.7	1.5	1.4

Source: S&P Global Market Intelligence

PICA's economic consultant has characterized the national economy as good but not great, and that those conditions are roughly mirrored in Philadelphia. He highlights that the unemployment rate in June 2026 was 4.2 percent, not far above the recent 50-year low of 3.4 percent of April 2023. Inflation had been converging to the long-run targeted level of 2.0 percent until February 2026, when active hostilities between Iran and U.S. broke out. The conflict disrupted the flow of oil, damaged trade, and contributed to a rise in the price of oil and in prices more broadly. Mortgage interest rates are high relative to those during the 2010s, but down slightly from recent highs. The housing market is relatively tight, but apartment rental rates are slightly less in 2026 than they were in 2025. [The Wall Street Journal \(WSJ\) survey of professional economists in July](#) of 2026 showed that the perceived likelihood of recession in the next 12 months (beginning in July 2026) is 25 percent, slightly less than it was in April of 2026 and in 2025. Economists surveyed by the WSJ do not expect a recession.

The Federal Reserve Bank of [Philadelphia's Second Quarter 2026 Survey of Professional Forecasters \(May 2026\)](#) reveals a weaker near-term outlook than the survey three month prior. Professional forecasters have lowered their expectations for Real GDP in 2026 and 2027, and lower projections for payrolls in both years with unemployment rates substantially similar around 4.5 percent. The forecasters anticipate inflation will average 2.4 percent over the next decade, up from 2.3 percent last quarter.

Tax Revenue

Between FY27 and FY31, the City of Philadelphia anticipates \$25.73 billion in local tax revenue for the General Fund, accounting for 74.1 percent of all revenues. This does not include PICA Tax collections that are categorized as Revenues from Other Governments.

Tax Revenue (\$ in thousands)						
	FY26 Est.	FY27	FY28	FY29	FY30	FY31
Wage, Earnings & Net Profits	2,086,911	2,178,871	2,263,541	2,342,881	2,414,677	2,491,021
Real Estate	922,069	1,011,858	1,047,472	1,082,884	1,104,982	1,139,612
BIRT	779,316	806,429	811,621	818,391	834,942	826,330
Sales	323,170	342,044	358,306	374,902	391,578	408,360
Realty Transfer	356,444	377,260	394,689	409,411	421,489	433,333
Beverage	70,955	72,516	71,762	71,095	70,029	68,937
Amusement	46,183	47,259	47,859	48,606	50,132	51,862
Other	7,923	8,065	8,196	8,255	8,309	8,353
Total	4,592,971	4,844,302	5,003,446	5,156,425	5,296,138	5,427,808

Over the course of the Plan, tax revenues are expected to grow at a compound annual rate of 2.9 percent, a bit higher than the rate of 2.6 percent from FY22-26 but that period included the removal of Parking Tax receipts from the General Fund starting in FY24. This growth is expected within the context of limited changes to Philadelphia's tax structure. No new tax types have been added, tax bases are largely unchanged, and incremental annual rate reductions previously legislated are expected to continue for the Wage Tax annually on July 1 through July 1, 2029 and are assumed for the final year of the Plan, and for the Business Income and Receipts Tax (BIRT) for the entirety of the Plan (and beyond), as well as a relatively small millage shift to allocate more Real Estate Tax collections to the School District starting in FY30. This stable environment is evidenced in expectations for volatility of 1.1 percent over the Plan, significantly less than the volatility over the past decade (7.0 percent) which included a pandemic, the introduction of the Philadelphia Beverage Tax, and shifting the Parking Tax to the Transportation Fund.

Philadelphia's largest tax source for FY27-31 (Wage) has been its least volatile over the past decade		
Tax Type	FY17-26 Volatility	FY27-31 Revenues (\$ in thousands)
Wage, Earnings & Net Profits	5.0%	11,690,991
Real Estate	5.1%	5,386,808
BIRT	14.1%	4,097,713
Sales	7.8%	1,875,190
Realty Transfer	29.8%	2,036,182

City Assumptions & Methods of Estimation

Revenue forecasts are subject to anticipated economic growth or decline, and are also affected by tax rates, deductions, credits, abatements, and other relief measures. Operational effort and success in current year and delinquent collections will also affect the level of revenue generated.

Tax base growth projections for most taxes were initially made by S&P Global Market Intelligence (S&P GMI). Prior to the release of the proposed Plan, the projections were reviewed and discussed by regional economists and other subject matter experts at a PICA-convened forum held in February 2026 at the Federal Reserve Bank of Philadelphia. Given the continued uncertainty at the federal level, the City presented two growth rate scenarios, a baseline provided by S&P GMI for most tax types, and an additional, more pessimistic growth rate for the Wage & Earnings Tax in FY27 and FY28.

The FY27-31 Plan uses the S&P GMI growth rates, including the Wage & Earnings rate, rather than the more pessimistic option. The City opted to adjust S&P GMI's Sales Tax growth rate to account for a change to the tax base from a recently passed law to ensure out-of-town retailers collect the City's two percent on goods delivered to Philadelphia, which received necessary approval from the state legislature in July 2026. For its Real Estate Tax growth rates, the City relied upon the results of a revaluation for Tax Year 2027 for FY27 collections and then anticipates three percent growth annually for FY28 and forward but acknowledges that revaluations occurring less than annually will make the growth lumpier over the Plan. In addition to expected changes in tax bases, the collections estimates reflect expectations for rate changes through FY31 that have already been legislated, except for an assumed Wage Tax reduction that has not been approved for FY31.

FY27-31 Tax Base and Revenue Assumptions							
		FY26 Est.	FY27	FY28	FY29	FY30	FY31
Wage & Earnings	Base	5.13%	4.69%	4.15%	3.95%	3.89%	3.54%
	Revenue	5.72%	4.48%	3.94%	3.55%	3.10%	3.14%
Real Estate	Base	0.36% (Res.) 0.0% (All Other)	6.10% (Res.) 16.82% (All Other)	3.00%	3.00%	3.00%	3.00%
	Revenue	2.09%	9.74%	3.52%	3.38%	2.04%	3.13%
BIRT	Base	-2.47%	2.91%	0.40%	2.32%	2.22%	1.89%
	Revenue	3.64%	3.48%	0.64%	0.83%	2.02%	-1.03%
Realty Transfer	Base	-1.49%	5.84%	4.62%	3.73%	2.95%	2.81%
	Revenue	7.52%	5.84%	4.62%	3.73%	2.95%	2.81%
Sales	Base	3.19%	4.05%	3.52%	3.47%	3.37%	3.28%
	Revenue	3.82%	5.84%	4.75%	4.63%	4.45%	4.29%
Net Profits	Base	-6.31%	3.30%	3.37%	3.63%	3.80%	3.73%
	Revenue	-31.91%	0.43%	0.67%	0.91%	1.02%	4.45%
Amusement	Base	6.38%	2.33%	1.27%	1.56%	3.14%	3.45%
	Revenue	6.38%	2.33%	1.27%	1.56%	3.14%	3.45%
Beverage	Base	4.10%	2.20%	-1.04%	-0.93%	-1.50%	-1.56%
	Revenue	4.10%	2.20%	-1.04%	-0.93%	-1.50%	-1.56%

Note: Divergence between the tax base and revenue growth rate projections can be due to rate changes, collection administrations, changes in exemptions and abatements, and other factors.

PICA Staff Assessment

The assumptions and methods of estimation for taxes in the FY27-31 Plan are reasonable and appropriate. The City's methods are consistent with prior years, and as shown in PICA's 2025 report [Precision in Predictions: Evaluating Philadelphia's Tax Revenue Forecasts and Volatility](#), are typically accurate. This is particularly true with the largest tax streams, the Wage and Real Estate taxes, which have generally been within three percent of actual results.

As part of the Plan review process, PICA engages an independent economic consultant, Professor Charles Swanson, to evaluate the reasonableness of the City's major tax revenue projections. Professor Swanson analyzed major taxes (Wage and Earnings, BIRT,

Real Estate, Sales, Amusement, Realty Transfer, and Beverage) and developed revenue forecasts for FY27 through FY31. Relying on historical collection data provided by the City, Professor Swanson considered current economic conditions and forecasts by prominent organizations including the Congressional Budget Office, the International Monetary Fund, and the Federal Reserve.

Professor Swanson notes that home prices in Philadelphia have slowed their growth and that mortgage rates are not likely to fall substantially, and this will depress Philadelphia home sales. He expects that artificial intelligence and machine learning will impact the labor market in Philadelphia in much the same way it will affect the labor market elsewhere. Some workers will face lower demand because things they are doing will be done by AI. Other workers will benefit because they will have more tools available to them to increase their productivity. Professor Swanson envisions that the primary impact of the hostilities with Iran is slightly higher prices for gasoline and diesel fuel and related costs. The magnitude of these costs will fluctuate but will be present for at least a year.

Based on historical data, information provided by the City, and his economic analysis and modeling, PICA's consultant developed tax projections that are substantially similar to those included in the FY27-31 Plan. Professor Swanson's opinion is that the City's methods for forecasting revenues are reasonable and that the estimates themselves are reasonable.

The independently developed tax revenue projections that are provided below are in some cases higher, and in some cases lower than those obtained by the City but are not sufficiently different to indicate faulty methods or estimation procedures on the part of the City in its FY27-31 Five-Year Plan.

FY27-31 Projection of Major Taxes (\$ in thousands)			
Tax Type	City Analysis	Independent Analysis	City as % of Independent Analysis
Wage & Earnings	11,490,042	11,492,561	100.0%
Real Estate	5,386,808	5,315,830	101.3%
BIRT	4,097,713	4,065,916	100.8%
Sales	1,875,190	1,880,415	99.7%
Realty Transfer	2,036,182	2,035,230	100.0%
Beverage	354,339	355,459	99.7%
Amusement	245,718	244,886	100.3%
Total Taxes Above	25,485,992	25,390,168	100.4%

As required by the PICA Act, PICA also requested an examination of the Plan by the City Controller. The City Controller offered an opinion that the Plan's forecasts are in accordance with American Institute of Certified Public Accountants guidelines and that the underlying assumptions are reasonable. Tax projection estimates developed by the Controller's Office were substantially similar to the City's, with less than a three percent difference over the Plan. The Controller does raise concerns about operating deficits and the erosion of the fund balance.

Locally Generated Non-Tax

Comprised of City fines and fees, proceeds from sales and leases of City assets, interest earnings, and more, Locally Generated Non-Tax (LGNT) revenues are expected to generate 5.9 percent (\$2.05 billion) of General Fund revenues from FY27-31. Over the FY27-31 Plan, the departments with the highest assumed level of collections (over \$100 million) are:

Fire (\$478.8 million)

- Mostly EMS-related payments from Medicare, Medicaid, and private insurers.

Licenses & Inspections (\$457.0 million)

- Derived from an array of permits, licenses, and violation fines.
- Significant drivers are Health & Sanitation and Building Structure & Equipment fees.

Public Health (\$208.0 million)

- Primarily payments for patient care at the City's health centers and pharmacy fees paid out-of-pocket or by private insurers, Medicare, and Medicaid.
- The opening of two new healthcare centers during the Plan period is expected to increase payments for patient visits.

Sanitation (\$142.9 million)

- The majority comes from commercial property owners who receive trash and recycling collection from the City rather than private haulers.

Finance (\$138.7 million)

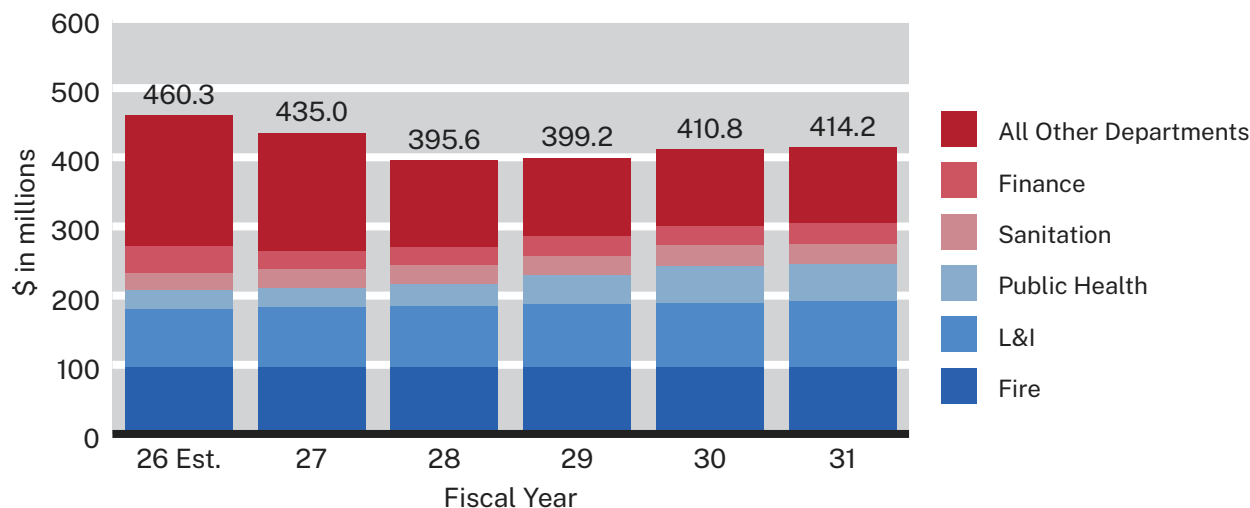
- Almost entirely refunds and reimbursements for funds paid out by the City, particularly prescription reimbursements.

First Judicial District (\$128.8 million)

- Court-related charges, fees, costs, and fines (including traffic fines).

Notably absent from this list is the City Treasurer's Office (CTO). In recent years, this office has been responsible for nearly \$100 million in revenues annually, primarily from interest earnings. CTO's FY26 collections are estimated at \$74.2 million almost entirely from interest earnings; by FY31 the City expects less than \$8 million in interest earnings to be generated annually. Also absent from this Plan is the expectation that the City will sell the former Police Headquarters (aka the Roundhouse) for a significant amount. Revenues from that potential asset sale had been included in prior Plans.

LGNT is expected to decline through FY28 before growing modestly.



With lower interest earnings as the driving force, the City anticipates less LGNT collections at the end of the Plan in FY31 than at the start, from \$435.0 million in FY27 to \$414.2 million. The compound annual growth rate of -1.2 percent stands in contrast to the 2.6 percent rate experienced from FY22 through FY26.

City Assumptions & Methods of Estimation

The City formulates its LGNT revenue projections based on trends in historical data, planned changes in fee and fine rates and administration, and anticipated asset sales. It also examines zoning data and real estate market activity to anticipate the volume of license and permit activity for departments like Planning and Development and Licenses & Inspections (L&I).

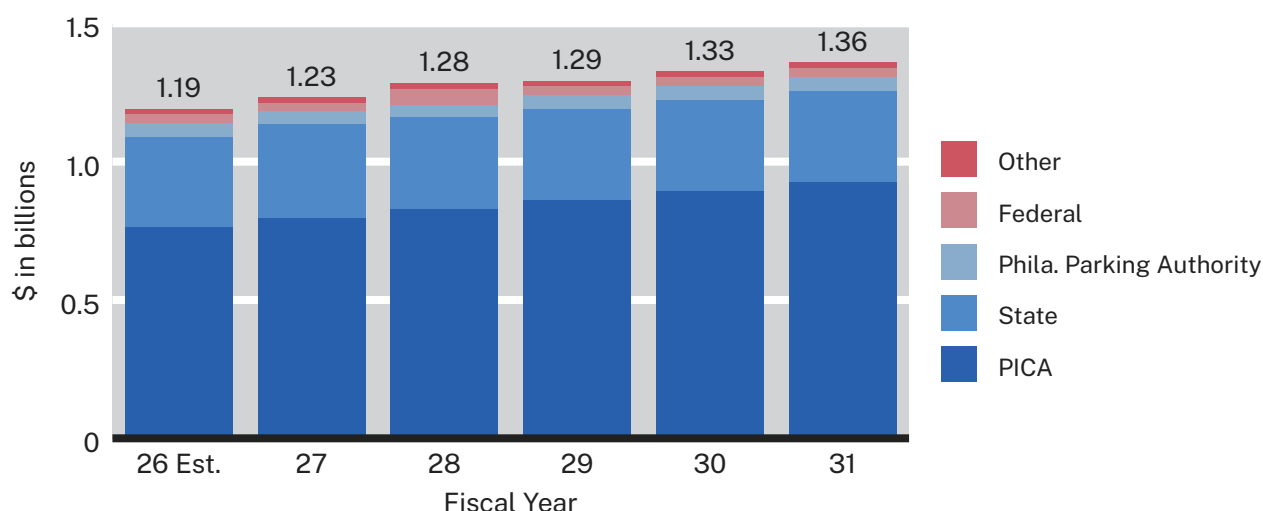
PICA Staff Assessment

The assumptions and methods of estimation for Locally Generated Non-Tax revenue sources in the FY27-31 Plan are reasonable and appropriate. It is prudent that the City does not anticipate interest earnings continuing at levels recently experienced. Due to changes to Medicaid that will take effect in January 2027 that are projected to eliminate coverage for more than 70,000 Philadelphians, there are some areas of vulnerability in the LGNT forecast. Both Fire and Public Health may see an increase in uninsured patients, potentially reducing reimbursements for services provided. Estimates for collections by Fire are flat over the Plan, which is a reasonable approach until actual experiences can inform updated estimates. Public Health anticipates increased collections, but this may be achieved through expanded capacity at the new health centers scheduled to open in the coming years. Licenses & Inspections revenues are projected to grow between 2.4 percent and 2.6 percent annually over the Plan, with growth reflecting an increase to some fees. This is lower than the compound annual growth rate of 3.9 percent from FY17 to FY26 for L&I collections and slightly higher than [recent forecasts of GDP growth](#) between 1.9 percent and 2.3 percent in the next few years.

Revenue from Other Governments

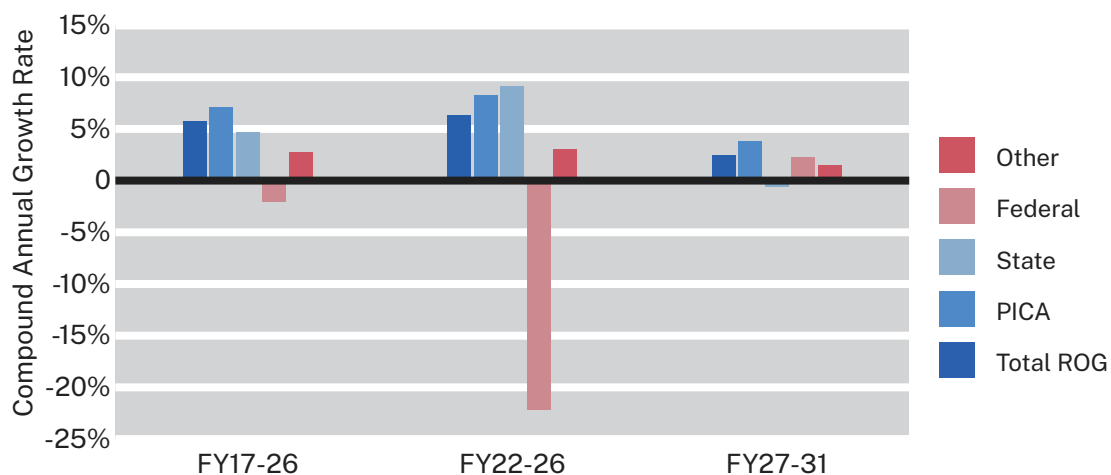
Most of the City's Revenues from Other Governments are not received into the General Fund, with significant dollars dedicated to funds not covered by the PICA Act. Within the General Fund, the largest portion of the Revenue from Other Governments category is derived from the PICA Tax of 1.5 percent of residents' wages, earnings, and net profits. This tax is not currently needed for debt service on PICA bonds issued to support the City. Debt issued by PICA, used to eliminate deficits and support emergency capital projects during the City's fiscal crisis in the early 1990s, was repaid in full in 2023. Instead, it is projected to deliver 12.4 percent (\$4.30 billion) of all General Fund revenues from FY27 to FY31.

About 2/3 of Revenues from Other Governments are actually the PICA Tax from Philadelphia residents.



The Commonwealth of Pennsylvania provides the next largest share of Revenues from Other Governments, primarily in the form of Pension Aid and Wage Tax Relief, together expected to contribute \$1.31 billion out of the \$1.66 billion in state dollars over the life of the Plan. The Philadelphia Parking Authority (PPA) is anticipated to provide the third-largest share of Revenue from Other Governments, followed by the Federal government. Federal funds to the General Fund are primarily for patient care at the City's Health Centers, and the Federal government is also expected to reimburse the City for about \$24 million in FY28 for expenditures related to the 2026 FIFA World Cup.

The expected compound annual growth for FY27-31 for Revenues from Other Governments is below historical rates.



City Assumptions & Methods of Estimation

The PICA Act provides standards of estimation of federal and state revenue. Each set of estimates should be based on historical patterns, currently available levels, or a proposed budget from the President, Congress, or the Governor. PICA Tax estimates are provided by the City's economists, because the PICA Tax is subject to similar dynamics as the City's Wage Tax. Philadelphia Parking Authority revenues are projected based on moderate growth estimates for PPA revenues, rates adopted by City Council, and the revenue sharing threshold between PPA and the City determined by state legislation. The PGW rental amount is based on the terms of a long-standing legal agreement for PGW's use of City-owned assets.

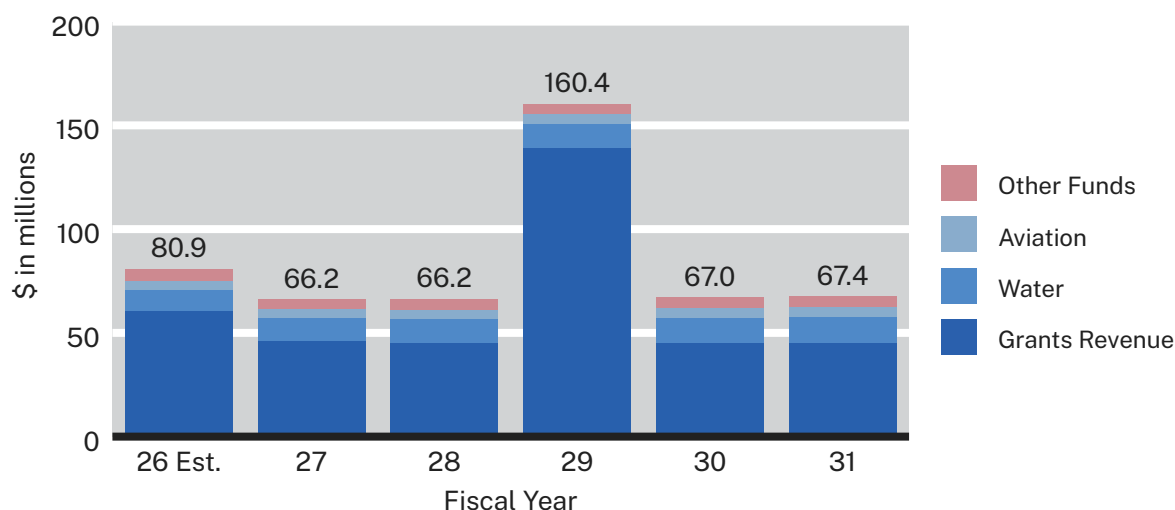
PICA Staff Assessment

The assumptions and methods of estimation for Revenues from Other Governments in the FY27-31 Plan are reasonable and appropriate. The growth rate for PICA Tax revenue aligns generally with the Wage Tax growth rates found to be reasonable by PICA's external economist. The slightly higher growth rate can be justified by not having a change in rates, whereas the Wage Tax will have incremental rate reductions over the life of the Plan. Additionally, the number of Philadelphians with jobs and incomes has generally risen over the last decade, expanding the tax base. The City has held flat the annual assumptions related to Wage Tax Relief and Pension Aid across the Plan. The Commonwealth has already advised Philadelphia of the FY27 allocation for Wage Tax Relief, and the Pension Aid projections match the FY26 estimate for the full Plan, even though [the Commonwealth anticipates growth in the Insurance Premium Tax](#) that funds pension aid statewide.

Revenues from Other Funds

From FY22 through FY25, Philadelphia's federal pandemic relief from the American Rescue Plan (ARP) flowed through the Grants Revenue Fund and was channeled to the General Fund as a source of Revenue from Other Funds (ROF). This more than tripled the size of this revenue stream compared to pre-pandemic levels. Since the funds have been fully expended per the deadline, this category will return to its historical share of the General Fund's revenues, typically about one percent.

Aside from ARP interest earnings in FY29, most Revenues from Other Funds are earmarked for 911 tech and staff.



Fiscal Year 2029 will be an exception for ROF revenues, as the City plans a transfer of \$93.8 million in interest earnings generated by the American Rescue Plan dollars from the Grants Revenue Fund to the General Fund. This transfer is timed to coincide with the year when the City will have a surge in expenses due to a balloon payment on its Pension Obligation Bonds.

Aside from ARP-related funds, the largest portion of ROF is the 911 Surcharge revenue. This revenue comes from a statewide tax on all phone lines and pre-paid wireless plans (\$1.95 per line/pre-paid transaction) and is channeled through the Grants Revenue Fund. The 911 Surcharge, budgeted at about \$45 million annually in the Plan, must be spent on technology to maintain and enhance the City's 911 system and reimbursement for 911 staff salaries.

City Assumptions & Methods of Estimation

To determine the amount of ROF included in the Plan, typically the City evaluates the cost of services provided to other funds in prior years and adjusts for known changes in scope or cost. Interest earnings from the American Rescue Plan have been accruing since the City received its allocation in FY21. Interest earnings included as ROF in FY29 are a one-time revenue source.

PICA Staff Assessment

The assumptions and methods of estimation for Revenues from Other Funds in the FY27-31 Plan are reasonable and appropriate. Compound annual growth rates for services provided and costs borne by the General Fund range from 0.0 percent to 3.8 percent, aligned with [recent forecasts of inflation at 2.4 percent from 2026 to 2035](#). Funds associated with the 911 Surcharge are not expended unless received, so variance in these estimates presents minimal risk to the overall finances of the City.



Photo Credit: Lucie Christian

General Fund Spending

General Fund Spending by Class FY26-31 (\$ in millions)						
Class	FY26 Est.	FY27	FY28	FY29	FY30	FY31
Class 100 - Wages	2,406.0	2,474.5	2,503.6	2,509.7	2,515.1	2,515.1
Class 100 - Benefits	1,722.9	1,839.2	1,861.7	1,981.6	1,861.1	1,918.4
Class 100	4,128.9	4,313.7	4,365.3	4,491.3	4,376.3	4,433.6
Class 200	1,578.7	1,646.0	1,538.1	1,527.3	1,583.8	1,597.1
Class 300/400	171.2	175.4	149.0	150.6	150.6	154.5
Class 500	494.3	480.8	469.8	469.3	469.3	469.3
Class 700	199.5	232.2	266.3	258.1	283.2	282.9
Class 800	210.1	149.4	163.3	113.5	115.1	117.8
Class 900	15.5	136.5	65.9	111.6	158.1	208.6
Total	6,798.2	7,134.0	7,017.8	7,121.8	7,136.4	7,263.8

PICA finds the spending estimates by the City of Philadelphia for FY27-31 to be **reasonable and consistent**. The PICA Act requires expenditure estimates in the City's Five-Year Plan to be "based on reasonable and appropriate assumptions and methods of estimation." Expenditures included in the Plan are guided by the Mayor's policy priorities, the annual budget process, an understanding of fixed and inflexible costs, and external cost drivers.

General Fund spending is projected to total \$35.67 billion over the FY27-31 Five-Year Plan, growing from \$7.13 billion in FY27 to \$7.26 billion in FY31. From FY27 to FY28, spending is projected to decline by 1.6 percent as one-time funding ends for items including SEPTA Zero Fare subsidies and anti-violence grants. Spending is set to increase from FY29 through FY31 as the City spends its Labor Reserve on new labor agreements and makes a balloon payment on the City's Pension Obligation Bonds in FY29. Over the course of the Plan, spending is projected to increase at a compound annual rate of just 0.5 percent, notably lower than the 5.7 percent compound annual growth in spending over the preceding decade.

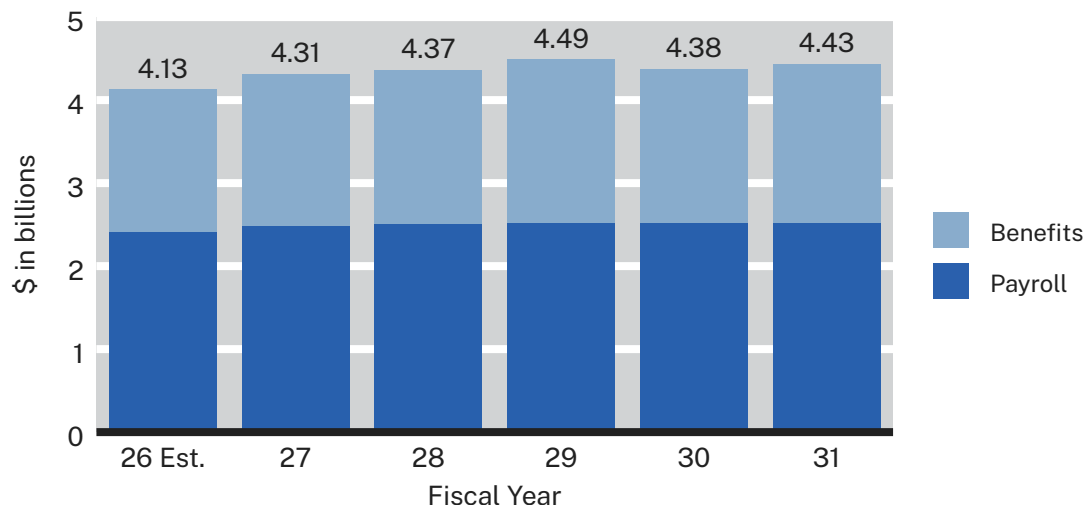
Change in General Fund Spending over Prior Year					
FY27	FY28	FY29	FY30	FY31	FY27-31 Compound Annual Growth
4.9%	-1.6%	1.5%	0.2%	1.8%	0.5%

It may be challenging for the City to contain spending growth to the low levels estimated in the Plan, but multiple factors suggest lower spending expectations in future years are reasonable. Most notably, the Plan includes many one-time or short-term expenditures that are front-loaded in the Plan. Costs related to support for events like the World Cup and celebration of the country's 250th anniversary, purchases of self-contained breathing apparatuses for the Fire Department and body-worn cameras for the Department of Prisons, and resources set aside for the Federal Funding Reserve all subside after FY27. Additionally, many areas where the City anticipates additional spending from FY27-31 are outside of the General Fund. For example, funding to expand support for wellness and recovery services is budgeted to come from opioid settlement dollars. Growing spending on the H.O.M.E. Initiative will be financed with service agreement debt and facilitated by the Philadelphia Industrial Development Corporation and other partners outside of the General Fund.

As discussed in PICA's June 2026 publication, [Foundations for the Five-Year Plan](#), and required by the City Charter, the City organizes its expenditures into categories called classes. Spending on employee wages and benefits (Class 100) is the largest share of General Fund spending, followed by spending on professional services (Class 200), and spending on contributions, indemnities, and taxes (Class 500), with other categories each making up less than five percent of total spending included in the FY27-31 Plan. The most notable difference between the current Plan and the ten years prior is the 1.3 percent increase in the portion of General Fund spending on professional services. As the City appropriates funds from the Labor Reserve in the out years of the Plan, the 2.5 percent decline in Class 100 spending as a percent of General Fund spending becomes a more moderate 0.9 percent decline, driven by increased costs elsewhere in the Plan alongside continued staffing challenges faced by some of the City's largest operating departments.

Class 100: Personal Services and Employee Benefits

Class 100 spending crests at \$4.49B in FY29 due to the Pension Obligation Bond balloon payment.



The FY27-31 Plan allocates \$21.98 billion to Class 100. This is the largest General Fund allocation by class, accounting for 61.6 percent of spending in the Plan. Class 100 allocations climb from \$4.31 billion in FY27 to a high point of \$4.49 billion in FY29, falling to \$4.38 billion in FY30 then rising again to \$4.43 billion in FY31, growing at a compound annual rate of 0.7 percent. In addition to Class 100 allocations for employee-related expenses, the \$589.7 million Labor Reserve for FY27-31 is appropriated in Class 900 and set aside for future labor costs. Payroll and benefit costs inclusive of the Labor Reserve are projected to grow at a compound annual rate of 1.6 percent, notably lower than the 4.7 percent rate over the past decade.

Class 100 allocations have two components: payroll and benefits. Payroll is the larger of the two components, making up 57.0 percent of Class 100 spending in the Five-Year Plan at \$12.52 billion. Spending on payroll is projected to grow by \$40.6 million throughout the Plan at a compound rate of 0.4 percent.

Employee benefits make up the other 43.0 percent of Class 100 allocations included in the Plan, totaling \$9.46 billion. Spending on benefits is estimated to grow at a compound annual rate of 1.1 percent over the Five-Year Plan, from \$1.89 billion in FY27 to \$1.92 billion in FY31. Employee benefit spending includes pension-related costs, health and medical expenses, employee disability payments, and Federal Insurance Contribution Act (FICA) contributions, with spending on each component estimated separately.

General Fund pension-related costs – including Pension Obligation Bond debt service – are the largest component of employee benefit spending included in the Plan, making up nearly half of all spending on employee benefits and 11.5 percent of all General Fund spending, totaling \$4.11 billion from FY27-31. The largest portion of pension-related spending is directed to paying down the City's Pension Obligation Bonds (POBs), which

have a balloon payment of \$184.6 million due in FY29. Debt service on the POBs drops significantly after FY29, with just \$1.6 million owed annually in FY30 and FY31. The only portion of the City's pension costs that are projected to grow over the course of the Five-Year Plan are its required contributions of a portion of Sales Tax revenue to the Pension Fund. The amount of the payment is tied to the level of revenue collected, so growth in this spending does not impact fund balance directly. These contributions are mandated by the [state law authorizing](#) the City to collect an additional one percent Sales Tax and split the proceeds between the School District of Philadelphia and the City's Pension Fund. Overall, the City's pension costs are projected to decline by \$133.9 million between FY27 and FY31, at a compound annual rate of -2.7 percent.

Class 100 Spending as % of General Fund Obligations		
	Ten-Year (FY17-26) Total	FY27-31 Total
Payroll	35.9%	35.1%
Benefits	27.8%	26.5%
Class 100 Total	63.7%	61.6%
Labor Reserve	0.0%	1.7%
Class 100 + Labor Reserve	63.7%	63.3%

Health and medical expenses are the largest contributor to employee benefit spending growth in the FY27-31 Plan, growing by \$139.6 million at a compound annual rate of 4.6 percent. While pension costs are projected to decline from 13.6 percent of General Fund spending in FY27 to 12.0 percent in FY31, health and medical costs are expected to move in the opposite direction, rising from 10.0 percent of General Fund spending in FY27 to 11.8 percent of General Fund spending in FY31.

Though a smaller portion of the Plan's General Fund spending (2.2 percent), employee disability payments are the fastest growing component of employee benefit costs and the second largest contributor to benefit spending growth, projected to grow by \$64.2 million at a compound annual rate of 10.6 percent. FICA contributions are also expected to grow over the Plan, but at a slower pace than overall benefit spending growth.

Assumptions and Methods of Estimation

Labor Agreements

A large portion of the City's payroll and benefit spending is set by the terms of labor agreements between the City and unions representing its employees. New agreements typically include scheduled pay increases and benefit adjustments for represented employees, but Class 100 allocations do not presume the terms of future labor agreements or those yet to be ratified when the Five-Year Plan is submitted to PICA. To ensure there are resources available for the uncertain outcomes of future negotiations, the City sets funds aside in Class 900 as a Labor Reserve.

Staffing Levels

Payroll and benefit spending is also dependent upon the City's staffing level. Each year's budget includes desired staffing levels tied to departmental needs and administrative priorities. These desired staffing levels can be more aspirational than literal, especially for essential but difficult to fill positions. To account for the gap between desired and actual staffing, the City includes vacancy allowances in its annual budgets. This enables the City to include sufficient funding to approach desired staffing levels while acknowledging that meeting those goals may be challenging. Savings from vacant positions may offset overtime expenses needed to maintain desired service levels.

Pension Requirements

Pension cost assumptions are built on Pension Fund contribution projections from the City's actuary based on demographic experience, earnings assumptions, and the terms of pension plans employees are enrolled in, as well as debt service schedules for the City's Pension Obligation Bonds, and Sales Tax revenue projections.

Health and Medical Costs

Health and medical costs included in the FY27-31 Five-Year Plan apply growth assumptions that vary by bargaining unit and participation in the City's self-administered health plan. Health and medical costs for uniformed employees are projected to increase by 7.5 percent annually aside from any changes made by labor agreements. For non-uniform employees, costs are projected to increase by 5.0 percent annually. The City also budgets allowances for new hires and potential increases in prescription costs.

Employee Disability

Employee disability costs arise from work-related injuries. Estimates for employee disability costs are based on a rolling average of prior year increases and requirements under [state law](#) and applicable labor agreements. The City's employee disability costs grew at a compound annual rate of 12.4 percent from FY22 through the FY26 estimate.

FICA

The City's FICA contributions are its payments of the employer portion of the federal payroll tax, intended to fund both Social Security and Medicare. These costs are estimated as a percent of payroll and increase in line with the City's overall payroll costs.

PICA Staff Assessment of Assumptions and Methods of Estimation

The assumptions and methods of estimation for Class 100 costs in the FY27-31 Five-Year Plan are reasonable and appropriate. Payroll allocations account for existing labor agreements. When combined with the Labor Reserve, allocations are reasonable considering that staffing levels indicate the likelihood of a continued, though reduced, trend of spending less than budgeted on payroll. Benefit allocations in the Plan account

for reduced pension costs while providing adequate resources to account for rising health and medical costs.

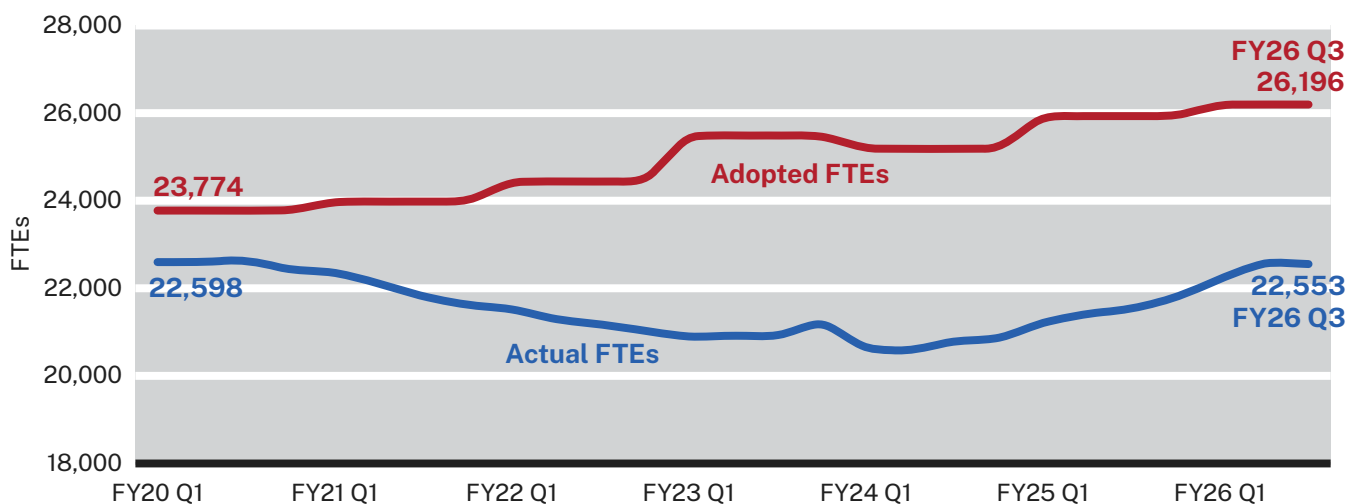
Labor Agreements

Class 100 spending included in this Plan incorporates allocations for existing labor agreements that run through FY28 at the latest. Existing contractual increases of 3.0 percent for various bargaining units align with, and slightly exceed, [inflation expectations](#) of 2.4 to 3.0 percent over the Plan period. The absence of contractually defined Class 100 costs for portions of the Five-Year Plan means that additional costs should be expected over the Plan period, requiring disbursements from the Labor Reserve as contract agreements are finalized. The I.A.F.F. award finalized in July 2026 after Plan submission will draw \$183.4 million from the Labor Reserve from FY27-31. Any labor agreements that commit funds beyond combined Class 100 and Labor Reserve amounts that put the Plan out of balance will require the City to submit a revised Plan to PICA.

Staffing Levels

The City's staffing levels have recovered significantly from a recent low of 20,599 in FY24 Q2. The most recent available figures indicate that City staffing increased by 1,954 to 22,553 at the end of FY26 Q3. That's just 97 fewer full-time equivalent employees than its recent high in FY20. Increased headcounts will require increased spending on payroll and benefits, but these increases are accounted for in the Plan. Although the City has increased its staffing, the gap between desired and actual staffing remains above 10 percent, as additional positions have been adopted in successive budgets. The persistence of that gap, even with adjusted vacancy allowances, suggests that the trend of spending less than budgeted on payroll is likely to continue, although at a smaller magnitude.

Actual staffing is nearly even with pre-pandemic headcounts, but growth in adopted positions has made increased staffing rates more difficult to achieve.



Pension Costs

City of Philadelphia retirees are living longer these days, which is great news, but requires increased pension funding. The City's actuary recently concluded an experience study quantifying the impact of improved retiree livelihoods, and the City adjusted projected pension contribution requirements in the submitted Plan accordingly. Otherwise, the City's pension costs are set to decline over the course of the Plan, especially after the payment of the balloon payment on the Pension Obligation Bonds. As the Pension Fund continues progress towards 100 percent funding, the City's Revenue Recognition Policy contributions are projected to decline after FY27. These factors have been accounted for in the City's assumptions.

Health and Medical Expenses

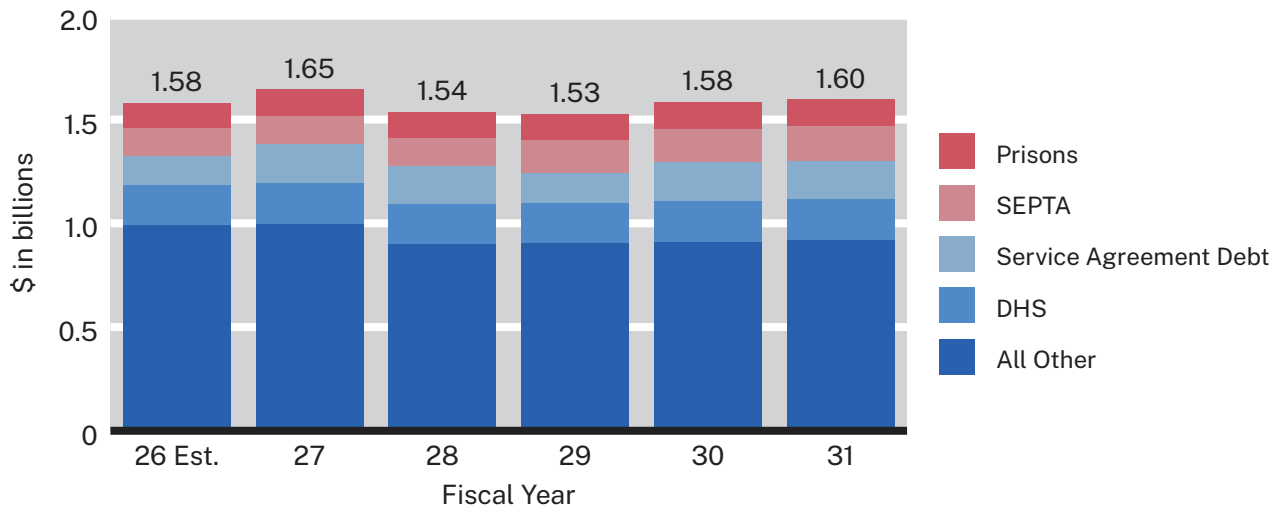
Health and medical cost growth in the FY27-31 Plan is significant but in line with national trends. The 4.6 percent compound annual growth included in the Plan falls between the 1.6 percent compound annual growth in [Medical Care Consumer Price Index](#) values from FY22-26, which track out-of-pocket costs for consumers, and the 9.0 percent growth in [group insurance costs projected](#) for 2026 and 2027 by Price Waterhouse Coopers. Funds set aside for additional costs incurred from additional hiring or potential prescription cost increases provide assurance that allocations in the Plan will be sufficient to meet growing health and medical expenditure needs.



Photo Credit: Lucie Christian

Class 200: Contracts and Leases

Class 200 spending declines slightly over the Plan, with reductions in FY29 to make space for the POB balloon payment.



The FY27-31 Five-Year Plan allocates \$7.89 billion to Class 200, equivalent to 22.1 percent of total General Fund spending included in the Plan. Class 200 spending is expected to decrease from a high point of \$1.65 billion in FY27 to a low of \$1.53 billion in FY29 before rising through FY31 to \$1.60 billion, \$48.9 million lower at the end of the Plan than the beginning.

Allocations for contracted services through the Department of Human Services (DHS) are the largest portion of Class 200 allocations included in the FY27-31 Plan, representing 12.3 percent of General Fund Class 200 allocations. The \$973.5 million in Class 200 allocated to DHS funds contracts with service providers for county-level functions, primarily through Community Umbrella Agencies that provide case management services to families involved with DHS. General Fund allocations to DHS often function as local matching funds that enable and supplement additional funding from the state government, federal government, and grants. DHS is budgeted to receive \$194.7 million in each year of the Plan from the General Fund.

The \$891.1 million allocated to the Sinking Fund for debt service on service agreement related debt is the second-largest Class 200 allocation in the FY27-31 Plan. The Plan includes \$550.6 million for existing service agreement debt and \$340.6 million for new debt service payments that will begin during the Plan period. In FY27, the City will begin making principal and interest payments on debt issued to fund the acquisition of the Public Safety Building, improve energy efficiency in the Quadplex buildings, provide final funding for the Neighborhood Preservation Initiative, and fund investments in the Mayor's Housing Opportunities Made Easy (H.O.M.E.) Initiative. The City adjusted its H.O.M.E. borrowing assumptions to enable increased annual contributions to the School District of Philadelphia. Instead of borrowing an additional \$400 million for H.O.M.E. in FY28, \$200 million in additional service agreement borrowing is anticipated in FY29 to reduce debt service costs over the Plan unless a recurring source of revenue for the

School District is agreed to in FY27. Service agreement debt payments will decline slightly over the course of the Plan, from \$189.7 million in FY27 to \$187.4 million in FY31. In FY29, Class 200 debt service is purposely structured to dip by nearly \$40 million to accommodate that year's outsized Pension Obligation Bond payment in Class 100.

Governor Shapiro's 2026-2027 budget proposal included an increase in revenues to SEPTA that would begin in FY28. Any increase in state revenues to SEPTA requires a corresponding increase in local matching funds. Because timing of the state budget's passage has been unpredictable in recent years, the FY27-31 Five-Year Plan includes funding in accordance with the Governor's proposal even though the state budget adopted in mid-July did not include the increase. From FY27-31, the City anticipates providing \$752.5 million in Class 200 operating subsidies for SEPTA. This accounts for the increase proposed by the Governor and makes the SEPTA subsidy the third-largest component of Class 200 spending included in the Plan.

Contracted services through the Philadelphia Department of Prisons are expected to total \$649.7 million from FY27-31. This amount accounts for 8.2 percent of the Plan's Class 200 spending and primarily funds contracts for medical and behavioral health services for incarcerated individuals.

DHS contracts, service agreement debt payments, the SEPTA subsidy, and Prisons contracts are the four largest Class 200 allocations in the Plan, combined representing 41.4 percent of all Class 200 obligations. No other departments have Class 200 spending accounting for more than five percent of the Plan's total Class 200 allocations.

The overall decline in Class 200 spending from FY27 to FY31 is driven by reductions in three departments. Economic Stimulus funding through the Commerce Department will decline by \$23.5 million from FY27 to FY28 as one-time funding for workforce development ends and the City reduces General Fund appropriations for the Jumpstart Small Businesses program. Funding for the SEPTA Zero Fare program that provides free transit access to more than 30,000 Philadelphians living near or below the poverty line is provided for FY27 only, reducing the Managing Director's Office's Class 200 allocation by \$25.0 million starting in FY28. The Managing Director's Office will also reduce its General Fund spending on Wellness Centers, planning to cover those costs with funds from opioid-related settlement awards instead. The Office of Public Safety anticipates a \$25.0 million reduction in its Class 200 spending in FY28 as funding for anti-violence grants is included as a one-time expense in FY27.



Photo Credit: Lucie Christian

Assumptions and Methods of Estimation

Class 200 amounts included in the Plan are based on established costs for desired service levels and governed by professional services contracts that pre-determine levels of expenditure. Funding levels for DHS contracts for county-level services are developed in conjunction with a [needs-based budget](#) allocation from the Commonwealth and an understanding of expected service demand and requirements for matching funds. The SEPTA subsidy amount is determined by [state law](#) and, in the absence of a state budget, is set in accordance with the Governor's budget proposal. Existing service agreement borrowings are subject to debt service schedules established at the time of borrowing. New service agreement borrowing costs are based on authorized borrowing amounts and assumptions about interest rates and repayment timelines.

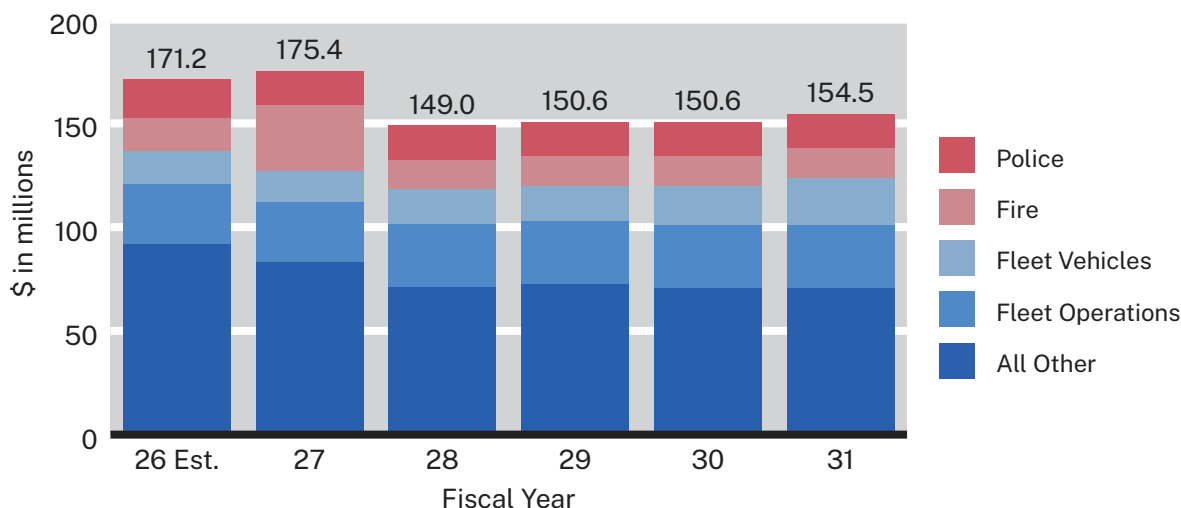
PICA Staff Assessment of Assumptions and Methods of Estimation

The assumptions and methods of estimation for Class 200 costs included in the FY27-31 Five-Year Plan are reasonable and appropriate. Significant portions of Class 200 spending in the Plan are determined by state legislation and allocation, funding formulas, and established debt service schedules. New service agreement borrowing included in the Plan assumes interest rates between 5.5 and 6.5 percent that align with recent experience while providing funding to cover the cost of slight increases in interest rates. The rest of the City's Class 200 costs are developed in conjunction with departmental leadership to identify expected costs of sustaining operations, identifying expected reductions, estimating future costs, and conducting competitive contracting processes to achieve a balance of cost effectiveness and service delivery. In accordance with the [Intergovernmental Cooperation Agreement](#) between the City and PICA, any extraordinary contracts the City enters must first be submitted to PICA with assurances from City leadership that the new contract will not bring the Plan out of compliance with the PICA Act.

The City's Class 200 spending grew at a compound annual rate of 7.1 percent from FY17 through FY26, notably higher than the compound annual Class 200 growth of -0.8 percent included in the FY27-31 Plan. Reductions to Class 200 spending will be possible if the second H.O.M.E. borrowing is reduced and delayed and one-time and short-term expenditures end as planned. In recent years, investments like anti-violence grants, the SEPTA Zero Fare pilot, and General Fund spending on the Riverview Wellness Center intended as limited or one-time expenditures have persisted or recurred beyond initial expectations. Changes to federal funding policies are likely to create fiscal challenges for many of the City's non-profit service providers, particularly in areas of health, wellness, and homeless services. The impact on fuel prices of the war with Iran has increased expectations for [elevated inflation](#) and [federal funds rates](#) through at least 2028. Documentation submitted with the Plan supports the estimated reductions, but there will likely be significant pressure for increased Class 200 spending over the course of the Plan.

Class 300/400: Materials, Supplies, and Equipment

Class 300/400 costs decline after one-time purchases in FY27.



Class 300/400 spending makes up just 2.2 percent of all General Fund spending included in the FY27-31 Plan. Totalling \$780.1 million from FY27-31, spending on materials, supplies, and equipment is estimated to decline from \$175.4 million in FY27 to \$154.5 million in FY31 at a compound annual rate of -3.1 percent.

Three departments are responsible for more than half (\$411.8 million) of the Class 300/400 spending included in the Plan. The Department of Fleet Services estimates that it will spend a total of \$240.1 million on materials, supplies, and equipment over the Plan period: \$149.3 million in support of its operations, including fuel costs, and \$90.8 million to purchase or lease new vehicles for the City's fleet. The Fire Department intends to spend \$88.5 million in Class 300/400, with \$17.5 million budgeted for its department-wide replacement of self-contained breathing apparatuses in FY27. The Police Department anticipates spending \$16.7 million on materials, supplies, and equipment annually for departmental operations, totaling \$83.3 million from FY27-31. No other departments are responsible for more than ten percent of the Plan's Class 300/400 spending on their own, but the Plan includes resources to support start-up costs for L&I's Proactive Rental Inspection Program and completing the fit out of body-worn cameras for the Department of Prisons.

Assumptions and Methods of Estimation

The City develops the Class 300/400 allocations included in the Plan based on recent experience, departmental processes, conversations with suppliers, responses to procurement bids, and market trends. The Budget Office then works with departments to evaluate short-term and long-term needs and identify areas for cost reduction when applicable. Fleet Services manages fuel costs by relying primarily on longer-term fixed price purchase contracts to supply the City's fleet and mitigate the impact of fuel price volatility on the Plan. The Plan anticipates the conclusion of long-planned equipment upgrades in public safety departments like Fire and Prisons.

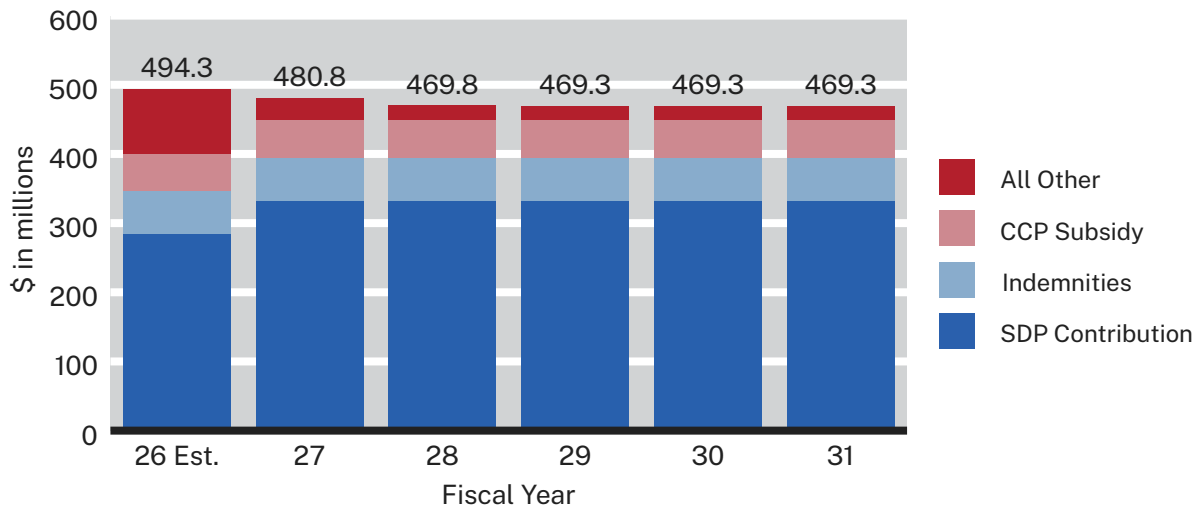
PICA Staff Assessment of Assumptions and Methods of Estimation

The assumptions and methods of estimation for Class 300/400 costs included in the FY27-31 Five-Year Plan are reasonable and appropriate. Economic [forecasters anticipate](#) that average annual inflation will remain about 2.5 percent over the Plan period, while the City expects its materials, supplies, and equipment costs to decline over the course of the Plan. Significant non-recurring purchases that are front loaded in FY27 mitigate some of the disparity between Class 300/400 spending and inflation expectations. Even so, Class 300/400 spending from FY28 through FY31 is budgeted to grow at a compound annual rate of just 1.2 percent. Another factor that reasonably limits growth in materials, supplies, and equipment costs is the City's use of contracts to limit the impact of short-term price increases and lock in lower prices for longer. However, unless multi-year contracts are approved by City Council, the City typically [relies on one-year contracts](#) with options to renew.

The City's process for working with departments to evaluate Class 300/400 allocations establishes spending expectations and parameters for departments to work within. Departments like Fleet Services with high materials, supplies, and equipment budgets are highly attuned to market trends that will impact the cost of providing services. Should rising costs put pressure on the Plan's Class 300/400 allocations, this departmental expertise helps the City identify where cost saving measures will have the least impact on service delivery.

Class 500: Contributions, Indemnities, and Taxes

Contributions to the School District of Philadelphia account for 70.4% of the Plan's Class 500 Allocations.



The FY27-31 Five-Year Plan includes \$2.36 billion in Class 500 (Contributions, Indemnities, and Taxes) allocations. Over the course of the Plan, Class 500 costs are estimated to decline at a compound annual rate of -0.6 percent, from \$480.8 million in FY27 to \$469.3 million in FY31. This modest decline is due to relatively higher Class 500 costs in FY26 and FY27, as the City made one-time contributions to various organizations, mostly in support of the nation's semiquincentennial and hosting of World Cup matches. From FY26 to FY27, Class 500 spending is estimated to decline by 2.7 percent, followed by another 2.3 percent decline from FY27 to FY28 before remaining about even for the remainder of the Plan.

The three largest Class 500 expenditures are the City's annual contribution to the School District of Philadelphia, funds set aside to cover indemnity costs, and the subsidy the City provides to the Community College of Philadelphia (CCP). These three expenditures represent 95.2 percent of all Class 500 spending included in the Plan. The most significant change in Class 500 compared to prior years is a \$48.0 million increase in the City's annual contribution to the School District of Philadelphia (SDP), representing \$240.0 million in General Fund spending over the Plan. Starting in FY27, the City's contribution to SDP will be \$332.1 million annually, totaling \$1.66 billion from FY27-31. Indemnity costs are expected to be level, budgeted at \$61.3 million annually and \$306.4 million throughout the Plan. The City's subsidy to CCP will also remain flat, budgeted for \$55.9 million annually and \$279.3 million over the Five-Year Plan.

Assumptions and Methods of Estimation

Most Class 500 allocations (87.0 percent) are discretionary, subject to agreement between the Administration and City Council. Contributions to CCP and the School District of Philadelphia are critical to those organizations, whose success can affect the City's tax base and service demands, making these expenditures challenging to dramatically alter though they are technically discretionary.

The other 13.0 percent of Class 500 allocations in the FY27-31 Plan are for indemnities, which are unavoidable costs the City is legally required to pay. Indemnities are projected based on analysis of settlement cost trends, open and new cases, risk assessments, and litigation capacity. The City estimates indemnity costs in the Plan by applying a rolling three-year average to prior year allocations.

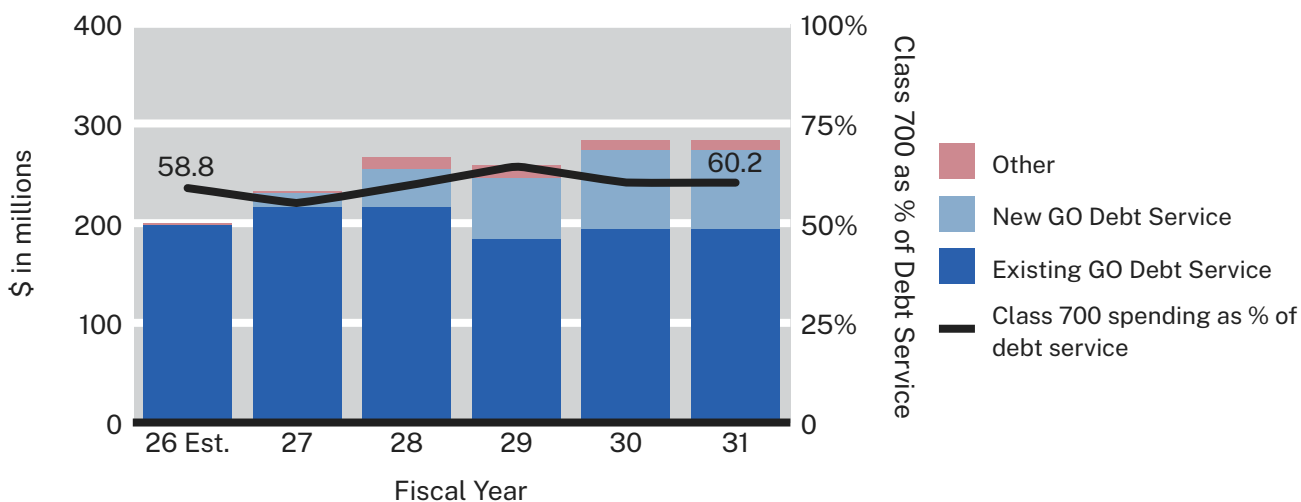
PICA Staff Assessment of Assumptions and Methods of Estimation

The assumptions and methods of estimation for Class 500 costs in the FY27-31 Five-Year Plan are reasonable and appropriate, particularly because, although critical to the educational infrastructure of the city, the contributions to the School District and CCP are discretionary. Due to their mandatory nature, indemnity costs – especially when unanticipated – can threaten the Plan's compliance with the PICA Act. Estimates built on prior year averages, combined with greater litigation capacity and alternative approaches for paying compensation claims, make the City's indemnity allocations reasonable and appropriate.

In prior years, PICA has noted that unstable School District finances may put pressure on the City to increase General Fund spending. Although the Mayor's FY27 proposed budget included recurring sources of non-General Fund revenue directed to the School District, the final budget agreement instead relied on providing \$240.0 million from the General Fund. The increased contribution has been offset by commensurate reductions to General Fund spending due to reduced borrowing for capital infrastructure and affordable housing investments unless a recurring revenue source is identified during FY27. The School District's fiscal challenges are far from resolved by the additional contribution, and further increases in contributions may pose a risk to the Plan.

Class 700: Debt Service

Class 700 spending represents about 60% of the City's debt service costs.



The FY27-31 Plan allocates \$1.32 billion to Class 700 (Debt Service), growing from \$232.2 million in FY27 to \$282.9 million in FY31 at a compound annual rate of 5.1 percent. Class 700 allocations service the City's General Obligation (GO) debt, which is backed by the full faith, credit, and taxing power of the City. More than 95 percent of the Plan's Class 700 spending is dedicated to debt service on the City's GO bonds, with \$1.01 billion committed to paying down debt incurred prior to the Plan, and \$269.4 million to pay down debt incurred during the Plan.

A much smaller portion (3.7 percent) of Class 700 allocations included in the Plan are intended for non-GO costs. These costs include the issuance of Tax and Revenue Anticipation Notes (TRANs) starting in FY28, debt service for a 1999 Philadelphia Parking Authority (PPA) bond issuance backed by the City, arbitrage payments, and servicing costs for the City's line of credit. The City issues TRANs when it needs to bridge the gap created by a timing mismatch between General Fund revenue receipts and expenditure needs within a fiscal year. The FY27-31 Plan includes a total of \$36.0 million to cover costs associated with the potential use of TRANs in all years but FY27.

Class 700 allocations represent 59.7 percent of the City's estimated debt service costs across the Plan. Issue-specific borrowing governed by service agreements with quasi-governmental entities is included in Class 200 rather than Class 700.

Assumptions and Methods of Estimation

The [Constitution of the Commonwealth of Pennsylvania](#) and the City's [debt management policy](#) dictate guidelines and upper limits for the City's GO borrowing. Debt service costs related to existing General Obligation borrowing are set by debt service schedules for principal and interest payments at the time of issuance. Debt service costs for new GO debt included in the Plan are estimated using operational assumptions about the timing and amount of borrowing needed, and market-related assumptions about interest

rates in coming years. Recent City debt issuances had interest rates between 4.75 to 5.75 percent for taxable bonds and 4.0 to 4.5 percent for tax-exempt bonds. The FY27-31 Plan assumes rates on General Obligation debt between 5.75 and 6.0 percent to account for any potential increases in borrowing costs. In recent years, the City has not needed to issue TRANs but is assuming interest rates of 4.5 percent should borrowing be necessary from FY28-31.

PICA Staff Assessment

The assumptions and methods of estimation for Class 700 costs in the FY27-31 Plan are reasonable and appropriate, but not without some risk. Most of the Plan's Class 700 spending is tied to previous borrowing with fixed debt service costs. Allocations for new Class 700 spending included in the Plan are based on interest rate assumptions that should make new borrowing possible even if the cost of borrowing increases. Constitutional limits on borrowing and the City's debt management policy provide additional assurance that Class 700 costs will not put the Plan in jeopardy.

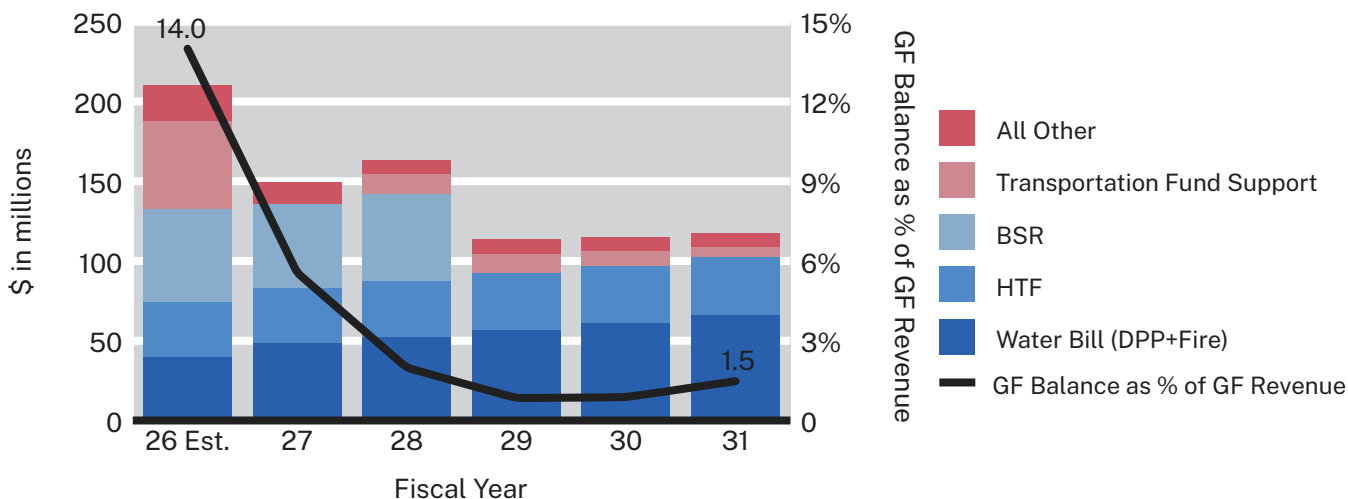
The decision to remove funding for potential TRAN borrowing in FY27 to increase the City's contribution to the School District introduces some risk to the Plan. In FY26, the City seriously considered issuing TRANs because a state budget impasse resulted in a six-month delay in some state funding at the same time as a federal budget impasse created concerns about the timing of the receipt of federal funding. Both impasses were resolved before the City needed to issue a TRAN. The FY27 General Fund cashflow projection anticipates a low-end cash balance of \$503.4 million at the end of March. Should changes in the economy or federal funding increase costs or reduce collections, short-term cashflow borrowing may become necessary.



Photo Credit: Lucie Christian

Class 800: Payments to Other Funds

Budget Stabilization Reserve contributions are not required when the General Fund balance is less than 3% of General Fund revenues.



The City allocates \$659.1 million in Class 800 (Payments to Other Funds) over the FY27-31 Five-Year Plan. Class 800 spending is projected to climb from \$149.4 million in FY27 to a Plan high of \$163.3 million in FY28, before falling to a Plan low of \$113.5 million in FY29 and increasing slightly to \$117.8 million by FY31. From FY27 to FY31, Class 800 spending is expected to grow at a compound annual rate of -5.8 percent.

The largest components of the Class 800 spending in the FY27-31 Plan are contributions required by the City Charter, payments to the Water Fund for City water usage, and operating support for the Transportation Fund. Together, these expenditures represent more than 92 percent of the Plan's Class 800 spending.

The City's Home Rule Charter includes funding formulas that govern contributions to the City's Housing Trust Fund (HTF) and Budget Stabilization Reserve (BSR). In the FY27-31 Plan, HTF contributions total \$176.3 million, growing from \$34.7 million in FY27 to \$36.2 million in FY31 at a compound annual rate of 1.1 percent. There are only two contributions to the BSR included in the Plan: \$52.5 million in FY27 and \$54.7 million in FY28. When the City's General Fund balance is below three percent of General Fund revenues, as is the case from FY29-31, contributions to the BSR are not required.

The Water Fund, which is an enterprise fund not covered by the PICA Act, is the largest recipient of General Fund Class 800 spending over the Plan. Payments to the Water Fund from the Department of Public Property and Fire Department, primarily for water, sewer, and stormwater charges from day-to-day operations, total \$285.5 million from FY27-31, growing from \$48.3 million in FY27 to \$66.3 million in FY31 at a compound annual rate of 8.2 percent as rates increase.

The Office of the Director of Finance anticipates transferring a total of \$39.0 million from the General Fund to the Transportation Fund from FY27-31 to support Streets Department operations and maintain a positive fund balance in the Transportation Fund, which is an operating fund of the City covered by the PICA Act. Other allocations for payments to other funds total \$51.2 million across the FY27-31 Plan, mostly as transfers from the General Fund to the Capital Fund as Pay-as-You-Go financing for capital projects.

Assumptions and Methods of Estimation

The City Charter dictates [the minimum level of contributions](#) to the Housing Trust Fund and Budget Stabilization Reserve, but the City can choose to contribute more than the Charter requires. The HTF contribution is calculated as at least 0.5 percent of the City's total General Fund appropriations. The BSR contribution is calculated by assessing the prior fiscal year's fund balance as a percentage of revenues according to the following:

General Fund Balance as % of General Fund Revenues	Budget Stabilization Reserve Contribution as % of General Fund Balance
<3%	None required
3-5%	0.75% of Unrestricted Local General Fund Revenues
5-8%	1.00% of Unrestricted Local General Fund Revenues
>8%	Greater of: - all funds over 8% of General Fund Balance as projected for prior fiscal year 1.00% of Unrestricted Local General Fund Revenues in budgeted fiscal year

Payments to the Water Fund are calculated based on prior year actual usage data and current water utility rates. Contributions to the Transportation Fund are based on Transportation Fund revenue, spending, and fund balance assumptions and the level of General Fund transfers required to maintain compliance with the PICA Act. Payments to the Capital Fund are consistent with the approved Capital Budget and Program.

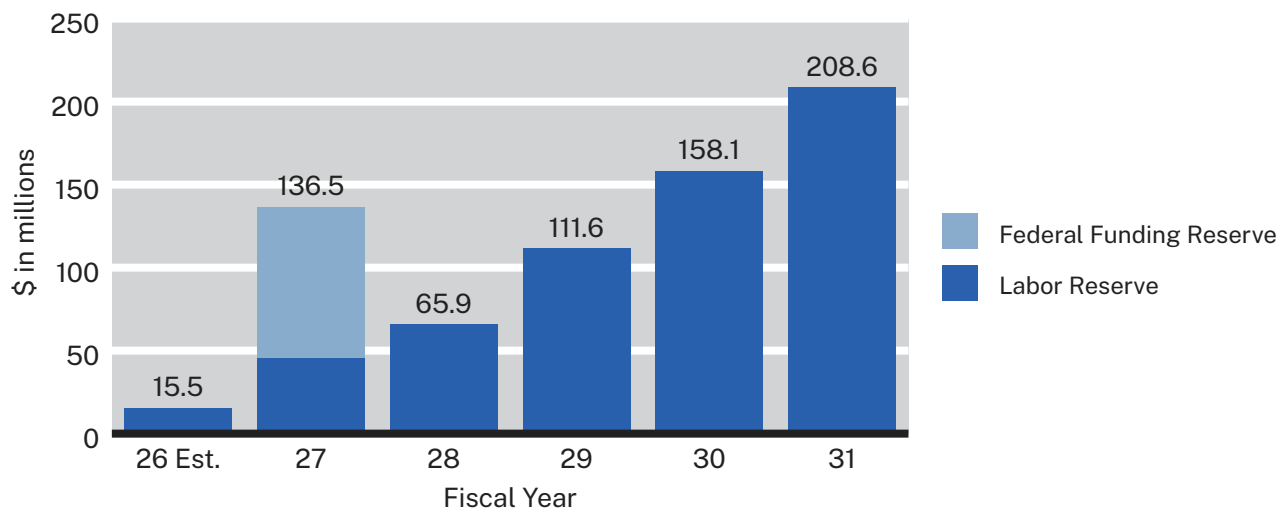
PICA Staff Assessment

The assumptions and methods of estimation for Class 800 payments to other funds in the FY27-31 Plan are reasonable and appropriate. Housing Trust Fund payments equal 0.5 percent of General Fund spending and Budget Stabilization Reserve contributions align with tiered contributions levels as required by the Charter. Payments to the Water Fund incorporate anticipated rate increases through FY31. Other Class 800 spending meets PICA Act standards and is consistent across the Plan and related documentation.

Class 900: Reserves, Advances, and Miscellaneous

The FY27-31 Plan allocates \$680.7 million to Class 900 (Reserves, Advances, and Miscellaneous Payments), split between a total Labor Reserve of \$589.7 million from FY27-31 and a \$91.0 million Federal Funding Reserve in FY27. The Labor Reserve is appropriated in the City's Civil Service Commission and intended to fund costs arising from future labor contracts. Labor Reserve allocations in the Plan are equivalent to 2.7 percent of the Plan's Class 100 allocations. More funding is allocated to the Labor Reserve in the later years of the Plan, reflective of the expiration of active labor agreements by the end of FY28. New contracts have historically resulted in increased wages and other costs like medical contributions or meal reimbursement rates, with non-represented staff typically receiving salary increases alongside non-uniform employees. The Federal Funding Reserve is an amount available to the City in the event of federal funding disruption. While the amount in the Federal Funding Reserve is insufficient to stand in for significant reductions in federal funds, it is intended to give the City time to react as thoughtfully and effectively as possible if faced with disruptions in funding from the federal government.

In FY27, the Plan includes a \$91.0M reserve for potential changes to federal funding.



Assumptions and Methods of Estimation

The City of Philadelphia does not use a specific formula to determine the size of the Labor Reserve but aims to set aside adequate resources to accommodate the terms of new contracts and other changes to labor costs. The size of the Federal Funding Reserve also does not rely on a specific formula or funding guideline. It was initially appropriated as a \$95.0 million reserve in FY25. In the late fall of FY26, \$4.0 million was drawn from the reserve to support a local response to a federal government shutdown that halted Supplemental Nutrition Assistance Program (SNAP) funds to hungry Philadelphians. The \$91.0 million reallocation in FY27 reflects this drawdown.

Labor Reserve as % of Class 100 allocations					
FY26 Est.	FY27	FY28	FY29	FY30	FY31
0.4%	1.1%	1.5%	2.5%	3.6%	4.7%

PICA Staff Assessment

The assumptions and methods of estimation for Class 900 costs in the FY27-31 Five-Year Plan are reasonable and appropriate. PICA commends the City for the continued use of a Labor Reserve, initially recommended by PICA, to plan for expected but difficult to quantify future labor costs. The 1.6 percent compound annual growth rate of combined Labor Reserve and Class 100 allocations included in the Plan is lower than the 3.6 percent compound annual growth experienced from FY22-26. An I.A.F.F. award finalized in July 2026 after Plan submission will draw \$183.4 million from the Labor Reserve over the Plan to account for associated costs. PICA’s calculations of potential future labor costs from FY27-31 indicate that the Labor Reserve and General Fund balances included in the Plan, if spent entirely on wages and excluding any overtime or benefit increases, could be capable of supporting 2.75 percent annual increases across all bargaining units and exempt employees for all years of the Plan not covered by active labor agreements.

The PICA Act requires that police and firefighter arbitration awards consider and accord substantial weight to the approved Five-Year Plan and the financial ability of the City to pay increased costs for wages and fringe benefits. Any collective bargaining agreements that the City executes must either be in compliance with the Five-Year Plan as approved, or the City shall submit a revised Plan to the PICA Board that is in compliance with the requirements of the PICA Act.

The Federal Funding Reserve included in FY27 provides enhanced reserves for dealing with unanticipated changes in federal funding compared to previous Five-Year Plans submitted to PICA. The City does not have the fiscal capacity to make up widespread reductions in federal support with General Fund spending. Attempting to do so when the City experienced federal funding cuts in the 1980s is in part [what led to the fiscal crisis](#) of the early 1990s that PICA was created to address. Rather than attempting to stand in for federal funding sources, the amount set aside in the City’s Federal Funding Reserve will allow for more thoughtful adjustments to any potential declines in funding from the federal government.

Fund Balances and Reserves

The PICA Act requires Philadelphia to have positive fund balances for each year of the Five-Year Plan. Sufficient fund balances are necessary to ensure that the City can deliver necessary services amidst unexpected events that may cause rising costs and/or falling revenues. The City of Philadelphia sets an additional internal target: Combined reserves from the General Fund balance and other reserves (including the [Budget Stabilization Reserve](#)) should be at least 6-8 percent of General Fund revenues. The Government Finance Officers Association (GFOA) [recommends](#) that governments maintain a fund balance of at least 16.7 percent of revenues, reflecting approximately two months of revenues or spending. For Philadelphia, this would equate to about \$1 billion in reserves for each year of the Plan. The City's more modest target reflects a desire to balance building fund balances toward the GFOA-recommended level with efforts to provide services and investments to residents given limited resources. PICA highlights both measures for comparison purposes, and to indicate that simply maintaining a positive fund balance is the minimum requirement of the PICA Act rather than the City's goal or fiscal best practice.

The FY27-31 Plan projects a General Fund balance of \$364.6 million in FY27, which is projected to drop to \$133.8 million in FY28 and \$59.1 million in FY29, before growing again in FY30 and FY31 to \$62.3 million and \$107.4 million, respectively.

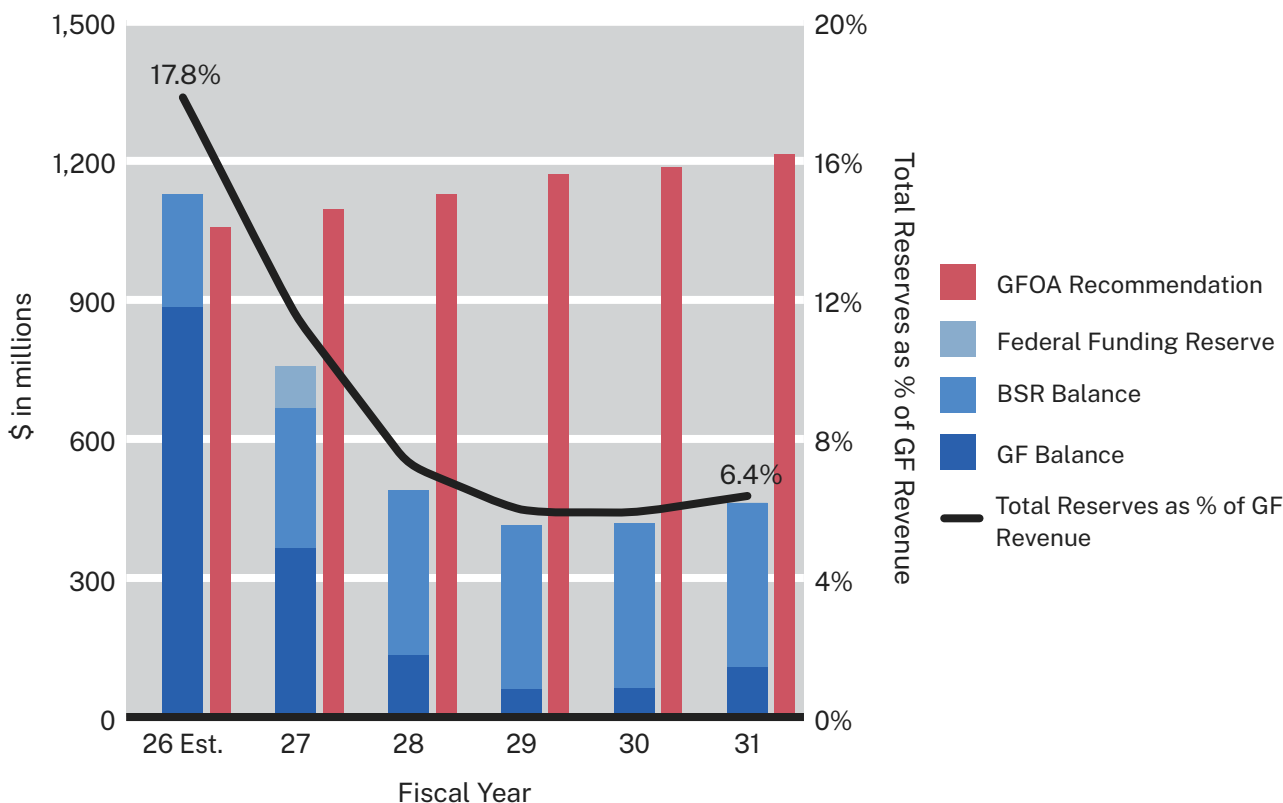
The City's Budget Stabilization Reserve (BSR) is projected to receive two deposits over the next five fiscal years, a \$52.5 million deposit in FY27 and a \$54.7 million deposit in FY28. This brings the total projected BSR balance to at least \$354.9 million for the remainder of the Plan, as the City does not project BSR deposits beyond FY28.

Philadelphia is projected to meet its target of 6-8 percent of revenues in reserves for three out of the five years of the Plan. FY29 and FY30 are projected to be just under six percent of revenues due to planned operating deficits through FY29, unless the Federal Funds Reserve budgeted in FY27 is not spent and appropriated to reserves in future years.

Assumptions and Methods

The City's General Fund balance is calculated based on its projections for the prior year's fund balance, obligations, projected revenues, and prior-year adjustments. The City's Budget Stabilization Reserve balance is based on prior year balance, interest earnings, and predicted deposits based on the BSR funding formula tied to projected General Fund balance. The Federal Funds Reserve is included as an expenditure in a single year in the FY27-31 Plan.

Total reserves as a percent of revenue falls below GFOA recommendation in all years of the FY27-31 Plan.



PICA Staff Assessment of Assumptions and Methods

The assumptions and methods of estimation for General Fund balances and Budget Stabilization Reserve balances for the FY27-31 Plan are reasonable and appropriate. Though the City's General Fund balance falls short of the GFOA-recommended level in all years of the Plan, the PICA Act requires only that fund balances are positive for Plan approval. Projected General Fund balances, based on reasonable assumptions of revenues and obligations, meet the requirements of the PICA Act but may be insufficient to address reductions in revenue or service delivery cost changes that could result in increased operating deficits. Deposits to the BSR are consistent with the funding formula and deposit requirements included in the City's Home Rule Charter. The Federal Funding Reserve adds to the City's overall level of reserves and fiscal flexibility in FY27 but is not intended to or capable of replacing reductions to federal allocations to the City.

Performance

The City of Philadelphia uses program-based budgeting to connect departmental performance measures with the resources provided to deliver services. The FY27-31 Five-Year Plan includes performance measures for most City departments, while the [Quarterly City Managers Report \(QCMR\)](#) provides updates on progress toward a subset of those measures during the fiscal year. Together, these documents provide context for the City's spending priorities and planned service levels and external circumstances.

PICA does not evaluate the appropriateness of individual performance measures or departmental management decisions. Rather, performance information provides additional context for assessing the assumptions underlying the Five-Year Plan, particularly where service levels, operating costs, or revenue collections may be affected. The discussion below focuses on selected performance measures reported in City documentation, including the FY26 Q3 Quarterly City Managers Report (QCMR) and the Proposed FY27-31 Five-Year Plan, that provide context for evaluating certain City services, spending priorities, and performance expectations. Progress in FY26 is evaluated against whether the measures were on track to meet the FY26 target as of FY26 Q3, as indicated in the QCMR. If the measure is not identified in the QCMR, FY26 progress is reported as identifying the full-year target and the change from the prior year, without indicating status.

Key Priorities					
Public Safety	Housing	Clean and Green	Economic Development	Education & Workforce	Core Support
• Police • Prisons • Human Services • Fire • Licenses & Inspection • Public Health	• Office of Homeless Services • Planning & Development	• Sanitation • Streets	• Commerce	• Free Library • City College for Municipal Employment	• Philly311 • Fleet

Public Safety

Public safety performance measures generally indicate continued improvement in the City's highest profile outcomes. As of FY26 Q3, the Police Department remained on track to meet major crime reduction targets in FY26, and several Fire and Human Services measures were also on track to meet the goals of the Administration. However, performance was more mixed for Public Health and Licenses & Inspections, where several service-level targets approached but did not meet service delivery targets. For the departments covered below, most FY27 performance targets remain unchanged from FY26, suggesting the City is largely maintaining existing performance expectations.

Police		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
10.3% decline from FY24 in Part 1 violent crimes (12,093 in FY25).	Was on track to meet targets for reduced homicides, shooting victims, and Part 1 violent crimes, and on track for increased homicide clearance rates.	The Police Department does not set numerical targets for most crime-related measures – performance is determined based on an increase or decrease in clearance rates or incidences from the prior fiscal year.
23.1% decline from FY24 in homicides (253 in FY25).		
20% reduction from FY24 in shooting victims (1,030 in FY25).		
13 percentage point increase from FY24 in homicide clearance rates (79.2% in FY25).		



Photo Credit: [City of Philadelphia, Quinton Davis](#)

Prisons		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
10% decline from FY24 in average daily prison census (4,221 in FY25).	Target for average daily prison census was $\leq 5,000$.	Target for average daily prison census is lower than the FY26 target at $\leq 4,000$.
4.8 percentage point reduction from FY24 in one-year reincarceration rates (26.5% in FY25).	Was on track to meet target of one-year reincarceration rate $\leq 30\%$.	Target for one-year reincarceration rate drops to $\leq 25\%$.
6.6 percentage point increase from FY24 of incarcerated persons assigned to programs and work assignments (57% in FY25).	Target for incarcerated persons assigned to programs and work assignments was $\geq 60\%$.	Target for incarcerated persons assigned to programs and work assignments stays the same as FY26 at $\geq 60\%$.
	Was not on track to meet target of 30% for percentage of sentenced incarcerated persons who participated or are participating in educational or treatment program in the reporting period.	Target for sentenced incarcerated persons participating in educational or treatment programs in the reporting period stays the same as FY26 at 30%.

Human Services		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
14.6% decrease from FY24 in dependent placement population as of the last day of the fiscal year (2,480 in FY25).	Was on track to meet FY26 targets for almost all reported measures, including the dependent placement population and percentage of out-of-home children achieving permanency ($\leq 2,400$ and $\geq 24\%$ respectively).	Targets for dependent placement population and dependent placement population in kinship care are unchanged from FY26.
3.6 percentage point increase from FY24 in the percent of children in out-of-home placement who achieved permanency out of all children in placement (27.7% in FY25).	Was not on track to meet the target for percent of dependent placement population in kinship care ($\geq 51\%$).	Target for percent of children in out-of-home placement who achieved permanency is higher than FY26 at $\geq 25\%$.
3.6 percentage point decrease from FY24 in the percent of dependent population in kinship (family) care (46% in FY25).		

Fire		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
37 civilian fire-related deaths.	Was not on track to meet the target for a reduction in civilian fire-related deaths.	Targets for structure fires and civilian fire-related deaths are reductions from FY26.
5.6% reduction from FY24 in structure fires (2,720 in FY25).	Was on track to meet the target for a reduction in structure fires.	New data-extraction methods should enable tracking of the percent of EMS emergency calls responded to within nine minutes.
	After updating its data-gathering methods in FY26, the Department was on track to meet the target for a fire engine response time of ≤6:39.	Target for fire engine response time is the same as FY26, at ≤6:39.

Licenses & Inspections		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
1.7% decrease from FY24 in unsafe properties (3,427 in FY25).	Was not on track to meet the target number of demolitions performed (350), nor to meet the target of a reduction in the number of “imminently dangerous properties.” FY26 progress was impacted by staff providing snow removal assistance in Q3.	FY27 targets for the number of “imminently dangerous” and unsafe properties are reductions from FY26 levels.
3.3% decrease from FY24 in number of demolitions performed (296 in FY25).		All other L&I performance measures, aside from the goal of increased personnel, remain unchanged from FY26.
7.3% increase from FY24 in the median timeframe (in days) from “imminently dangerous” designation to demolition.	Was on track to meet the target for the median timeframe (in days) from “imminently dangerous” designation to demolition (130 days).	
16.9% reduction from FY24 in number of imminently dangerous properties (133 in FY25).		

Public Health		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
Three percentage point increase from FY24 in the percentage of uninsured visits to City Health Centers (HCs) (46.6% in FY25).	Was on track to meet the target of $\leq 48\%$ of uninsured visits to HCs.	Targets for uninsured HC visits, children with complete immunizations, and time between food establishment inspections are unchanged from FY26.
No significant change from FY24 in children 19-35 months with complete immunizations (67.3% in FY25).	Was not on track to meet targets for number of months between food establishment inspections (≤ 12), number of new HIV diagnoses (≤ 350), or child vaccination rates ($\geq 70\%$).	Target for new HIV diagnoses is lower than FY26 at ≤ 300 .
3.2% increase from FY24 in the number of new HIV diagnoses (385 in FY25).		
Slight decrease of .3 months for the number of months between food establishment inspections (12.5 months in FY25).		

Housing

Housing metrics reflect mixed progress toward the City's housing and homelessness performance targets. As of FY26 Q3, the Office of Homeless Services was on track for several prevention and shelter outcome measures but remained below target for overall permanent housing placements, while Planning & Development continued to prioritize housing preservation and repairs. FY27 targets generally maintain prior service expectations. However, homelessness prevention targets assume additional grant revenue, which may affect their achievability if those funds do not materialize, while permanent housing placement targets are reduced to reflect federal funding uncertainty. Measures have not been updated since the decision to delay and reduce borrowing for the H.O.M.E. Initiative, which may negatively impact service levels and outcomes for FY27 depending on the decisions made.

Office of Homeless Services

FY25 Results	FY26 Progress as of Q3	FY27 Goals
3.1% increase from FY24 in the number of households provided homeless prevention assistance (1,407 in FY25).	Was on track to meet targets for the number of households provided homeless prevention assistance (1,500) and the percent of exits to permanent housing destinations (25%).	Target for number of households provided homeless prevention assistance is 1,650, up from FY26.
19% decrease from FY24 in the number of households placed into all types of permanent housing (1,179 in FY25).	Was not on track to meet goal of 1,700 households placed into all types of permanent housing. This was impacted by federal funding shifts.	Target for the percent of exits to permanent housing destinations is unchanged from FY26.
1.2 percentage point increase from FY24 in the percent of exits to permanent housing destinations from shelter and transitional housing programs (28.19% in FY25).		Preliminary target for the number of households placed into all types of permanent housing is 1,400, a reduction from FY26.

Planning & Development

FY25 Results	FY26 Progress as of Q3	FY27 Goals
4.5% increase from FY24 in homes repaired (7,312 in FY25).	Was on track to meet target of 7,200 homes repaired.	Target for homes repaired is 8,000, up from FY26.
40.5% decrease from FY24 in number of affordable housing units created (113 in FY25).	Target for affordable housing unit creation was 300.	Target for affordable housing unit creation is the same as FY26.
252.9% increase from FY24 in the number of units preserved (487 in FY25).	Target for acquisition of tax foreclosure properties was 414, which captures properties impacted by delays from FY25.	Target for units preserved is higher than FY26 but lower than the FY25 actual, at 350.
Zero tax foreclosure properties acquired in FY25 due to legal and process changes.		Target for tax foreclosure property acquisition is 319.

Clean and Green

Clean and Green performance measures indicate that core sanitation services continue to meet established service levels, while transportation-related measures are more mixed. The City generally maintains FY27 performance targets for sanitation services but lowers its road resurfacing target.

Sanitation		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
604,554 tons of refuse collected and disposed of.	Was on track to meet targets of $\leq$ 635,000 tons of refuse collected and disposed and $\geq$ 97% on-time trash collection.	Targets for tons of refuse collected and disposed, on-time trash collection, and mechanical street-cleaning miles cleaned are the same as FY26.
One percentage point increase from FY24 in on-time trash collection, at 99%.	Target for the number of short dump sites cleaned was 2,750.	Target for number of short dump sites cleaned for FY27 is higher than FY26 at 3,000 sites, but the target for tons of material collected from short dump sites is less than FY26, at 12,000 tons.
34.6% increase from FY24 in number of short dump (illegal dumping) sites cleaned (3,303 in FY25).	Target for mechanical street cleaning miles cleaned was $\geq$ 85,000, lower than FY25 actuals.	
8.9% increase from FY24 in miles cleaned with mechanical street cleaning (87,951 in FY25).		

Streets		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
68.9% increase in miles resurfaced by City staff and contractors (103 miles in FY25).	Was on track to meet target of 90 miles of road resurfaced.	Target for miles resurfaced decreases from 90 to 50 miles.
Slight 0.7 percentage point decrease in the percentage of time potholes are repaired within three days (90.3% in FY25).	Was not on track to meet the target (90%) for percentage of time potholes are repaired within 3 days.	Target for pothole repair within 3 days remains the same as FY26.

Economic Development

Economic development performance measures present a mixed picture, with consistent business attraction and job connection outcomes alongside lower business engagement. FY27 targets remain largely unchanged from FY26, indicating the City is maintaining current performance expectations while continuing to invest in economic development.

Commerce		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
27.8% decline from FY24 in number of businesses engaged (1,038 in FY25).	Target for number of businesses engaged was $\geq 1,100$.	Targets for number of businesses engaged and number of businesses supported through Neighborhood Business Services are unchanged from FY26.
6,955 job connections, or the number of full-time positions created or retained as a result of a company or employer receiving support from Commerce.	Target for number of job connections was $\geq 4,951$.	Target for number of job connections is $\geq 6,389$.
44 business attraction “wins”, or businesses accepting an offer of public incentives or otherwise locating in Philadelphia after connecting with Commerce.	Target for business attraction and retention wins was ≥ 25 .	Target for number of business attraction and retention wins is ≥ 40 .
41.6% increase from FY24 in number of businesses supported through Neighborhood Business Services (13,176 in FY25).	Target for number of businesses supported through Neighborhood Business Services was $\geq 16,287$.	

Education and Workforce Development

Education and workforce measures generally indicate stable or improving service levels. The Free Library remained on track to meet its major FY26 performance targets, while FY27 targets reflect expanded access through increased library visits and service hours. Targets for participation in the City College for Municipal Employment reflect an expansion of the program.

Free Library		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
1,695,907 in-person visits.	Was on track to meet the FY26 target of 1,700,000 in-person visits due to expanded service and hours.	Target for in-person visits increases to 1,800,000.
Slight (1 percentage point) decrease from FY24 in the percentage of Philadelphians who have Library cards (31% in FY25).	Was on track to meet the FY26 target of $\geq 30\%$ of Philadelphians with library cards.	Target for percentage of Philadelphians with library cards remains unchanged from FY26.
		Target for hours of service increases from 83,000 in FY26 to 85,000 in FY27.

City College for Municipal Employment		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
333 City College for Municipal Employment (CCME) participants.	Target for number of CCME participants was 350.	Target for number of CCME participants is a 5% increase from the FY26 actual.
		The City does not set targets for CCME participants hired and retained by the City of Philadelphia.

Core Support

Core support performance measures indicate stable performance. As of FY26 Q3, Philly311 was on track to meet all reported performance targets, and FY27 targets raise expectations for customer service by reducing average call handle times and increasing post-call satisfaction while maintaining current digital engagement goals. Fleet Services was on track to meet nearly all FY26 performance targets, with FY27 targets remaining unchanged.

Philly311		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
54.6% of contacts submitted through mobile or web applications.	Was on track to meet all performance targets: > 80% post-call satisfaction rate, > 50% mobile or web contacts, < 6:00 handle time for 311 calls. All of these targets were also met or exceeded in FY25.	Goal for mobile or web contacts remains unchanged from FY26 at > 50%.
Average 311 call handle time of 4:40.		Average handle time target reduced from < 6:00 to < 5:00 in FY27.
81.7% post-call satisfaction rate.		Post-call satisfaction rate goal increased to > 85%.

Fleet		
FY25 Results	FY26 Progress as of Q3	FY27 Goals
Slight (0.4 percentage point) decrease from FY24 in Citywide fleet availability (91.2% in FY25).	Was on track to meet target of $\geq$ 90% Citywide fleet availability.	All FY27 targets remain the same as FY26, reflecting industry standards for performance and maintenance.
Median age of all City vehicles: 5.9 years.	Was on track to meet the median age of vehicle target of $\leq$ 6 years for vehicles funded through the General Fund, but not on track to meet this target for vehicles funded by the Water or Aviation Fund.	
Over 100% of Service-Level Agreement met for medic units, trash compactors, and radio patrol cars.	Was on track to meet all Service-Level Agreement targets.	

Fiscal Indicators

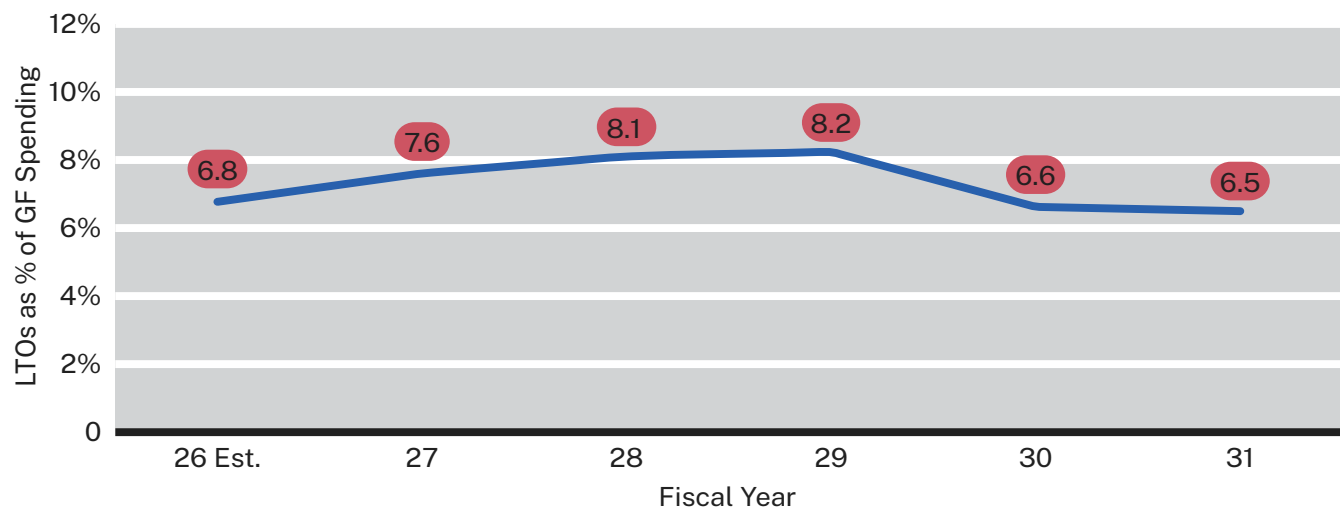
PICA uses a set of fiscal indicators to evaluate the assumptions and projections included in the City's Five-Year Financial Plans and assess the City's long-term fiscal condition. While individual indicators may signal areas of concern, considering them together provides a more comprehensive view of Philadelphia's financial position and flexibility. Additional information on the indicators, benchmarks, and historical trends is available in [PICA's Foundations report](#).

Long Term Obligations as a Percent of Spending

Long Term Obligations (LTOs) as a Percent of Spending captures most tax-supported debt service obligations, including Pension Obligation Bond (POB) payments and Sinking Fund Long Term Obligations, as a portion of total General Fund Spending.

Benchmarks	
Minimal Concern	Long-term Obligations < 6% of spending
Moderate Concern	Long-term Obligations between 6-10% of spending
Significant Concern	Long-term Obligations > 10% of spending

Long-Term Obligations as a percent of General Fund spending increases until FY29 before a sharp decline in FY30.



PICA is moderately concerned about the City’s ratio of LTOs to spending. Throughout the FY27-31 Plan, the ratio of LTOs to General Fund spending is expected to remain between 6.5 and 8.2 percent. The high point of 8.2 percent in FY29 reflects a balloon payment towards the City’s POBs, after which a sizable portion of the City’s long-term obligations will be all but retired. In FY30-31, when POB payments drop from more than \$180 million to less than \$2 million annually, the City’s LTO to spending ratio is projected to remain above six percent. The City has demonstrated an ability to plan for LTO increases to achieve specific goals (e.g. a fully funded pension), but an increased LTO to spending ratio can still negatively impact financial flexibility in the face of economic downturns.

Credit Rating

Credit ratings reflect independent assessments of a city’s ability to meet its financial obligations in full and on time, and they are an important indicator of long-term credit risk. Higher credit ratings improve a city’s ability to attract capital investment, borrow at reasonable rates, and refinance debt to further lower costs. Lower credit ratings identify a city as a riskier investment, likely increasing its cost of borrowing while making its debt less attractive to investors.

Benchmarks	
Minimal Concern	Stable or positive outlook
Moderate Concern	Negative outlook
Significant Concern	Ratings decrease

Credit Ratings			
Fiscal Year	Moody’s	Standard and Poor’s	Fitch
FY26	A1 (positive)	A+ (stable)	A+ (stable)

PICA has minimal concern for the City’s most recent credit ratings. Ratings associated with recent bond issuances from each of the major credit rating agencies include stable or positive outlooks. [S&P’s stable outlook](#) reflects the view that Philadelphia will hold its combined available General Fund reserves and Budget Stabilization Reserve (BSR) at credit-supportive levels, while containing expenditure growth, closing outyear deficits, and continuing to work towards a fully funded pension. [Fitch has identified risk factors](#) that could warrant a rating decrease, including General Fund reserves sustained below five

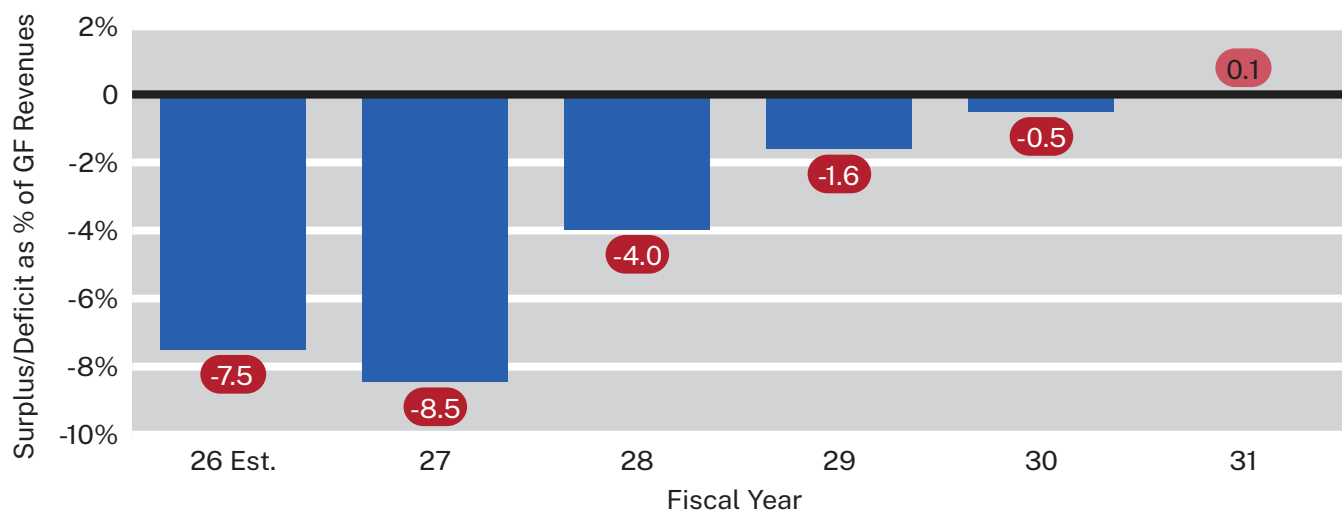
percent of spending and a sustained increase in long-term liabilities absent an increase in personal incomes or government revenues. [Moody's has improved Philadelphia's rating outlook](#) to positive due to strong financial management and sufficient reserves. Factors that could lead to an upgrade include sustained fund balance ratio above 15.0 percent of revenues, material income growth, a reduction in poverty, and ability to maintain capital needs while keeping debt at reasonable levels. Credit ratings and outlooks depend on stable or improving indicators such as reserve levels and ratios of long-term obligations compared to spending.

Operating Surplus/Deficit as a Percent of Revenues

This indicator identifies an operating surplus or deficit in the planned fiscal year before accounting for prior year adjustments, to understand the current-year gap between revenues and expenditures. The percentage reflects the size of that surplus or deficit compared to the current budget year. Recurring operating deficits indicate that a city is not generating enough revenue to cover its expenses.

Benchmarks	
Minimal Concern	Operating surplus >5%
Moderate Concern	Low percentage (<5%)
Significant Concern	Negative percentage (operating deficit)

Philadelphia plans for operating deficits for FY27-31 before achieving an operating surplus in FY31.



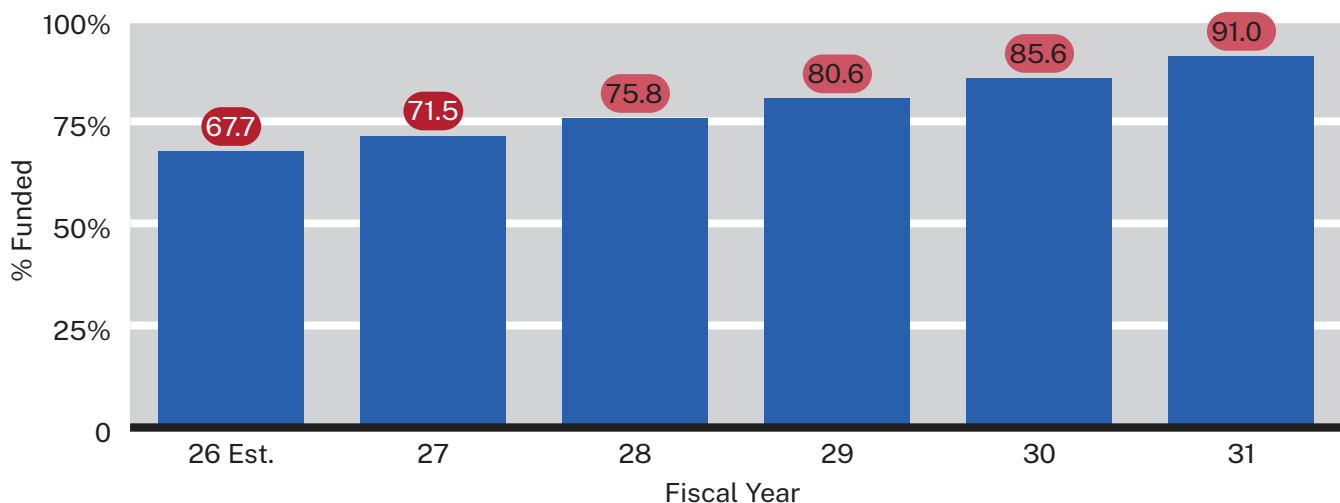
PICA is significantly concerned with the City's projected operating deficits as a percent of General Fund revenues. The City plans to spend more than it collects in revenues for four of the next five fiscal years before prior year adjustments. The size of the projected operating deficits declines from -8.5 percent in FY27 to -0.51 percent of revenues in FY30, as the General Fund balance is spent down. The City anticipates an operating surplus equivalent to 0.06 percent of revenues in FY31. Consistent operating deficits that eat into modest fund balances can weaken the City's ability to respond to unforeseen circumstances.

Percent of Pension Funded

This indicator measures the Pension Fund's net position as a percentage of total pension liability. Higher funding percentages reduce unfunded liabilities, which enhances overall long-term budgetary flexibility by ensuring pension costs are not shifted onto future budgets. A fully funded pension ensures stability for municipal employees and the City of Philadelphia, reflecting adequate assets to meet all accrued benefits and future obligations.

Benchmarks	
Minimal Concern	100% Funded
Moderate Concern	< 100%
Significant Concern	< 75%

The Pension Fund funded percent is projected to steadily increase from FY27-31 but remains a moderate concern until full funding is reached.



PICA is moderately concerned with the funding percentage of the Pension Fund. The Pension Fund's funded percentage is projected to steadily increase over the life of the Plan, surpassing 75.0 percent funded in FY28 and reaching 91.0 percent funded in FY31.

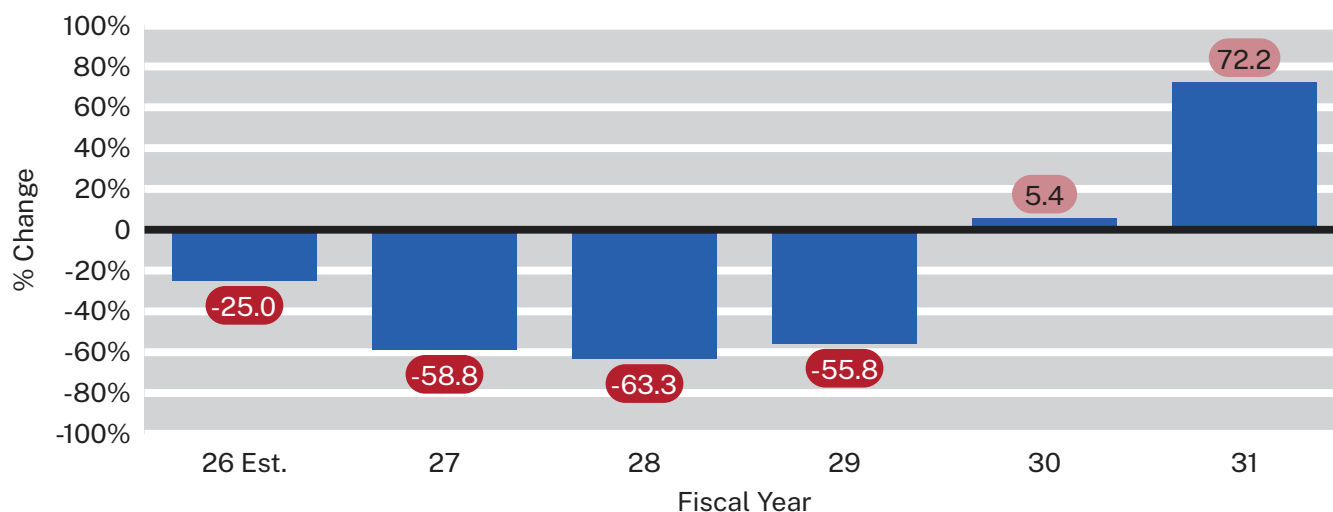
Ensuring that the Pension Fund reaches full funding continues to be a key priority for the City's financial planning. Regardless of outside market forces impacting asset return, the City's commitment to contributing in accordance with its [award-winning](#) Revenue Recognition Policy will continue to move the Pension Fund toward full funding regardless of investment returns. Anything short of full funding will shift higher costs to taxpayers while reducing flexibility in future budgets.

Percent Change in General Fund Balance

The General Fund balance is Philadelphia's most flexible financial reserve. It is the current fiscal year's operating surplus/deficit plus any cumulative surplus/deficit and adjustments from the prior year. While other reserves can be used to mitigate declines in the General Fund balance, consistent declines in this balance reflect multiple years where current revenues cannot meet current expenditures.

Benchmarks	
Minimal Concern	Zero or positive change in 3 of 5 years
Moderate Concern	Declines in 3 of 5 years of 10-20 percent
Significant Concern	Declines in at least 3 of 5 years > 20 percent

The General Fund balance decreases significantly through FY29.



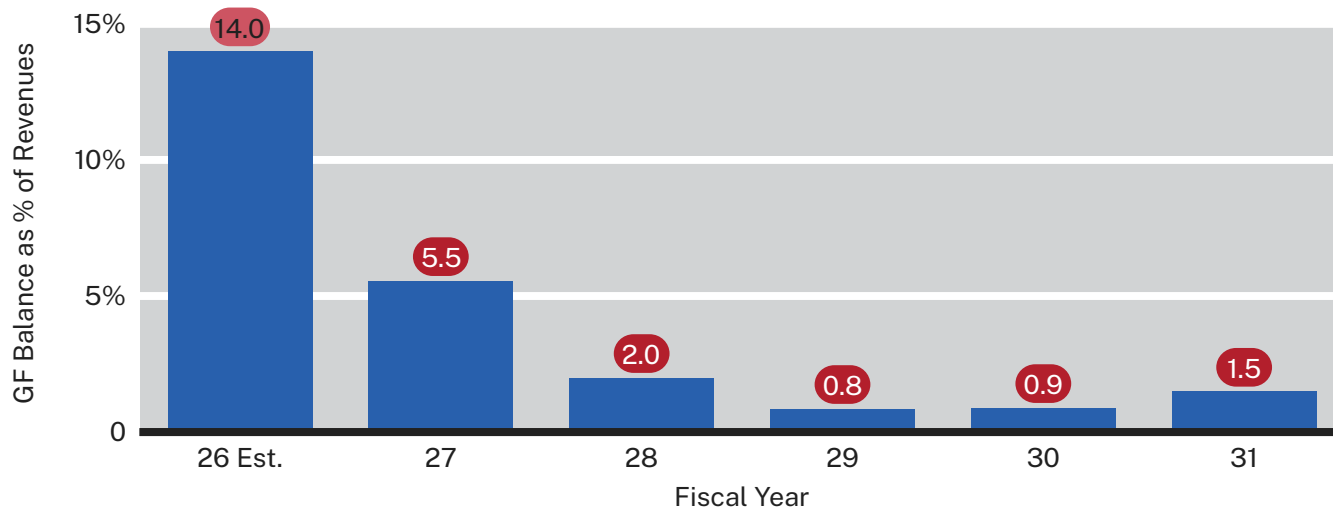
PICA is significantly concerned about the projected changes in the General Fund balance given declines over 20 percent in three out of five years of the Plan. Consistent declines reflect multiple years of planned General Fund deficits where spending outpaces revenue. Experiencing General Fund balance declines of this magnitude while maintaining PICA Act compliance is only possible because federal relief funding allowed the City to avoid significant service reductions, make critical investments, and build General Fund balances using other revenue streams. While the City anticipates General Fund balance growth in FY30 and FY31 and remains committed to contributing to other forms of reserves, PICA cautions against relying on operating deficits to maintain adequate service levels.

General Fund Balance as a Percent of Revenues

This indicator measures the amount of funds available that have no related liabilities or obligations as a percent of revenues and can be utilized easily if needed. The Government Finance Officers Association [recommends](#) maintaining a General Fund balance that is no less than two months (about 17 percent) of regular operating revenues or expenditures. The relationship between the General Fund balance and revenues indicates the level of financial flexibility in the wake of unanticipated revenue shortfalls or cost increases.

Benchmarks	
Minimal Concern	≥ 17%
Moderate Concern	Between 6-17%
Significant Concern	< 6%

General Fund balances as a percent of revenues remain a significant concern through the FY27-31 Plan.

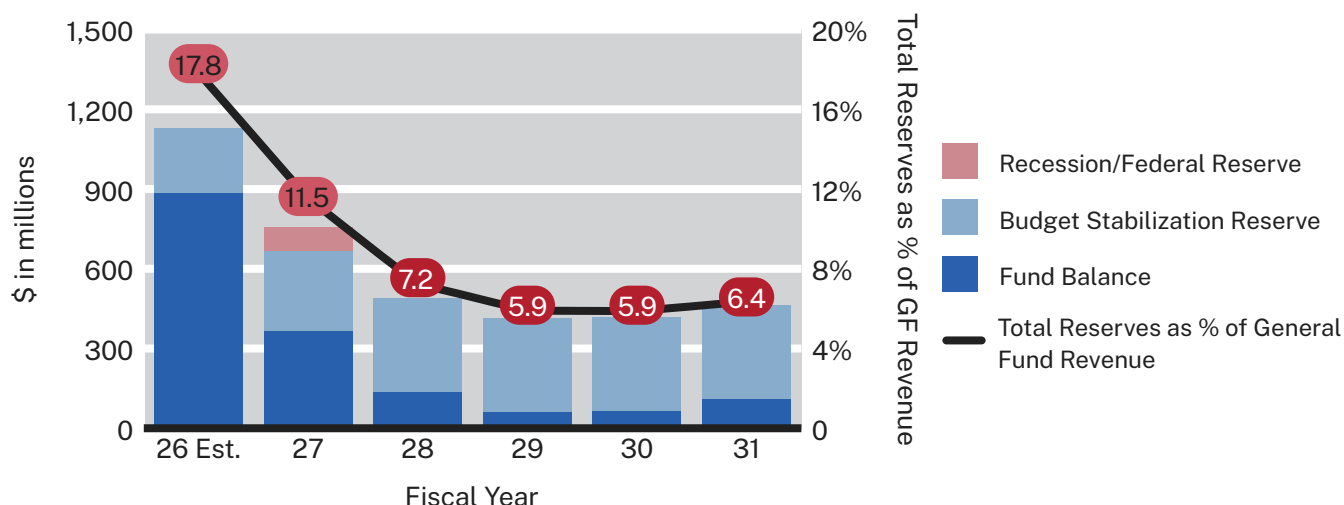


PICA is significantly concerned with the General Fund Balance as a percent of revenues. In FY25, the City's General Fund balance reached 18.1 percent of revenues, exceeding the GFOA recommended minimum for the first time. The City projects that its General Fund balance will be 0.8 percent of revenues just four fiscal years later in FY29. The FY27-31 Plan anticipates minimal growth from the FY29 low point, with the General Fund balance expected to reach 1.5 percent of revenues by FY31. The General Fund balance achieved in FY25 was built up gradually over multiple years, as American Rescue Plan funding allowed the City to maintain adequate expenditures while supporting the accumulation of fund balance through other revenue streams. Getting the General Fund balance from 0.8 percent back to the GFOA-recommended of over 17 percent will be much more challenging without the significant federal support and underspending due to vacant positions that made the achievement possible in FY25.

Total Reserves for Unanticipated Events as a Percent of General Fund Revenues

Benchmarks	
Minimal Concern	> 25%
Moderate Concern	Between 9-25%
Significant Concern	> 9%

Total reserves as a percent of revenues are expected to decline through FY30, falling slightly below 6% in FY29 & FY30.



This indicator represents the total resources available to Philadelphia to manage unplanned expenses or revenue declines, including the General Fund Balance, the Budget Stabilization Reserve (BSR), and other non-specific reserves such as the Federal Funds Reserve used to mitigate potential declines in federal funding and is not automatically

rolled forward to the next year if unspent. The City aims to maintain its total reserves between 6-8 percent of General Fund revenues. PICA's benchmarks for concern are higher, in line with GFOA recommendations for General Fund balance levels aside from any other reserves.

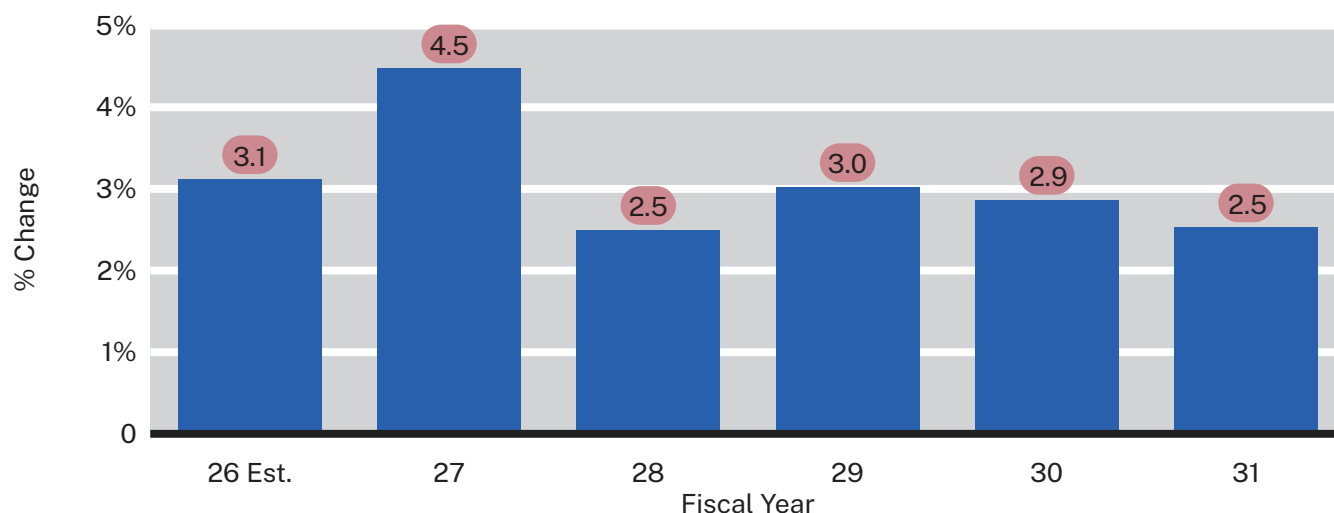
PICA is significantly concerned with the total reserves as a percent of revenues projected in the FY27-31 Five-Year Plan. The Plan projects total reserves between 5.9 and 11.5 percent of revenues. Reserves are projected to fall from 17.8 percent of General Fund revenues in FY26 to 5.9 percent in FY29 and FY30, before climbing to 6.4 percent in FY31. Though there are two deposits to the BSR and a Federal Funding Reserve included in this Plan, total reserves decline significantly as operating deficits are projected to draw down the General Fund balance. Emergency reserves should be considered a supplement to a healthy fund balance rather than an alternative.

Change in General Fund Tax and Locally Generated Non-Tax Revenue

Local revenues reflect both a city's ability to meet necessary expenditures and the overall economic stability of the tax base. General Fund Tax revenues include the PICA Tax, and Locally Generated Non-Tax (LGNT) revenues from service charges, fees, and interest earnings.

Benchmarks	
Minimal Concern	Growth in at least 3 years
Moderate Concern	Declines in 3 of 5 prior years
Significant Concern	Declines > 5% in at least 3 of 5 years

Tax and Locally-Generated Non Tax Revenues are projected to grow in all years of the FY27-31 Plan.



PICA has minimal concern with changes in Tax and Locally Generated Non-Tax revenues. Local revenues are expected to grow in all years of the Plan. While Philadelphia cannot control all factors relating to revenue collection, it has the most influence on local revenue streams. Growth in spending to accommodate expected cost increases related to inflation and compensation typically requires accompanying growth in revenues to be sustainable.



Photo Credit: Lucie Christian

Beyond the General Fund

The scope of oversight mandated by the PICA Act goes beyond the General Fund to include other key operating funds and the Capital Fund. Although significantly smaller than the General Fund, ensuring balanced plans and monitoring outcomes is a necessary element to ensure ongoing fiscal health for the City overall.

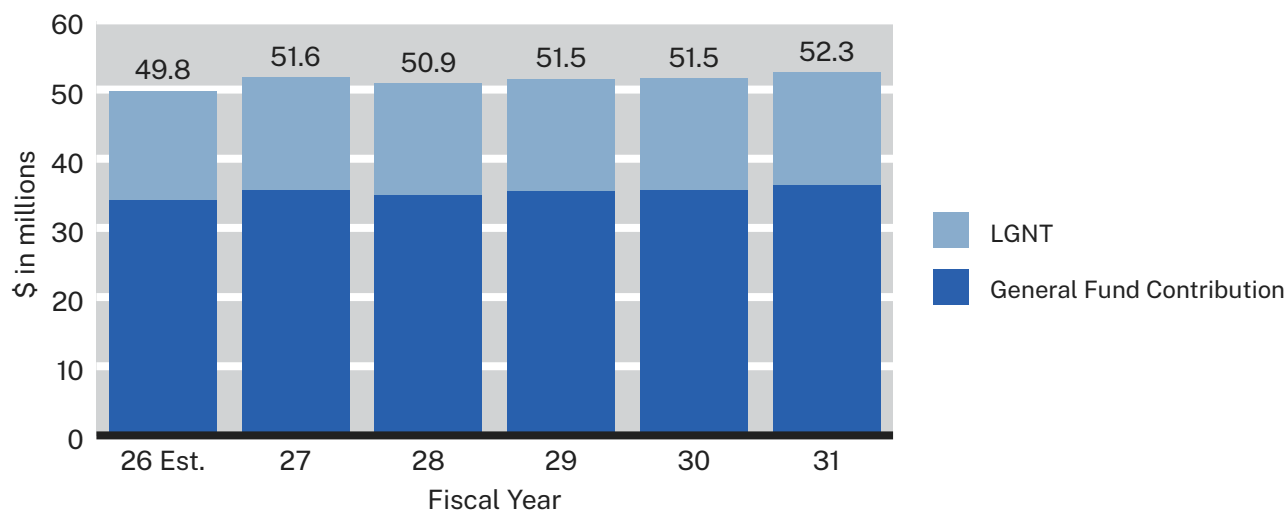
Housing Trust Fund

The Housing Trust Fund (HTF) was established in 2005 to provide a dedicated source of local funding for affordable housing. The HTF supports programs for building affordable housing, preserving and repairing homes, and preventing homelessness.

Revenue

The FY27-31 Five-Year Plan estimates \$257.8 million in Housing Trust Fund revenue.

More than two thirds of HTF revenue comes from General Fund contributions.



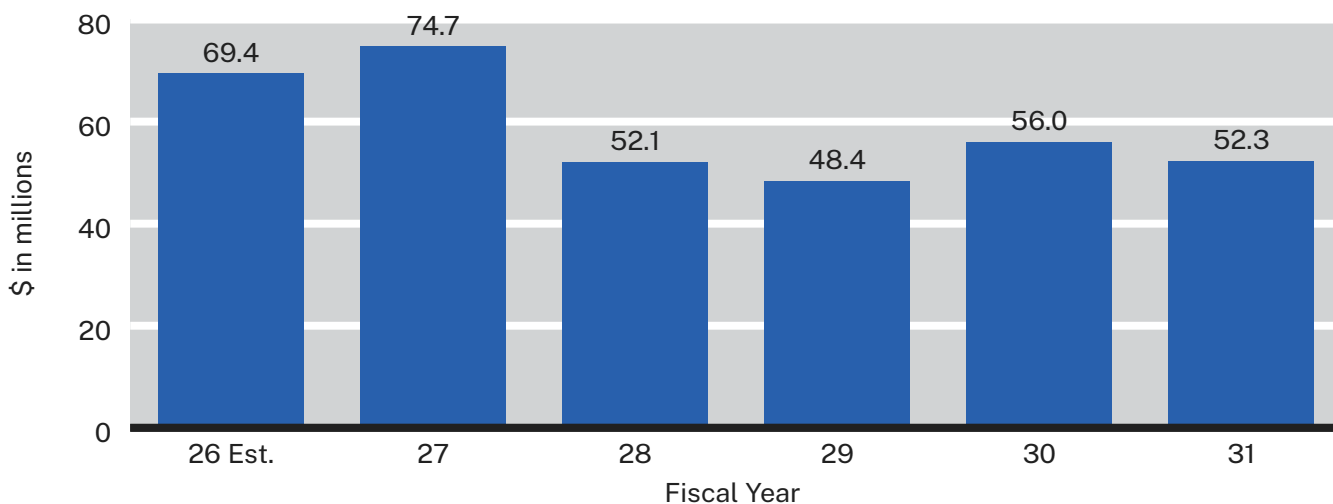
More than two-thirds of the HTF revenue included in the Plan comes from General Fund contributions required by the City Charter. The rest of the Plan's HTF revenue is projected to be generated by document recording fees (\$62.2 million), interest earnings (\$15.3 million), and zoning permits (\$3.3 million). The HTF is projected to grow at a compound annual rate of 0.3 percent, in line with total General Fund spending growth. The General Fund contribution increases proportionately with General Fund growth at 0.5 percent, while other HTF revenue streams are flat through the Plan.

Assumptions and Methods of Estimation

The City's Home Rule Charter requires annual contributions to the Housing Trust Fund equivalent to 0.5 percent of General Fund spending. Estimates for the HTF's LGNT revenue are based on historical collections and are held flat throughout the Plan.

Spending

HTF spending fluctuates throughout the Plan, with the highest spending in FY27.



Spending by Class as % of FY27-31 HTF Total	
Class	% of HTF Plan Total
Class 100 - Wages	8.0%
Class 100 - Benefits	3.8%
Class 200	87.7%
Class 300/400	0.3%
Class 900	0.2%

The FY27-31 Plan includes \$283.5 million in HTF spending. Spending is expected to fluctuate throughout the Plan, declining from a Plan high of \$74.7 million in FY27 to a Plan low of \$48.4 million in FY29, then increasing to \$56.0 million in FY30 before declining slightly to \$52.3 million in FY31. Not all of the City's spending on affordable housing is funded through the Housing Trust Fund. The City anticipates spending \$600.0 million in H.O.M.E. bond proceeds over the Plan period primarily through quasi-governmental agencies. The City's Community Development Block Grant (CDBG) allocations from the federal government support a variety of public services, housing, and infrastructure projects. City CDBG funding flows through the Community Development Fund.

HTF spending is heavily concentrated in Class 200 (\$248.7 million), with significantly less dedicated to wages (\$22.7 million), benefits (\$10.8 million), materials, supplies, and equipment (\$750,000), and a Labor Reserve (\$540,000) for increased costs associated with labor agreements entered into during the Plan. Most of the Class 200 spending is used by the Department of Planning and Development to support professional services contracts for affordable housing programs and services like housing counseling and rental assistance. HTF Class 200 spending also includes \$37.5 million for debt service payments related to service agreement borrowing for a portion of the Neighborhood Preservation Initiative (NPI). Allocations for wages and benefits remain flat throughout the Plan, though when combined with Labor Reserve amounts included in FY29-31, total spending on employee compensation is expected to grow at a compound annual rate of 1.0 percent.

Assumptions and Methods of Estimation

HTF Class 200 spending estimates are developed using assumptions derived from current costs for programs with ongoing backlogs, like housing counseling and rental assistance, and availability of funds. Debt service estimates are set with established debt service schedules for the second of four borrowings for the Neighborhood Preservation Initiative. Other NPI debt service is budgeted in the General Fund. The first H.O.M.E. borrowing took place in the second half of FY26, later than originally anticipated. Associated operating spending on wages and benefits in support of H.O.M.E. investments get underway in earnest in FY27 and remains level throughout the Plan. Labor Reserve allocations begin in FY29.

Fund Balance

The Housing Trust Fund balance is projected to grow from \$2.9 million in FY27 to \$8.8 million in FY29 before falling to \$6.3 million in FY30 and rising again to \$8.3 million in FY31. As a share of revenues, fund balances range from 5.6 percent (FY27) to 17.1 percent (FY29). At the end of the Plan, the fund balance for the HTF is expected to be 15.9 percent of revenues. Estimates indicate that \$20.0 million in spending that had been anticipated in prior years will fall to fund balance in FY27. Without the prior year spending adjustment, the FY27 fund balance would become negative and fall out of compliance with the PICA Act, if revenue and spending remained unchanged. Declines in the HTF balance are the result of adjusted operating deficits in FY27 (-\$3.1 million) and FY30 (-\$2.5 million).

PICA Staff Assessment

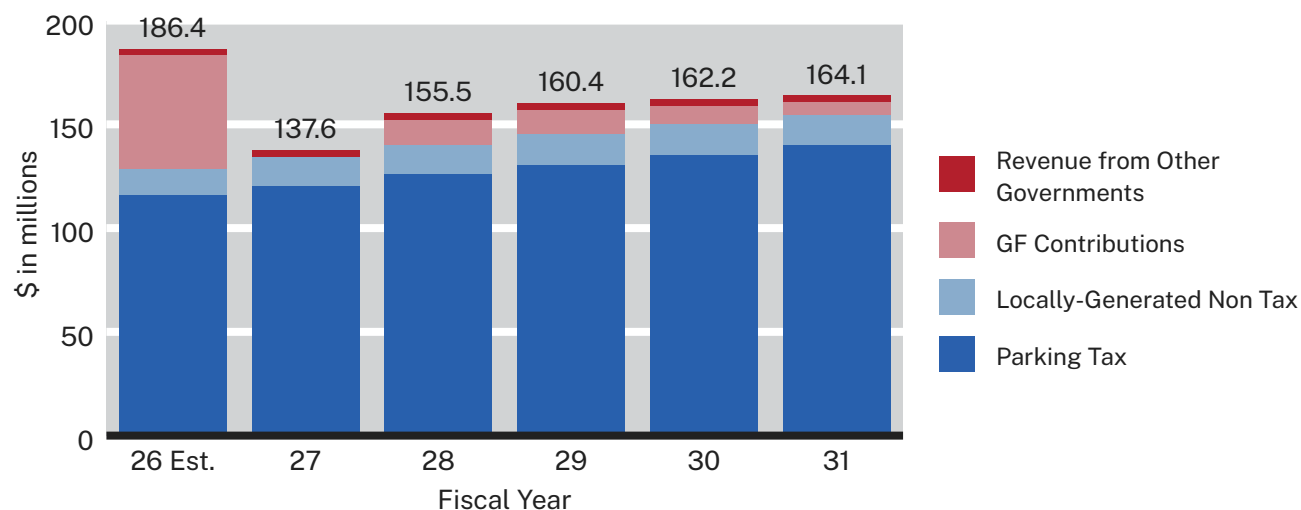
The assumptions and methods of estimation for Housing Trust Fund revenue, spending, and fund balances are reasonable and appropriate. General Fund contributions to the Housing Trust Fund match amounts required by the City Charter, and LGNT revenue estimates use methods in line with PICA Act standards. Class 200 spending estimates align with the availability of funds and debt service schedules. Although Class 100 allocations are flat throughout the Plan, consistent savings from vacant positions in prior years suggest that budgeted amounts along with the Labor Reserve will be sufficient to cover increases related to hiring and labor agreements. Fund balances throughout the Plan are positive and comply with the PICA Act.

Transportation Fund

In FY24, the City of Philadelphia established the Transportation Fund to better assess tradeoffs and allocations specific to the work of the Streets Department, enabling transportation-related revenue streams to be dedicated towards transportation funding in a more streamlined manner. The Transportation Fund supports the Streets Department's operations, with spending primarily dedicated to wages and benefits.

Revenue

Parking tax revenue is projected to grow throughout the Plan, making up the majority of the Transportation Fund's revenues.



Revenues for the Transportation Fund primarily come from the Parking Tax. Other revenue sources include LGNT revenues from transportation-related charges, fees, and permits, transfers from the General Fund, and Revenue from Other Governments that includes state and federal transportation grants. The Capital Budget includes substantial investment in Streets infrastructure.

Over the FY27-31 Plan, the Transportation Fund is expected to collect \$779.7 million, with \$651.7 million (83.6 percent) coming from the Parking Tax. The City projects a compound annual growth rate of 3.9 percent from FY27-31. The compound annual growth rate of Parking Tax revenues for the past ten years was 2.26 percent, and compound annual growth in the past five years was 16.85 percent. Compound annual growth from FY21-26 captures unusually low Parking Tax revenues in FY21 due to the pandemic, followed by unusually high growth rates as revenue recovered in FY22 and FY23.

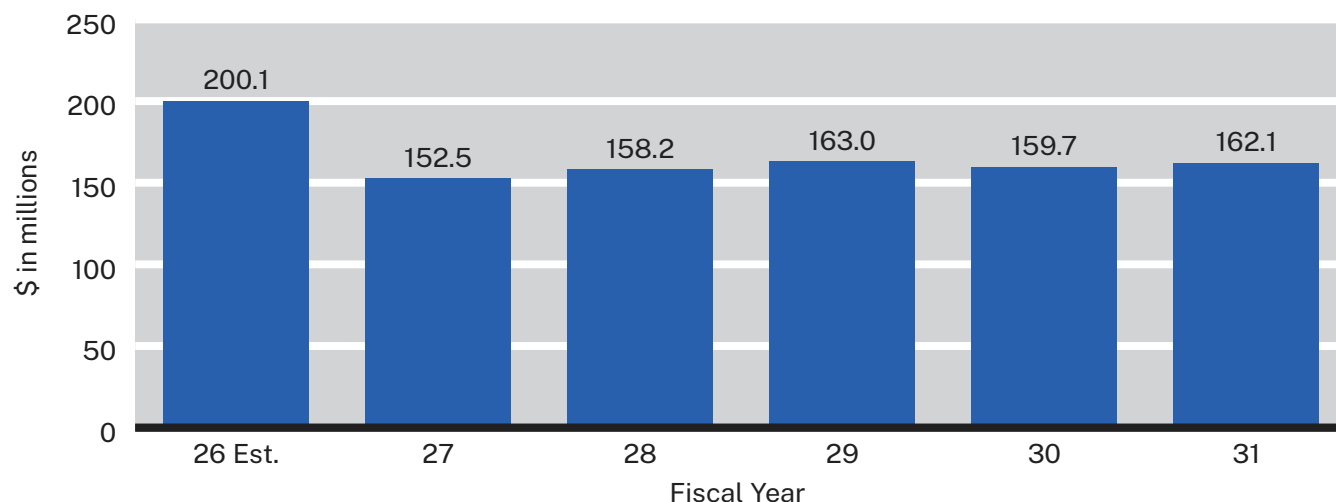
Locally Generated Non-Tax revenues, primarily from street permits and right-of-way fees, are expected to generate between \$14 million and \$15 million each year, totaling \$72.4 million from FY27-31 with a compound annual growth rate of 1.6 percent. The compound annual growth rate for LGNT revenues was 8.0 percent for the past ten years, and 4.8 percent for the past five years. Revenues from Other Governments are estimated at a constant \$3.3 million for each year of the Plan. The largest source of ROG is \$2.5 million from the Commonwealth in each year of the Plan for snow removal efforts. The FY27-31 Plan also includes \$39.0 million in General Fund transfers to the Transportation Fund.

Assumptions and Methods of Estimation

The City projects Parking Tax revenues using tax-specific growth assumptions from its outside economists at S&P Global Market Intelligence that incorporate relevant measures of economic activity. Estimates for the Transportation Fund's LGNT revenue and ROG are based on historical patterns. The General Fund contribution to the Transportation Fund provides revenue sufficient to balance the Transportation Fund in accordance with PICA Act requirements.

Spending

Transportation Fund spending fluctuates throughout the Plan, with the highest spending in FY29.



The FY27-31 Plan projects \$795.5 million in Transportation Fund spending over five years. Primarily, these funds are allocated to the Streets Department for operational costs such as wages (Class 100), professional services contracts (Class 200), and materials, supplies, and equipment (Class 300/400). The Plan allocates spending to the Office of the Director of Finance for employee benefits for Streets employees and indemnity costs (Class 500) for Transportation Fund-related legal settlements. The Plan also includes contributions to the Labor Reserve (Class 900) in anticipation of future union contracts for Streets employees. Like in the General Fund, Class 100 spending is the largest proportion of Transportation Fund, with spending anticipated to be 72.3 percent for FY27-31. Class 200 is the next-largest share at 10.4 percent, followed by Class 500 at 9.4 percent.

The Transportation Fund's Class 100 spending allocations grow at a compound annual rate of 1.8 percent, from \$108.4 million in FY27 to \$116.2 million in FY31, more than double the rate of Class 100 growth in the General Fund. The Fund's FY27 Class 100 appropriation includes \$577,758 for one-time spending for additional pothole response crew members that may not be expended due to lack of outyear funds. Heavy winter storms in FY26 required a substantial mid-year transfer to fund snow removal efforts. The FY27-31 Five-Year Plan increases snow-removal allocations by \$10.0 million over the Plan. Other non-personnel increases in the FY27-31 Plan include \$2.0 million in one-time equipment costs for pothole response that may not occur due to lack of outyear funds and a recurring \$500,000 Class 200 increase for bus shelters that is offset by additional revenues.

Assumptions and Methods of Estimation

Transportation Fund Class 100 allocations are based on the terms of ratified labor agreements and expectations of increased staffing for line striping and pothole response. Class 200 spending estimates are based on recent experience with winter storms, and Class 300/400 allocations are built on equipment needs associated with a one-year expansion of pothole response crews.

Fund Balance

The Transportation Fund projects operating deficits from FY27 through FY29, with an operating surplus of \$5.0 and \$4.5 million in FY30 and FY31, respectively. When the Transportation Fund experienced significant unanticipated costs in FY26 due to snow removal demands, additional appropriations were made from the General Fund to ensure a positive fund balance. Starting in FY28, the City expects that infusions from the General Fund will be necessary to sustain operations. The Transportation Fund is projected to maintain a positive fund balance for all years of the Plan, despite an \$11.2 million fund balance decrease from FY26 to FY27 due to one-time snow-related expenses. The Transportation Fund balance is projected to increase from \$1.9 million in FY27 to \$11.0 million in FY31. Transportation Fund balance as a percent of revenues is projected to decrease from 1.4 percent in FY27 to 0.90 percent in FY29, before growing to 6.7 percent in FY30. The City does not set targets for reserve levels for the Transportation Fund.

PICA Staff Assessment

The assumptions and methods of estimation for the Transportation Fund's revenue, spending, and fund balances in the FY27-31 Five-Year Plan are reasonable and appropriate. Increased Parking Tax revenues are consistent with economic and demographic indicators such as increased population for the first time since 2020, an increase in jobs located in Philadelphia, and an [increase in Philadelphians commuting by car](#). The resulting 3.9 percent compound annual growth rate over FY27–31 is consistent with recent revenue performance. Estimates for Revenue from Other Governments and LGNT revenue are in line with PICA Act standards. Contributions from the General Fund to the Transportation Fund ensure positive fund balances as required by the PICA Act.

Class 100 spending reflects labor contracts ratified in FY26, and benefit costs reflect costs consistent with pension contribution requirements. The increase in Class 200 to budget for future snow efforts is reasonable.

Capital Fund

The Capital Fund supports the City's major infrastructure investments, such as public buildings and facilities, computer and communication networks, specialized municipal vehicles, and its transit system and streets. Items funded through the Capital Budget typically cost more than \$15,000 and last more than five years.

Spending

In the \$21.52 billion FY27-32 Capital Program, which reflects local and non-local funding sources, large investments are expected for the City's airports and water/wastewater systems, together comprising 45.0 percent (\$9.68 billion) of the Program. SEPTA is expected to account for just under 30 percent (\$6.30 billion) of the Capital Program and other transportation infrastructure was appropriated 12.3 percent of the funds (\$2.65 billion). Of the remaining 13.5 percent (\$2.90 billion), a significant allocation was made for Parks & Recreation (\$581.1 million) which uses funds for parks, recreation centers, and cultural facilities like the Dell. The Parks and Recreation budget also includes appropriations of \$1.5 million per year for each district Councilmember for facilities in their district.

Capital Appropriations Across All Sources (\$ in thousands)		
Department	FY27	FY27-32
Water	2,962,578	7,051,628
Transit	665,938	6,295,839
Streets	1,491,399	2,653,249
Aviation	695,347	2,624,455
Parks and Recreation	374,076	581,076
Commerce	217,962	500,837
Managing Director's Office	338,173	372,173
Fleet Services	88,654	262,734
Finance	195,919	258,419
Public Health	159,197	218,697
Office of Innovation and Technology	83,552	162,817
Police	107,915	116,565
Public Property	62,260	80,260
Prisons	37,437	65,937
Free Library	31,956	64,456
Zoo	29,631	59,631
Fire	32,949	52,199
Creative Philadelphia	2,300	31,800
Art Museum	8,682	18,682
Office of Homeless Services	11,527	18,527
Sanitation	6,362	15,862
Sustainability	8,305	15,055
Records	299	299
Grand Total	7,612,418	21,521,197

Unlike the City's operating funds, appropriations for a particular year might not be expended in the year they are budgeted. Some projects take multiple years to complete, with unspent funds carried forward from year to year. As highlighted in PICA's June 2026 report, [Foundations for the Five-Year Plan](#), actual spending has consistently been well below the appropriated amounts within the Capital Fund. For example, through the third quarter of FY26, there were \$283.1 million in expenditures, less than five percent of that year's Capital Budget.

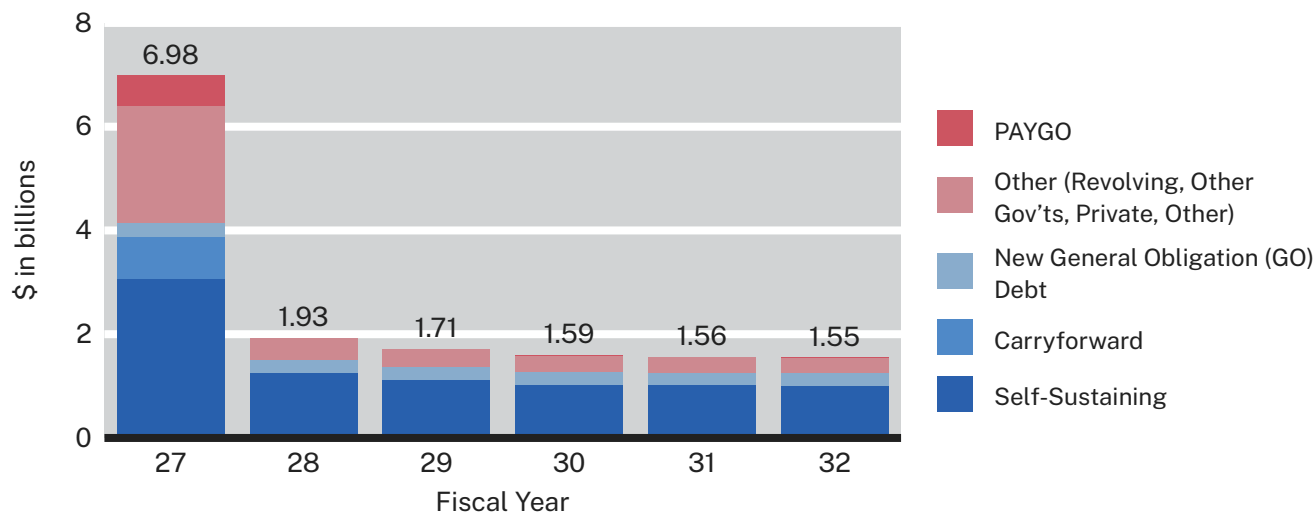
Revenues

The Capital Fund relies on four categories of funding:

- **City Tax Supported:** These funds are either directly appropriated operating dollars being used for capital purposes or borrowed funds that will be repaid from the City's General Fund. Loans issued by PICA for capital projects are included in this group.
- **City Self-Sustaining:** These are funds from the City's enterprise operations, primarily the Airport and Water Department, that are used for their infrastructure only. Funds may be either operating revenues or borrowed funds to be repaid with the operating funds of the enterprise agencies.
- **Other City Funds – Revolving:** Proceeds from property sales that can be reinvested in other projects.
- **Other than City Funds:** Funding received from external sources, including the federal government, Commonwealth of Pennsylvania, and private sources. These funds often require local matches and/or have restricted uses.

Within each category, aside from Revolving, some funds may have been previously authorized and rolled forward if not yet spent. Of the \$21.52 billion appropriated in the FY27-32 Capital Program, \$6.19 billion is considered off-budget. These funds are not revenue directly to the City but are included to present a more holistic picture of overall investments. The revenue that can be expected to flow to the City for the Capital Program is \$15.33 billion. Of that, \$1.52 billion will be new General Obligation capital borrowing which will require repayment from the General Fund. Of that borrowing, \$284.5 million is authorized for FY27, a 24.9 percent decline from the approved FY26 new borrowing amount. In FY27, the City expects 1.23 percent growth in state funding and 6.4 percent growth from federal sources compared to expectations for FY26.

The first year of the Capital Program includes all Carried Forward funds.



Appropriations to support capital projects might not materialize in the City's coffers in the year they are assumed in the Capital Program. In some instances, grants may be released on a reimbursement basis after the City has already completed the work and paid its staff or contractors. There may also be significant variance in budgeted revenues and actual receipts, because the City includes expectations for grants that may not be awarded. Additionally, the City often has funds available to make payments for capital projects without needing to issue the new General Obligation debt associated with that particular year until a later date. Borrowing less frequently and only when funds are needed reduces debt issuance costs, avoids paying debt service before funds are needed, and helps to avoid arbitrage fees. For example, the City has not yet issued all the debt authorized for FY24.

Assumptions and Methods of Estimation

The Philadelphia City Planning Commission and the Philadelphia Budget Office collaborate to prepare the Capital Budget and Program each year. All departments requesting capital funding must submit a request to the City Planning Commission and the Budget Office for the ensuing six years. The Planning Commission and Budget Office analyze requests and recommend projects to the Mayor and the Planning Commission, which must vote on the Capital Budget and Program prior to final passage by City Council. Funded projects must meet legal eligibility requirements in the Philadelphia Home Rule Charter, bond covenants, and any additional criteria stipulated by other funding entities, like the federal and state governments. To determine the size of the Capital Budget and Program, the City considers existing conditions of capital assets, new needs, availability of funding likely from other entities, and ability of the General Fund to support additional debt service.

PICA Staff Assessment

The assumptions and methods of estimation for spending for the Capital Fund in the FY27-31 Plan are reasonable and appropriate. The appropriations are consistent with past trends, known needs, and mandates, but are likely to be insufficient to maintain all existing facilities in a state of good repair and support all desired new improvements. Given that the Parker Administration has committed to issuing less General Obligation debt in the next five years in order to divert previously-earmarked debt service funds to the School District (unless a recurring revenue source is identified), the City may see expanded deterioration of its physical assets in the coming years.

Appropriation estimates are generally in line with historical budgets. Comparison of future expectations to actual results in past years is challenging due to the absence of prior or current year data in the Capital Budget and Program documents by revenue source. Locally determined capital funding of carried forward funds, operating revenues, and new General Obligation borrowing will account for 24.1 percent of FY27 revenues and are expected to average 15.9 percent in the outyears of the Program. The proposed new borrowing is well within the City's constitutional debt limit. The availability of the locally determined funds can be relied upon with a high degree of confidence.

Future-year federal funding levels are difficult to predict and are responsibly estimated to decline in each of the first five years of the Program for funds managed and budgeted by the City, although FY27 expectations are somewhat higher than budgeted for FY27 due to the inclusion of carried forward funds. Expected growth in state funding is modest. Typically, external funds are tied to specific projects or uses that would not be initiated prior to receiving a grant award, preventing the City from overextending itself.



Photo Credit: Lucie Christian

Risks

The PICA Act requires that the Plan projections of revenues and obligations are based on reasonable assumptions and methods of estimation, and result in balanced budgets in each year of the Plan. Based on staff and expert analysis, PICA recommends approval of the FY27-31 Plan as submitted, but there are risks.

As a consolidated city/county with high service needs, a relatively weak tax base, and at times slim projected fund balances; external factors, internal policies, and operational choices could unbalance the Plan and trigger a variance that would require the City to devise and deliver a new Plan for PICA approval. The discussion below focuses on key risks to the Plan: External Decisions and Disruptions, Labor Needs & Costs, Budget Blind Spots, and Fiscal Cliffs. Deviations from projections in these areas could occur at a scale significant enough to lead to a variance to the Plan.

External Decisions and Disruptions

The City of Philadelphia can make choices designed to mitigate the impact of external decisions and disruptions but cannot fully isolate itself from the impacts of outside factors and forces. The repercussions of these factors may be exacerbated by persistent challenges facing Philadelphians, including poverty rates, educational attainment, housing affordability, incomes, and health needs that are worse than national levels.

External risks to the City's financial health include:

- Federal Funding Decisions and Policies
- Economic Downturns
- Financial Challenges of Other Entities

Federal Funding Decisions and Policies

To date, Philadelphia has sustained limited losses to federal funding that was awarded prior to the current administration, but uncertainty about future grant awards persists. The City of Philadelphia's existing reserves and tax base will not be able to absorb federal funding reductions at a greater scale without significant service reductions.

Planned changes to the Uniform Guidance for federal grants that would take effect in October 2026 may result in outcomes different than past experiences. Additionally, the City is already aware of the recent or upcoming end of some current grants, including ones to support homeless services and salaries for fire fighters. The City has added General Fund dollars to backfill for fire fighter salaries but plans for changes to services at the Office of Homeless Service have not been finalized as of July 10, 2026.

Beyond reduced direct grants to the City, changes to federal funding for other entities in Philadelphia may impact employment levels and services provided by nonprofits to residents. Changes to enrollment criteria and administrative procedures for programs including SNAP and Medicaid are projected to leave tens of thousands of Philadelphians with reduced access to healthcare and food. [The Pennsylvania Department of Human Services estimates](#) that of the more than one in five Philadelphians that are enrolled in Medicaid, more than 73,000 will lose coverage. The fiscal crisis that precipitated the creation of PICA in the 1990s was in part due to dramatic reductions in federal programs for vulnerable individuals that the City tried to manage but was incapable of replacing.

Economic Downturns

Despite shocks from new tariffs, a war with Iran, and restrictive immigration policies, the stock market and national economy have remained stable through June 2026. If this does not continue, an economic downturn would create concerns for Philadelphia's fiscal stability, particularly if the economy slows more than the City's revenue assumptions assume or if community needs expand beyond spending assumptions.

Economic uncertainty and decline can be coupled with, triggered by, or exacerbate other disruptions that could unbalance the Plan. Natural disasters, civil unrest, and health emergencies all have the potential to undermine the City's fiscal stability. As the Plan projects a less than one percent fund balance in FY29 (\$59.1 million), events that could delay or decrease revenues and simultaneously increase costs pose a significant threat. Even when the fund balance is combined with the \$354.9 million in the Budget Stabilization Reserve, the City has less than the low end of its six percent target for reserves in FY29 and FY30, unless the FY27 Federal Funding Reserve is not utilized before then and reappropriated in future budgets as reserves.

Financial Challenges of Other Entities

The City's finances and ability to deliver services to Philadelphians is not the only local public sector area of concern. The Southeastern Pennsylvania Transportation Authority (SEPTA) and the School District of Philadelphia have both been challenged in their ability to provide desired levels of high-quality service for many years and face immediate challenges. The Commonwealth of Pennsylvania's recently completed budget did include additional funding for education but did not include the mass transit funding included in the Governor's proposed budget. The fiscal health of SEPTA and the School District of Philadelphia are crucial to the overall fiscal stability of the City of Philadelphia. Both institutions play pivotal roles in the city's economic vitality, social equity, and quality of life, and their financial well-being directly influences the city's ability to thrive and prosper.

Philadelphia's economy is anchored by medical and educational institutions, and their wellbeing contributes to the fiscal health of the City. Closure of institutions, layoffs, reduced federal funding, restricted academic freedom, and increased taxation of university endowments may erode the robustness of these critical sectors. In turn, this could reduce local revenue streams and increase service demands.

Labor Needs & Costs

Staffing

City employees deliver services, run programs, and manage critical back-office functions. At the end of FY26 Q3, 13.9 percent of the City's adopted positions remained unfilled. In recent years, hiring and retaining enough employees to staff the City at the desired level has been a challenge. Maintaining service levels and meeting demand while understaffed requires flexible approaches like overtime spending, outsourcing service delivery, or restructuring. In the short run, the costs of adapting to understaffing may be offset by savings from vacant positions but continued understaffing in the long run can result in more costly forms of service delivery or court-ordered payments for failures to perform as required.

Even though the City's vacancies remain significant, in FY26 Q3 the City had 1,954 more employees than it did when staffing was at its recent low in FY24 Q2. Increased headcounts that nudge down the vacancy rate present a different set of potential risks to the Plan; a fuller complement drives down the savings from vacancies that have covered overtime expenses (although more staff might decrease the need for overtime) and boosted year end fund balances. Additional employees require additional spending on healthcare and benefits, potentially increasing some of the Plan's most rapidly growing costs. The hybrid pension plan that new employees enroll in is more cost effective than older plans, but accounting for the earned benefits added by higher headcounts may add to the City's pension contributions, plus longer life expectancies can contribute to higher pension costs.

New Labor Contracts and Awards

Employee wages and benefits account for more than 60 percent of all anticipated General Fund spending in the FY27-31 Plan. About 81 percent of employees paid by the General Fund are union employees whose pay and benefits are determined by labor contracts or arbitration awards. The Plan incorporates scheduled wage increases for employees in bargaining units with active contracts. Most represented employees will receive scheduled increases starting in FY27, and most DC33 and DC47 employees are scheduled to receive another increase in FY28. The City does not currently have any contracts with scheduled increases in FY29-31. The City will likely enter into new contracts with all bargaining units over the course of the FY27-31 Plan.

Given the content of past contracts, new labor agreements are likely to contain wage increases. The relatively flat Class 100 allocations included in the Plan will be insufficient to cover potential costs associated with future labor contracts. To account for the potential need to increase spending on wages and benefits as new contracts are entered, the City has included a Labor Reserve of \$589.7 million in the FY27-31 Five-Year Plan. The I.A.F.F. arbitration award finalized after Plan submission in July 2026 is expected to cost \$183.4 million from FY27-31, leaving an available Labor Reserve of \$406.3 million over the Plan period.

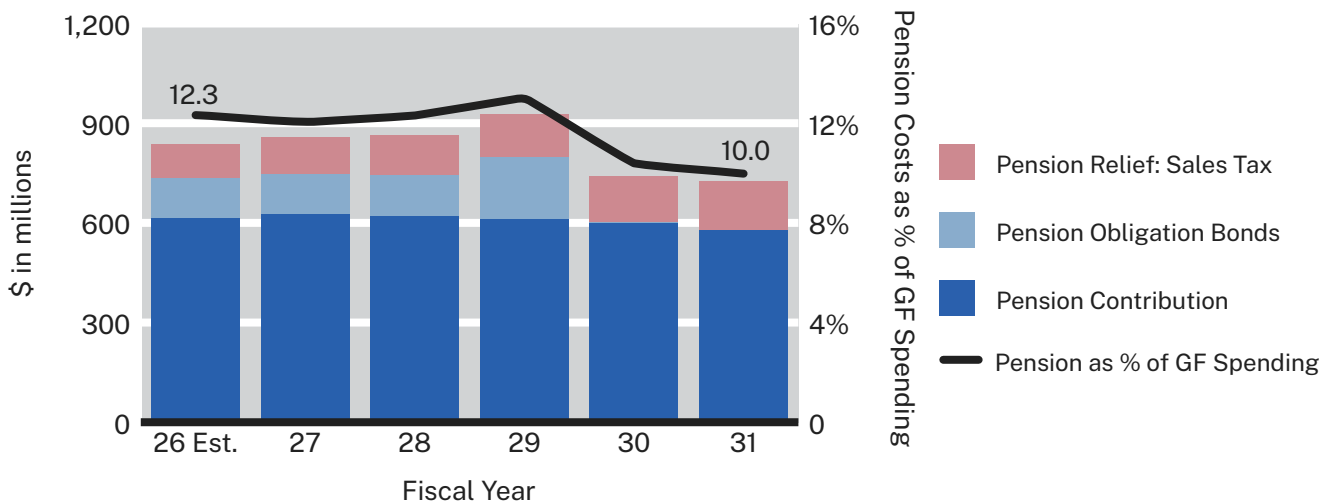
Any future labor contracts entered into by the City that increase General Fund spending beyond Labor Reserve amounts could materially impact the General Fund balance, especially in later years of the Plan. Such additional spending would likely require the City to submit a revised Five-Year Plan to PICA demonstrating sufficient funds to cover additional costs and maintain positive fund balances.

To assess the Labor Reserve, PICA does rough calculations on the risk additional wage costs that may pose to the Plan's compliance with the PICA Act. These calculations do not constitute a projection of potential future labor costs and do not include the potential impact of new contracts on benefit or overtime costs. This assessment assumes flat and uniform wage increases over the Plan and does not account for potential lump sum payments that may arise in future labor contracts. If directed entirely to wages at the exclusion of overtime and benefit costs, the available \$406.3 million Labor Reserve and General Fund balances included in the Plan combined could support 2.75 percent increases in each year, separate from the I.A.F.F. award and contract years/groups already budgeted in the Plan. Wage increases beyond this level, absent any other adjustments to the Plan, would lead to a negative General Fund balance in at least FY30 and take the Plan out of compliance with the PICA Act. The fund balances included in the Plan are already tight, especially in FY29 and FY30. At their current levels an unpredictable event like the winter storms experienced in 2026 could pose a serious threat to the Plan's compliance with the PICA Act. Increases that bring the Plan's fund balances even lower would amplify that risk.

Potential Impact of Wage Risk on Labor Reserve and General Fund Balance (\$ in millions)					
2.75% Annual Increases	FY27	FY28	FY29	FY30	FY31
Labor Reserve (post I.A.F.F. Award)	6.1	29.9	75.6	122.1	172.6
Wage Risk	(3.7)	(39.5)	(92.8)	(147.5)	(203.7)
Annual (Shortage) / Overage	2.4	(9.6)	(17.2)	(25.4)	(31.1)
Cumulative (Shortage) / Overage	2.4	(7.2)	(24.4)	(49.8)	(80.9)
Fund Balance as Projected in the Plan	364.6	133.8	59.1	62.3	107.4
Potential Fund Balance	367.0	126.6	34.7	12.5	26.5

Pension Costs

Annual pension costs will decline significantly after the FY29 balloon payment on the City's Pension Obligation Bonds.



General Fund pension costs are projected to total \$4.75 billion over the Plan, 13.3 percent of the Plan's total General Fund spending. Pension-related costs are relatively flat from FY27 through FY31, with part of the costs offset by increasing contributions of Sales Tax revenue directed to the Pension Fund by state law. The most recent actuarial report on the Pension Fund's status shows that as of July 1, 2025, the Fund's unfunded actuarial liability decreased by \$181.3 million during FY25, bringing the funded ratio to 67.7 percent with an assumed rate of investment return of 7.30 percent. The Pension Fund's funded ratio improved dramatically over the last decade, growing from 44.8 percent to 67.7 percent. At the Pension Board's February 2026 meeting, the actuary noted that this pace of improvement is a major accomplishment that is almost unheard of, with pension managers from other cities regularly asking how exactly Philadelphia has made such headway. The answer is the cooperation and compromise that implemented the Revenue Recognition Policy (RRP) and related reforms.

The City and an array of pension stakeholders have implemented designs that have improved the fiscal health of the City's Pension Fund. The lower bound for Philadelphia's annual pension contribution is set by Pennsylvania's Act 205 of 1984, which defines the Minimum Municipal Obligation (MMO). Since FY18, the City has followed its RRP, utilizing a portion of Sales Tax revenues and employee contributions to make payments beyond the MMO and bring down the Pension Fund's unfunded liability. When possible, the City has also made additional contributions above the RRP. These contributions allow the City to reduce unfunded pension liability even when returns from the Pension Fund's investments are below actuarial assumptions.

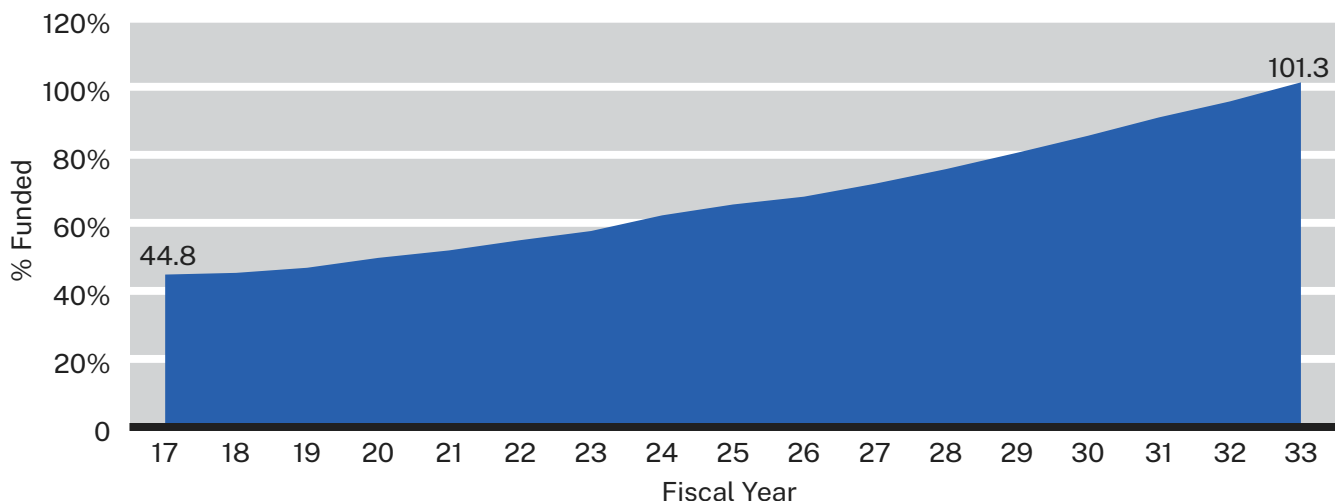
The City's ultimate goal is to [fully fund](#) the Pension Fund's liabilities and pay only the normal costs, or contributions required to cover future benefits earned by employees in a given year. Achieving that goal would allow the City to bring pension contribution levels down by hundreds of millions of dollars annually while still maintaining the fiscal health of the City's pensions. The City's actuary projects that full funding could be achieved by FY33 if current practices are maintained as intended in the FY27-31 Five-Year Plan.

Risks to the Plan may arise if the City shifts its pension policy, adds benefits, or experiences worse than expected market conditions. Even though the City has continued to reduce its earnings assumptions, down to 7.20 percent as of July 1, 2026, this level may still be optimistic. When evaluating public pensions, S&P Global Ratings suggests that a six percent rate of assumed investment returns mitigates contribution volatility.

Should the City move away from its RRP and additional contributions, unfunded pension liabilities would grow, causing the funded ratio to decline and MMO to increase. The City is on an achievable path to full pension funding and intends to stay the course. Deviation from that path would delay the timeline for full pension funding while adding to future pension costs. Reduced contributions resulting in declining funded ratios over multiple years could result in downgraded credit ratings that would unsettle investors and increase the City's cost of borrowing.

PICA commends City leadership, City employees, City Council, City unions, the City Controller and other Pension Board members, Retirement System staff, and the Pennsylvania State Legislature for the exceptional effort and resources that continue to be dedicated to stabilizing the City's Pension Fund. Should the City continue with its RRP and additional contributions as the FY27-31 Plan intends, the City will have hundreds of millions of dollars more each year to commit to other efforts to bolster the City's fiscal stability in the next decade.

The City's actuary projects full funding by FY33 based on the RRP.



Source: City of Philadelphia Municipal Retirement System Actuarial Valuation Report as of July 1, 2025

Budget Blind Spots

The City of Philadelphia makes a tremendous amount of budget information available, partially due to legally mandated requirements in the City's Home Rule Charter, the PICA Act, and other legislation. Even more is available by habit or policy, with an incredible volume of narrative, performance metrics, and detailed budget data. The comprehensive nature of Philadelphia's public financial data has been a necessary and impactful asset in managing and improving its fiscal condition.

But, even with this extensive budget information, blind spots remain that can make it challenging to assess the availability or utilization of funds, which can hinder internal decision making and external monitoring of the City's finances and operations. Blind spots can arise from shifting resources from City funds that are subject to regular reporting (e.g. the General Fund) to other related organizations or budget areas. Another blind spot can be a mismatch between approved spending authorizations and intended expenditures. Examples of budget blind spots in the FY27-31 Plan include:

Wellness Ecosystem Revenues and Operating Costs

Within the next four years, two new towers at Riverview are expected to be completed and available to expand the City's Wellness Ecosystem, but no operating dollars have been included for those towers in the FY27-31 Plan. The Administration expects the operating costs in the future to be supported by as-yet not awarded opioid settlement funds, and the cost of operations has not been published. The Administration intends to reevaluate the Wellness budget annually.

PICA has previously identified incompletely scoped costs for new facilities and services at Riverview for addressing opioid abuse disorder issues; noting that the FY25-29 Plan did not contain any funding for operating costs and underestimated the capital expenses. Once FY25 was underway, tens of millions of dollars were redirected from the General Fund for operating and pay-as-you-go capital costs for Riverview.

Capital Budget Spending Opacity

Reduced borrowing to support capital investments was identified as a mechanism to divert additional funds to the School District over the life of the Plan, unless a recurring revenue stream is identified starting in FY28. The FY27-32 Capital Program had already been approved with \$1.52 billion in new borrowing, and the City has indicated it would reduce that by more than \$250 million. Information was not provided about what investments would be eliminated or delayed as a result, making it impossible to assess whether there will be an impact on operating and future capital costs if the reduction causes further deterioration of City assets. Further, the impact on service delivery and community facilities is unknown.

Assessing the impact of capital spending was already challenging before this added uncertainty. Unlike the City's operating budgets, the Capital Budget and Program does not include prior year actuals and current year estimates for revenues and spending. This hampers stakeholders' ability to evaluate whether past appropriations had the desired impact, and whether future allocations are likely to reduce, sustain, or improve city assets and infrastructure in the coming years. Following a PICA request, the City began reporting on capital expenditures and encumbrances in the Quarterly City Managers Report, which has enhanced transparency.

Moving Dollars and Services Out of the General Fund

Many significantly sized programs or services are not delivered directly by the City, and thus the pace of spending cannot be gleaned from quarterly reports or budget documents. While shifting spending away from the General Fund may improve operational efficiency or help achieve other policy objectives, there can be a loss of understanding of when and how funds are impacting intended recipients of assistance or services. For example, the City appropriated \$37.4 million in FY26 to assist small, local businesses, many of whom were affected by the end of the \$100,000 BIRT exemption. Funds were transferred to [PAID](#) and are projected to be fully expended in FY26 in the [City's Quarterly Managers Report](#), but moving these funds to PAID doesn't mean that they have reached the intended beneficiaries of the funds. In fact, when identifying additional funds for the School District in FY27, the Administration agreed to forgo a planned \$10.0 million increase for the program because much of the FY26 money had yet to be used. While it is tracked within Commerce, the actual spending amounts and purposes to date of funds transferred to PAID cannot be understood from the City's budget documents.

Similarly, the reporting cadence for funds borrowed for the H.O.M.E. Initiative lags standard budget reporting and required legislation from City Council. The Taking Care of Business commercial corridor cleaning program also shifts significant funding to PAID (\$18.0 million in FY26). The [most recent report on the program's performance](#) was released in March 2025 and does not include information on actual spending or budgeted amounts. Philadelphia's approach to providing indigent defense services also shifts significant funding to an external entity, \$69.2 million in FY26. Thus, the City is not engaged in negotiating labor costs or other expenses and there is limited oversight in setting the scope and level of services.

There is nothing inherently wrong with the approaches the City is utilizing, but the additional opacity creates a risk that actual spending and service delivery is harder to monitor and evaluate. Particularly as new programs are launched or existing programs expanded, understanding potential future costs is harder when current spending is difficult to understand. These budget blind spots make it more challenging to predict future demands for City resources.

Fiscal Cliffs

Fiscal cliffs are the [stuff of nightmares](#) for government finance officers. They often arise when one-time funding is used as the primary support for ongoing spending and can often only be resolved through agonizing trade-offs. Avoiding fiscal cliffs requires a careful approach to financial planning, aligning available resources to planned spending over the long run as much as possible. Even with a careful approach, fiscal cliffs caused by external factors can't always be avoided. Building foreseeable fiscal cliffs into plans for revenue and spending with the hope of resolving them in future years isn't an effective method for avoiding them. The City has improved in this respect since the 1990s, when early Five-Year Plans simply noted "target budget reductions" in out years of the Plan with details to be filled in later. Delaying tough decisions in the present can make required trade-offs in the future more difficult.

American Rescue Plan Rescue Planning

In its approach to the one-time federal support from American Rescue Plan funding, the City successfully avoided a fiscal cliff by using the funding as revenue replacement to bridge the gap between pandemic-related revenue shortfalls and projected economic recovery. The School District of Philadelphia – which the Supreme Court of Pennsylvania found to be [unconstitutionally underfunded](#) – didn't navigate the American Rescue Plan fiscal cliff as deftly. Faced with finding new revenue or making painful staffing cuts once federal relief was expended, the Mayor and Council did not want the District's plans to eliminate school-based positions to become reality and allocated additional funding from the General Fund. To prevent its increased contribution to the District from turning into a fiscal cliff of its own, the City thought ahead, reducing spending elsewhere in the Plan to ensure the stability of its contribution. In other areas of the Plan, preparations don't appear as thorough.

Waiting for Wellness Funding

The most significant misalignment of budgeted funds and intended operations included in the FY27-31 Plan is the City's Wellness Ecosystem, which intends to use one-time opioid settlement funds to support ongoing operations at forthcoming Riverview towers. The City's investments in recovery housing at the Riverview complex are expanding, with capital spending supporting the construction of two additional buildings to host residents in recovery. Both new buildings are expected to be operational during the Five-Year Plan period, but there is no funding allocated to support their operations. The City intends to use opioid settlement dollars to fund operations at the new Riverview towers but has not budgeted any funds for that purpose. Relying on unconfirmed settlement award dollars to fund ongoing operations at sites generating long-term debt service costs is likely to eventually require operating support from the General Fund. In FY25 – after PICA approved a Plan with assurances that General Fund dollars would not be needed for operating support – the City spent more than \$35 million from the General Fund to support Wellness Ecosystem operations.

One-Time Spending, Again

Other examples of misalignment between allocated funding and potential spending include programs with one-time funding included in the Plan, but track records of recurrence. Funding for these programs is described as one-time spending in the Plan, but successive rounds of “one-time” spending have occurred in the past and plans to wrap them up or stabilize funding in future years are lacking.

The Zero Fare subsidy to provide free transit access to low-income Philadelphians started as a two-year pilot in FY24, with \$31.0 million budgeted annually in FY24 and FY25. Funded by underspending from its first two years, the program continued in FY26. The FY27-31 Plan allocates an additional \$25.0 million to the program in FY27, bringing total Zero Fare funding to \$87.0 million as the two-year pilot enters its fourth year of operations, but without permanent funding through FY31.

Since FY22, the City has awarded [more than \\$60 million](#) in anti-violence grant funding to community-based organizations across Philadelphia. The FY27-31 Plan includes an additional \$25.0 million in FY27 for anti-violence grant funding. Community organizations have come to rely on this funding to carry out violence prevention work. With no stated plan to wind down the Office of Public Safety’s grantmaking and several City agencies citing the success of these investments in discussions with PICA, there is a high likelihood that additional rounds of anti-violence grants will be funded during the Plan period, despite the current lack of allocations. Costs for these programs aren’t budgeted to recur in the FY27-31 Plan. If they do, an additional \$50.0 million or more of unanticipated spending could strain fund balances further and put the Plan at risk absent other Plan-balancing actions.

Rebuilt Expectations

Recent Mayors have used capital borrowing to fund initiatives that increase investment in community assets and housing stability. In some cases, the success of these investments has raised the bar for what Philadelphians expect the City to invest in its assets.

Expectations for spending on recreation centers, libraries, neighborhood improvements, and home repairs don’t automatically subside as borrowed funds are spent down.

Pressure to keep up the pace of investment may lead to increased borrowing, potentially extending and enhancing debt service costs beyond what’s included in the Plan.

PICA commends the City for clearly identifying these upcoming fiscal cliffs.

That transparency is essential and in keeping with the objectives of the PICA Act.

Unfortunately, the creation of these fiscal cliffs in the first place may lead to circumstances where there is intense pressure to continue providing services even if new funding hasn’t been identified. It is beneficial to see these hard decisions on the horizon, but awareness of looming challenges doesn’t fully mitigate the financial hazards they present.

Recommendations

Recommendation to the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority

Based on a thorough analysis of the City of Philadelphia's Fiscal Year 2027-2031 Five-Year Financial Plan (the Plan) and the requirements of the PICA Act, PICA Staff recommend approval for the following reasons:

- The Plan projects positive year-end General Fund balances in all years of the Plan.
- Revenue and expenditure projections, as presented in the Plan, are “based on reasonable and appropriate assumptions and methods of estimation,” which are “consistently applied” as required by the PICA Act.
- PICA's economic consultant's analysis found the City's projected tax revenues to be reasonable over the life of the Plan.
- PICA Staff analysis of non-tax revenues found that the projections for Locally Generated Non-Tax, Revenues from Other Funds, and Revenues from Other Governments to be reasonable over the life of the Plan.
- PICA Staff analysis of expenditures by major class found the spending projections to be reasonable over the life of the Plan.
- The Plan included projections of all revenues and expenditures for five fiscal years, including projected capital expenditures, short- and long-term debt incurrence, and cash flow forecasts for the first year of the Plan, as required by the PICA Act.
- The Plan submitted by the City contained the elements required by the PICA Act:
 - The Mayor's Statement
 - A schedule of debt service payments
 - A schedule of payments for legally mandated services
 - The Mayor's proposed Operating and Capital Budget for each of the covered funds for the next fiscal year.
 - A cashflow forecast for the City's consolidated cash account
 - An opinion from the City Controller A schedule setting forth the number of authorized employee positions (filled and unfilled)

Although PICA Staff are confident that the Plan is based on reasonable and appropriate assumptions and includes year-end fund balances that are positive in each year of the Plan, certain factors were identified that may present risks to the Plan. Those risks include:

- External Decisions and Disruptions
- Labor Needs & Costs
- Budget Blind Spots
- Fiscal Cliffs

Recommendations to the City of Philadelphia

Through its Fiscal Year 2027-31 Plan, the City of Philadelphia is planning to balance competing needs of scaling tax burdens to be sustainable, adapting and expanding services to address community conditions, and remaining fiscally responsible to ensure it can continue to improve as a place to live, work, learn, and visit. This is not an easy task, and requires commitment from many stakeholders, each with unique perspectives and priorities. The Plan also must withstand threats to fiscal stability from uncontrollable factors. In addition to choosing policies and paths that sustain compliance with the PICA Act and improve fiscal health, like preserving its pension funding strategy, PICA recommends that the City:

Allocate Additional Reserves

The most predictable aspect of the Five-Year Plan process is that unpredictable events and needs will emerge. These situations will create challenges in meeting Philadelphians' needs. The City has made significant progress towards building reserves and taking other actions, like working towards a fully funded Pension Fund, that will enhance the City's resilience to future disruptions. PICA acknowledges that dedicating additional funds to reserves represents tradeoffs against other, potentially more immediate needs. Given the sustained, award-winning progress of the Pension Fund, the City may want to consider a similar approach of articulating and pursuing a path to a specific reserve target over time with support from many stakeholders.

Improve Capital Budget Transparency

PICA commends the City for beginning to include Capital expenditure and encumbrance data in its Quarterly City Managers Reports. While this will be increasingly useful as more data is released over time, the City could greatly improve evaluation and monitoring of the Capital Budget by including historical prior year actuals in its Capital Budget and Program documents when they are proposed. Like the City's operating budgets, proposed

budgets should also include estimates for current year spending and resources. This information would help stakeholders understand the impacts and options of delaying, reducing, or eliminating capital investments, as the City contemplates doing if a recurring revenue source for the School District is not implemented for FY28.

Pair Major Initiatives with Fiscal Sustainability Plans

As noted in the Risks section of this report, significant new and expanded programs may create future fiscal pressure if expected revenues don't materialize or public expectations for continuation of temporary or one-time programs are high. When these initiatives are funded through mechanisms outside of the Five-Year Plan process, future funding gaps may be harder to spot and plan for. Some recent initiatives of this type have had reporting required by City Council and some have not. To ensure a consistent approach to mitigating risks of this type, the City should consider pairing all major initiatives with fiscal sustainability plans with standardized information and reporting cadences. Plans should include an explanation of what happens when the funding ends, describing whether the City plans to maintain, scale back, or discontinue the investment. This is particularly important for projects involving capital assets that have costs for ongoing maintenance and operations.

Appendices

- **Appendix A:
PICA's Organization and Oversight
Authority**
- **Appendix B:
Tax Revenue Projections by Major Tax
Type**
- **Appendix C:
City of Philadelphia's FY27-31 Five-Year
Financial Plan**
- **Appendix D:
Controller's Report on the FY27-31 Five-
Year Financial Plan**

PICA's Organization and Oversight Authority

Organization

The [Pennsylvania Intergovernmental Cooperation Authority Act \(PICA Act\)](#) was passed by the legislature of the Commonwealth of Pennsylvania in 1991, creating the Pennsylvania Intergovernmental Cooperation Authority (PICA) to provide financial assistance to the City of Philadelphia in overcoming a severe financial crisis. At that time, the City was burdened with a growing budget deficit, lacked resources to pay mounting overdue bills, saw its credit ratings drop below investment grade level by national rating agencies, instituted an across-the-board hiring freeze, and experienced an erosion in the quality of municipal services.

PICA was designed to address the City's short-term financing needs while providing oversight of long-term financial planning that would restore the confidence of residents, investors, and public officials in the ability of the City to maintain and enhance its financial stability over the long term.

PICA is administered by a governing Board consisting of five voting members and two ex-officio, non-voting members. The Governor, the President Pro Tempore of the State Senate, the Minority Leader of the State Senate, the Speaker of the State House of Representatives, and the Minority Leader of the State House of Representatives each appoint one voting member to the Board. The ex-officio members are the Budget Secretary of the Commonwealth of Pennsylvania and the Director of Finance of the City of Philadelphia.

The PICA Act tasks PICA with certain oversight and financial functions intended to enhance the fiscal stability of the City of Philadelphia. In its oversight capacity, PICA has advisory and review powers with respect to the City's financial affairs, including the responsibility to review and vote on the approval of the Five-Year Financial Plan prepared annually by the City. PICA is then responsible for monitoring the City's compliance with each adopted Five-Year Financial Plan.

Should the City fail to adhere to the requirements of the PICA Act in maintaining compliance with the current Five-Year Plan, PICA could instruct the Budget Secretary of the Commonwealth to withhold substantial financial assistance and the net proceeds of the PICA Tax after PICA debt service until compliance is reestablished.

PICA has the power to issue bonds for the financial benefit of the City. Through debt issuance and capital program earnings, PICA has made available \$1.1 billion to directly assist the City in the following areas: deficit elimination, indemnities, productivity banking, capital projects, and the retirement of certain high-interest debt.

Oversight Authority

PICA's oversight authority is defined in the PICA Act. As described in the PICA Act, PICA was created to foster fiscal integrity and provide for proper financial planning procedures and budgeting practices.

The PICA Act charges the City of Philadelphia with the “responsibility to exercise efficient and accountable fiscal practices.” These include managerial accountability, consolidation or elimination of inefficient City programs, recertification of tax-exempt properties, increased collection of existing taxes, privatization of services, sale of City assets, improvement of procurement and competitive bidding practices, and review of compensation and benefits of City employees.

The PICA Act and its provisions are intended to ensure that the City of Philadelphia works proactively to avoid fiscal crises and is able to manage fiscal pressures when times are tough. To support the City, PICA makes recommendations concerning its budgetary and fiscal affairs.

Cooperation between PICA and the City is formalized in an [Intergovernmental Cooperation Agreement](#) (ICA) based on the provisions of the PICA Act. The ICA grants PICA broad access to all data pertaining to the finances of the City and other related corporate entities like the School District of Philadelphia. PICA is also authorized to conduct “such independent audits, examinations or studies of the City the Authority deems appropriate.”

Tax Revenue Projections by Major Tax Type

The PICA Staff Assessment of the City's assumptions and methods for taxes, which relies on analysis by the City Controller and Professor Charles Swanson, has been found to be reasonable and appropriate for the FY27-31 Plan. More information about major tax types is provided here.

Tax Revenue Projections FY26-FY31 (\$ in thousands)							
Tax Type	FY26 est.	FY27	FY28	FY29	FY30	FY31	FY27-31 Compound Annual Growth
Wage/ Earnings/NPT	2,086,911	2,178,871	2,263,541	2,342,881	2,414,677	2,491,021	3.4%
Real Estate	922,069	1,011,858	1,047,472	1,082,884	1,104,982	1,139,612	3.0%
BIRT	779,316	806,429	811,621	818,391	834,942	826,330	0.6%
Sales	23,170	342,044	358,306	374,902	391,578	408,360	4.5%
RTT	356,444	377,260	394,689	409,411	421,489	433,333	3.5%
Beverage	70,955	72,516	71,762	71,095	70,029	68,937	-1.3%
Amusement	46,183	47,259	47,859	48,606	50,132	51,862	2.4%
Other	7,923	8,065	8,196	8,255	8,309	8,353	0.9%
Total Tax	4,592,971	4,844,302	5,003,446	5,156,425	5,296,138	5,427,808	2.9%

Wage, Earnings, and Net Profits Taxes

The City estimated that \$2.09 billion in Wage, Earnings, and Net Profits (Wage) Taxes were collected in FY26, about 45 percent of all tax collections for the General Fund (not including the PICA Tax, which is treated as Revenue from Other Governments). Over the Plan period, compound annual growth of 3.4 percent is anticipated. Wage and Earnings Taxes, the lion's share of the projected collections at \$11.49 billion over the Plan, have the same expected rate of growth. The Net Profits Tax (NPT) is projected to generate \$200.9 million over the Plan, with compound annual growth of 1.8 percent from FY27 to FY31. The lower rate of growth for the NPT relates to the expected expansion of credits against the NPT for payments of the Business Income and Receipts Tax that resulted from the sunset of the \$100,000 BIRT exemption. Overall, volatility for the Wage, Earnings, and Net Profits Taxes is expected to be relatively low, at 2.8 percent over the life of the Plan, consistent with historical performance. The City's expectation for Wage Tax base growth stems primarily from income increases rather than significant expansion in the number of jobs. Previously legislated rate reductions are scheduled to occur each July 1 through July 1, 2029, for both the resident and non-resident portions of the tax. The Plan also assumes an additional reduction on July 1, 2030.

Real Estate Tax

The City estimated FY26 collections of the Real Estate Tax to be \$922.1 million and projects collections over \$1 billion in each year from FY27 through FY31, roughly one-fifth of General Fund tax collections. Compound annual growth is expected at a 3.0 percent rate. The City assumes steady growth from year to year, but the actual experience is likely to be lumpier and tied to the timing of citywide revaluations, which the City expects to complete every other year. Volatility in the projections from year to year over the Plan is projected at 6.3 percent, about 20 percent more than the preceding decade and still below the expected volatility for General Fund collections overall. Assumptions of Real Estate Tax collections incorporate estimates of appeal losses, tax relief, unchanged overall rates for property owners, and a millage shift from the General Fund to the School District starting in Tax Year 2030, that will reduce the City share of Real Estate Taxes from \$0.6159 per \$100 of net taxable value to \$0.6089 per \$100 net taxable value.

Business Income and Receipts (BIRT)

BIRT collections for FY26 were estimated at \$779.3 million and are expected to generate \$4.10 billion for the General Fund over the FY27-31 Plan. This historically volatile tax is projected to have a compound annual growth rate of 0.6 percent, reflecting a potential smoothing of likely spikes and declines in the coming years that are hard to predict with accuracy. Due to a change instituted for Tax Year 2026, the Plan does not include the \$100,000 exemption that was previously in place. The Plan does reflect previously legislated annual rate reductions to both the net income and gross receipts portions of the BIRT. Annual reductions are legislated to continue through 2038, at which point the gross receipts rate will have declined to 0 mills and the net income rate will be 2.80 percent.

Sales Tax

The City estimated Sales Tax receipts of \$323.2 million in FY26, and projects collections to grow steadily from \$342.0 million in FY27 to \$408.4 million in FY31, resulting in a 4.5 percent compound annual growth rate. This is the strongest growth rate among the City's major taxes over the Plan period, in part due to a state law change approved in July 2026 that will close a loophole that enabled remote sellers to avoid remitting the local two percent Sales Tax while paying the Commonwealth's six percent tax when selling to Philadelphians.

Realty Transfer Tax

Long the most volatile of the City's major taxes, the Realty Transfer Tax was estimated to have generated \$356.4 million in FY26. The City anticipates 3.5 percent compound annual growth for this tax, with collections ranging from \$377.3 million in FY27 to \$433.3 million in FY31. No tax rate or base changes are incorporated into the City's assumptions. Like the BIRT, expectations for low volatility likely reflect smoothing of potential spikes and declines. This tax can be greatly impacted by economic conditions beyond the control of the City, especially interest rates, as well as local policy decisions, such as changes to incentives for real estate development. No significant changes to locally determined development incentives are implemented in this Plan.

Beverage Tax

The City estimated Beverage Tax collections of \$70.9 million in FY26. After an anticipated jolt in FY27 due to 2026 festivities that are projected to raise collections, the Philadelphia Beverage Tax is the only tax type projected to decline in collections over the Plan. Dropping from \$72.5 million in FY27 to \$68.9 million in FY31 and resulting in a -1.3 percent compound annual rate of decline. Since its inception, the Beverage Tax has been expected to decline in collections due to base shrinkage as consumers shift away from sweetened drinks as part of ongoing national trends unrelated to the City's imposition of the Tax.

Amusement Tax

Following estimated collections of \$46.2 million in FY26, the Amusement Tax is expected to grow at a compound annual rate of 2.4 percent from FY27 to FY31. Other than an anticipated bump due to extra events in the summer of 2026, no significant changes are expected to affect the tax base and rates will remain unchanged over the life of the Plan. This tax is anticipated to generate \$245.7 million over the Plan.

Other Taxes

The Other Taxes category includes the Development Impact Tax, Smokeless Tobacco Tax, and other smaller revenues streams. Combined, these sources are anticipated to generate an average of \$8.2 million per year of the Plan, following estimated collections of \$7.9 million in FY26. No base or tax rate changes are incorporated into the FY27-31 Plan.

CITY OF PHILADELPHIA



FY2027 - FY2031 FIVE YEAR FINANCIAL PLAN

AS APPROVED BY THE COUNCIL - JUNE 2026

CHERELLE L. PARKER
MAYOR

CITY OF PHILADELPHIA

**FY2027 - FY2031 FIVE YEAR
FINANCIAL PLAN**

AS APPROVED BY THE COUNCIL - JUNE 2026

GENERAL FUND

City of Philadelphia As Adopted Five Year Financial Plan FY2027-2031				SUMMARY OF OPERATIONS FISCAL YEARS 2025 TO 2031 (Amounts in Thousands)				
FUND								
General								
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
NO.	ITEM	Actual	Estimate	Budget	Estimate	Estimate	Estimate	Estimate
(1)	(2)	(3)	(5)	(5)	(6)	(7)	(8)	(8)
	OPERATIONS OF FISCAL YEAR							
	REVENUES							
1	Taxes	4,412,575	4,592,971	4,844,302	5,003,446	5,156,425	5,296,138	5,427,808
2	Locally Generated Non-Tax Revenues	466,483	460,334	434,983	395,647	399,169	410,820	414,158
3	Revenue from Other Governments	389,337	426,781	435,226	455,412	432,344	433,399	434,477
4	Other Govts. - PICA City Account (1)	761,140	762,688	796,920	828,717	860,320	892,715	924,479
5	Sub-Total Other Governments	1,150,477	1,189,469	1,232,146	1,284,129	1,292,664	1,326,114	1,358,956
6	Revenue from Other Funds of City	487,953	80,902	66,201	66,228	160,418	67,003	67,421
7	Total - Revenue	6,517,488	6,323,676	6,577,632	6,749,450	7,008,676	7,100,075	7,268,343
8	Other	0	0	0	0	0	0	0
9	Total Revenue and Other Sources	6,517,488	6,323,676	6,577,632	6,749,450	7,008,676	7,100,075	7,268,343
	OBLIGATIONS/APPROPRIATIONS							
10	Personal Services	2,223,350	2,405,989	2,474,494	2,503,633	2,509,674	2,515,126	2,515,126
11	Personal Services-Pensions	783,897	734,423	745,517	741,490	796,826	601,759	578,474
12	Personal Services-Pensions - Sales Tax	95,634	101,585	111,022	119,153	127,451	135,789	144,180
13	Personal Services-Other Employee Benefits	746,155	886,858	982,674	1,001,019	1,057,364	1,123,599	1,195,782
14	Sub-Total Employee Compensation	3,849,036	4,128,855	4,313,707	4,365,295	4,491,315	4,376,273	4,433,562
15	Purchase of Services	1,451,834	1,578,721	1,645,979	1,538,141	1,527,299	1,583,776	1,597,122
16	Materials, Supplies and Equipment	165,463	171,151	175,358	148,981	150,634	150,576	154,503
17	Contributions, Indemnities, and Taxes	474,999	494,333	480,844	469,844	469,344	469,344	469,344
18	Debt Service	195,090	199,495	232,195	266,277	258,096	283,184	282,943
19	Payments to Other Funds	123,166	151,235	96,936	108,622	113,545	115,106	117,766
20	Advances & Misc. Pmts. - Labor Reserve	0	15,508	45,462	65,946	111,579	158,125	208,577
21	Advances & Misc. Pmts. - Federal Reserve	0	0	91,000	0	0	0	0
22	Sub-Total	6,259,588	6,739,298	7,081,481	6,963,106	7,121,812	7,136,384	7,263,817
23	Payment to Budget Stabilization Reserve Fund	58,291	58,860	52,484	54,653	0	0	0
24	Total - Obligations	6,317,879	6,798,158	7,133,965	7,017,759	7,121,812	7,136,384	7,263,817
25	Oper. Surplus (Deficit) for Fiscal Year	199,609	(474,482)	(556,333)	(268,309)	(113,136)	(36,309)	4,526
	Prior Year Adjustments:							
26	Other Adjustments	36,586	179,802	36,500	37,500	38,500	39,500	40,500
27	Total Prior Year Adjustments	36,586	179,802	36,500	37,500	38,500	39,500	40,500
28	Adjusted Oper. Surplus/ (Deficit)	236,195	(294,680)	(519,833)	(230,809)	(74,636)	3,191	45,026
	OPERATIONS IN RESPECT TO							
	PRIOR FISCAL YEARS							
29	Fund Balance Available for Appropriation June 30 of Prior Fiscal Year	942,900	1,179,095	884,415	364,582	133,773	59,137	62,328
30	Fund Balance Available for Appropriation June 30	1,179,095	884,415	364,582	133,773	59,137	62,328	107,354

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
General								
REVENUE								
Taxes								
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
NO.	AGENCY AND REVENUE SOURCE	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
(1)	(2)	(5)	(7)	(8)	(9)	(9)	(9)	(9)
	A. Real Property							
1	1. Current	859,280	877,109	972,477	1,011,795	1,047,897	1,070,671	1,105,963
2	2. Prior	43,878	44,960	39,381	35,677	34,987	34,311	33,649
3	Subtotal	903,158	922,069	1,011,858	1,047,472	1,082,884	1,104,982	1,139,612
	B. Wage and Earnings							
4	1. Current	1,930,891	2,042,437	2,134,230	2,218,636	2,297,615	2,369,005	2,443,556
5	2. Prior	6,197	5,400	5,400	5,400	5,400	5,400	5,400
6	Subtotal	1,937,088	2,047,837	2,139,630	2,224,036	2,303,015	2,374,405	2,448,956
	C. Business Taxes							
7	1. Business Income & Receipts	751,979	779,316	806,429	811,621	818,391	834,942	826,330
	2. Net Profits							
8	a. Current	49,396	34,374	34,541	34,805	35,166	35,572	37,365
9	b. Prior	7,993	4,700	4,700	4,700	4,700	4,700	4,700
10	Subtotal	57,389	39,074	39,241	39,505	39,866	40,272	42,065
11	Total, Business Taxes	809,368	818,390	845,670	851,126	858,257	875,214	868,395
	D. Other Taxes							
12	1. Sales	215,633	221,585	231,022	239,153	247,451	255,789	264,180
13	2. Sales (Pension)	95,634	101,585	111,022	119,153	127,451	135,789	144,180
14	Subtotal	311,267	323,170	342,044	358,306	374,902	391,578	408,360
15	3. Amusement	43,413	46,183	47,259	47,859	48,606	50,132	51,862
16	4. Real Property Transfer	331,506	356,444	377,260	394,689	409,411	421,489	433,333
17	5. Smokeless Tobacco	569	572	575	578	581	584	587
18	6. Philadelphia Beverage	68,160	70,955	72,516	71,762	71,095	70,029	68,937
19	7. Construction Impact	3,872	3,500	3,500	3,500	3,500	3,500	3,500
20	8. Other	4,174	3,851	3,990	4,118	4,174	4,225	4,266
21	Subtotal	762,961	804,675	847,144	880,812	912,269	941,537	970,845
22	Total Taxes	4,412,575	4,592,971	4,844,302	5,003,446	5,156,425	5,296,138	5,427,808

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
General								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>Office of Innovation & Technology</u>							
1	Cable Franchise Fees	14,242	12,818	11,536	10,382	9,344	8,410	7,569
2	Other	0	5	5	5	5	5	5
3	Subtotal	14,242	12,823	11,541	10,387	9,349	8,415	7,574
	<u>Mayor</u>							
4	Other	4	15	15	15	15	15	15
	<u>Managing Director</u>							
5	Other	2,654	1,567	1,576	1,585	1,585	1,585	1,585
	<u>Police</u>							
6	Prior Year Reimb.- Special Services	0	11,000	11,000	11,500	11,500	11,500	11,500
7	Carry Arms Fees	467	500	500	500	500	500	500
8	Witness & Jury Fees	74	75	75	75	75	75	75
9	Other	11,798	1,050	1,050	1,050	1,050	1,050	1,050
10	Subtotal	12,339	12,625	12,625	13,125	13,125	13,125	13,125
	<u>Sanitation</u>							
11	Collection Fee - Housing Authority	946	1,300	1,300	1,300	1,300	1,300	1,300
12	Disposal of Salvage (Recyclables)	0	10	10	10	10	10	10
13	Commercial Property Collection Fee	22,891	22,625	24,925	25,673	26,443	27,236	28,053
14	Other	1,168	800	800	800	800	800	800
15	Subtotal	25,005	24,735	27,035	27,783	28,553	29,346	30,163
	<u>Fire</u>							
16	Emergency Medical Services	79,984	95,100	95,100	95,100	95,100	95,100	95,100
17	Other	524	650	650	650	650	650	650
18	Subtotal	80,508	95,750	95,750	95,750	95,750	95,750	95,750
	<u>Public Health</u>							
19	Payments for Patient Care (HC's/PNH)	16,447	14,450	15,450	16,450	27,835	39,220	39,220
20	Pharmacy Fees	8,843	6,650	7,650	8,650	8,650	8,650	8,650
21	Environment User Fees	3,562	3,405	3,692	3,703	3,714	3,725	3,737
22	Other	1,494	1,800	1,800	1,800	1,800	1,800	1,800
23	Subtotal	30,346	26,305	28,592	30,603	41,999	53,395	53,407

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
General								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>Parks & Recreation</u>							
24	Other Leases	0	1	1	1	1	1	1
25	Rent from Land, Real Estate	21	60	60	60	60	60	60
26	Permits	1,283	1,300	1,300	1,300	1,300	1,300	1,300
27	Other	951	575	575	575	575	575	575
28	Subtotal	2,255	1,936	1,936	1,936	1,936	1,936	1,936
	<u>Public Property</u>							
29	Rent from Real Estate	465	450	450	450	450	450	450
30	Sale/Lease of Capital Assets	11	1,080	23,725	50	50	50	50
31	Commission from Other Leases	3,322	3,400	3,400	3,400	3,400	3,400	3,400
32	Prior Year Refunds & Reimbursements	2,830	9,900	650	650	650	650	650
33	Other	2	50	50	50	50	50	50
34	Subtotal	6,630	14,880	28,275	4,600	4,600	4,600	4,600
	<u>Human Services</u>							
35	Payments for Child Care - S.S.I.	368	500	500	500	500	500	500
36	Other	164	200	200	200	200	200	200
37	Subtotal	532	700	700	700	700	700	700
	<u>Philadelphia Prisons</u>							
38	Other	2	0	0	0	0	0	0
	<u>Office of Homeless Services</u>							
39	Other	0	5	5	5	5	5	5
	<u>Fleet Services</u>							
40	Sale of Vehicles	1,746	1,650	1,650	1,650	1,650	1,650	1,650
41	Fuel and Warranty Reimbursements	3,123	2,750	2,750	2,750	2,750	2,750	2,750
42	Other	219	300	300	300	300	300	300
43	Subtotal	5,088	4,700	4,700	4,700	4,700	4,700	4,700

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
(Amounts in Thousands)								
FUND								
General								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>Licenses and Inspections</u>							
44	Amusement	(20)	40	40	40	40	40	40
45	Health and Sanitation	24,061	23,600	24,310	25,040	25,790	26,560	27,360
46	Police and Fire Protection	734	625	625	625	625	625	625
47	Street Use	151	0	0	0	0	0	0
48	Professional & Occupational	1,581	1,500	1,500	1,500	1,500	1,500	1,500
49	Building Structure & Equipment	37,311	42,460	43,730	45,040	46,390	47,780	49,210
50	Business	35	40	40	40	40	40	40
51	Other Licenses & Permits	55	55	55	55	55	55	55
52	Code Violation Fines	4,576	4,780	4,890	5,000	5,000	5,000	5,000
53	Other	11,283	11,725	11,838	11,950	11,950	11,950	11,950
54	Subtotal	79,767	84,825	87,028	89,290	91,390	93,550	95,780
	<u>Records</u>							
55	Recording of Legal Instrument Fees	10,841	11,595	12,595	12,595	12,595	12,595	12,595
56	Preparation of Records	395	300	300	300	300	300	300
57	Commission on Tax Stamps	894	500	500	500	500	500	500
58	Accident Investigation Reports	921	850	850	850	850	850	850
59	Document Technology Fee	1,928	2,000	2,000	2,000	2,000	2,000	2,000
60	Other	657	750	750	750	750	750	750
61	Subtotal	15,636	15,995	16,995	16,995	16,995	16,995	16,995
	<u>Director of Finance</u>							
62	Prior Year Refunds	21,762	14,898	200	200	200	200	200
63	Reimbursements - Other	8,681	5,900	5,900	5,900	5,900	5,900	5,900
64	Reimbursement - Prescription Program	13,978	17,540	18,070	18,970	19,920	20,920	21,970
65	Health Benefit Charges	1,644	1,660	1,660	1,660	1,660	1,660	1,660
66	Other	403	10	10	10	10	10	10
67	Subtotal	46,468	40,008	25,840	26,740	27,690	28,690	29,740
	<u>Revenue</u>							
68	Miscellaneous Fines	342	350	350	350	350	350	350
69	Non-Profit Org. Voluntary Payments	4,620	4,817	4,861	4,839	4,585	4,684	4,684
70	Other	296	210	210	210	210	210	210
71	Subtotal	5,258	5,377	5,421	5,399	5,145	5,244	5,244

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
General								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>Procurement</u>							
72	Bid Application Fees etc.	289	300	300	300	300	300	300
73	Other	22	200	15	15	15	15	15
74	Subtotal	311	500	315	315	315	315	315
	<u>City Treasurer</u>							
75	Interest Earnings	97,709	73,300	41,650	20,825	10,413	7,540	7,540
76	Other	738	900	25	25	25	25	25
77	Subtotal	98,447	74,200	41,675	20,850	10,438	7,565	7,565
	<u>Law</u>							
78	Legal Fees & Charges	148	250	250	250	250	250	250
79	Court Awarded Damages	1,393	1,400	1,400	1,400	1,400	1,400	1,400
80	Other	52	50	50	50	50	50	50
81	Subtotal	1,593	1,700	1,700	1,700	1,700	1,700	1,700
	<u>Board of Ethics</u>							
82	Other	88	90	160	70	80	90	160
	<u>Inspector General</u>							
83	Other	203	50	20	20	20	20	20
	<u>Free Library</u>							
84	Other	437	575	475	475	475	475	475
	<u>Personnel</u>							
85	Other	1	1	1	1	1	1	1
	<u>Office of Property Assessment</u>							
86	Other	5	5	2	2	2	2	2
	<u>Chief Administrator's Office</u>							
87	SWEEP Fines	1,643	4,375	4,375	4,375	4,375	4,375	4,375
88	Burglar Alarm Licenses	1,112	1,500	1,500	1,500	1,500	1,500	1,500
89	False Alarm Fines	363	1,410	1,410	1,410	1,410	1,410	1,410
90	Reimbursements - Other	314	100	100	100	100	100	100
91	Subtotal	3,432	7,385	7,385	7,385	7,385	7,385	7,385

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
(Amounts in Thousands)								
FUND								
General								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>Register of Wills</u>							
92	Court Costs, Fees & Charges	1,346	1,300	1,300	1,300	1,300	1,300	1,300
93	Recording Fees	3,239	3,200	3,200	3,200	3,200	3,200	3,200
94	Other	1,118	1,085	1,085	1,085	1,085	1,085	1,085
95	Subtotal	5,703	5,585	5,585	5,585	5,585	5,585	5,585
	<u>District Attorney</u>							
96	Other	17	15	15	15	15	15	15
	<u>Sheriff</u>							
97	Sheriff Fees	595	0	600	600	600	600	600
98	Commission Fees	2,006	1,236	2,000	2,000	2,000	2,000	2,000
99	Other	0	0	50	50	50	50	50
100	Subtotal	2,601	1,236	2,650	2,650	2,650	2,650	2,650
	<u>Planning & Development</u>							
101	Zoning Permits	301	280	780	780	780	780	780
102	Accelerated Review Fees	364	340	410	410	410	410	410
103	Other	8	1	1	1	1	1	1
104	Subtotal	673	621	1,191	1,191	1,191	1,191	1,191
	<u>City Commissioners</u>							
105	Other	1	5	10	10	10	10	10
	<u>1st Judicial District - Clerk of Courts</u>							
106	Other Fines	92	115	115	115	115	115	115
107	Court Costs, Fees & Charges	838	1,100	1,100	1,100	1,100	1,100	1,100
108	Bail Forefeited	239	165	0	0	0	0	0
109	Cash Bail Fees	179	190	0	0	0	0	0
110	Subtotal	1,348	1,570	1,215	1,215	1,215	1,215	1,215
	<u>1st Judicial District - Traffic Court</u>							
111	Traffic Court Fines	2,173	2,500	2,500	2,500	2,500	2,500	2,500
	<u>1st Judicial District - CP & Mun. Court</u>							
112	Court Costs, Fees & Charges	20,051	20,000	20,000	20,000	20,000	20,000	20,000
113	Other Fines	391	700	700	700	700	700	700
114	Other	1,026	1,350	1,350	1,350	1,350	1,350	1,350
115	Subtotal	21,468	22,050	22,050	22,050	22,050	22,050	22,050

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
(Amounts in Thousands)								
FUND								
General								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
116	Other Adjustments	1,248	0	0	0	0	0	0
117	Total Locally Generated Non-Tax	466,483	460,334	434,983	395,647	399,169	410,820	414,158

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
General								
REVENUE								
Revenue from Other Governments								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>Managing Director</u>							
	Federal:							
1	Emergency Management	340	785	115	24,215	115	115	115
	State:							
2	2026 Special Events	0	0	10,000	0	0	0	0
3	Subtotal	340	785	10,115	24,215	115	115	115
	<u>Police</u>							
	State:							
4	Police Training - Reimbursement	3,063	266	275	275	275	275	275
	<u>Streets**</u>							
	Federal:							
5	Highways	547	0	0	0	0	0	0
	State:							
6	PennDot Bridge Design	281	0	0	0	0	0	0
7	Subtotal	828	0	0	0	0	0	0
	<u>Public Health</u>							
	Federal:							
8	Medicare - Outpatient / HC's	1,846	1,791	1,791	1,791	1,791	1,791	1,791
9	Medicare - PNH	62	30	0	0	0	0	0
10	Medical Assistance - Outpatient / HC's	30,072	28,111	28,111	30,922	30,922	30,922	30,922
11	Summer Food Inspection	0	40	40	40	40	40	40
	State:							
12	County Health	14,703	8,395	8,395	8,395	8,395	8,395	8,395
13	Medical Assistance - Outpatient / HC's	14,265	22,647	22,647	24,912	24,912	24,912	24,912
14	Subtotal	60,948	61,014	60,984	66,060	66,060	66,060	66,060
	<u>Public Property</u>							
	Other Governments:							
15	PGW Rental	18,000	18,000	18,000	18,000	18,000	18,000	18,000
	<u>Philadelphia Prisons</u>							
	Federal:							
16	SSA Prisoner Incentive Payments	102	150	150	150	150	150	150
**Note: Some Streets revenue reassigned to the Transportation Fund in FY24 and beyond.								

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
General								
REVENUE								
Revenue from Other Governments								
No.	Agency and Revenue Source	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
(1)	(2)	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
(3)		(5)	(6)	(7)	(8)	(9)	(9)	(9)
	<u>Director of Finance</u>							
	Federal:							
17	Medicare Part D-Retirees	0	50	50	50	50	50	50
	State:							
18	Pension Aid - State Act 205	103,147	110,760	110,760	110,760	110,760	110,760	110,760
19	Juror Fee Reimbursement	206	100	100	100	100	100	100
20	State Police Fines (Phila. County)	417	250	250	250	250	250	250
21	Wage Tax Relief Funding	130,632	150,313	150,313	150,313	150,313	150,313	150,313
22	Gaming - Local Share Assessment	13,595	14,000	14,000	14,000	14,000	14,000	14,000
	Other Governments:							
23	PATCO Community Impact Fund	0	75	75	75	75	75	75
24	PAID - Parametric Garage	765	250	250	250	250	250	250
25	Subtotal	248,762	275,798	275,798	275,798	275,798	275,798	275,798
	<u>Revenue</u>							
	Federal:							
26	Reimb. - PILOT	0	3	3	3	3	3	3
27	Tinicum Wildlife Preserve	4	4	4	4	4	4	4
	Other Governments:							
28	PPA - Parking/Violations/Fines (on St.)	40,447	52,387	45,905	46,915	47,947	49,002	50,080
29	Burlington County Bridge Comm.	14	7	7	7	7	7	7
30	Subtotal	40,465	52,401	45,919	46,929	47,961	49,016	50,094
	<u>City Treasurer</u>							
	State:							
31	Retail Liquor License	1,093	1,065	1,100	1,100	1,100	1,100	1,100
32	Public Utility Tax Refund	4,663	4,625	4,625	4,625	4,625	4,625	4,625
33	Subtotal	5,756	5,690	5,725	5,725	5,725	5,725	5,725
	<u>Commission on Human Relations</u>							
	Federal:							
34	Deferred EEOC Cases	81	90	90	90	90	90	90
	<u>District Attorney</u>							
	State:							
35	Reimbursement - DA Salary	137	137	137	137	137	137	137
	<u>Sheriff</u>							
	State:							
36	Reimbursement - Education	585	600	600	600	600	600	600

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
(Amounts in Thousands)								
FUND								
General								
REVENUE								
Revenue from Other Governments								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>City Commissioners</u>							
	State:							
37	Reimbursement - Special Election	952	0	0	0	0	0	0
	<u>1st Judicial District</u>							
	Federal:							
38	Title IV-E	0	25	25	25	25	25	25
	State:							
39	Intensive Probation - Adult	1,304	4,019	4,019	4,019	4,019	4,019	4,019
40	Intensive Probation - Juvenile	1,232	1,232	1,232	1,232	1,232	1,232	1,232
41	Reimbursement - Court Costs	6,855	6,492	10,075	10,075	10,075	10,075	10,075
42	Reimbursement - Attorney Fees	224	82	82	82	82	82	82
43	Subtotal	9,615	11,850	15,433	15,433	15,433	15,433	15,433
	<u>Pennsylvania Intergovernmental Cooperation Authority</u>							
44	PICA Wage, Earnings and Net Profits Tax	762,538	764,376	798,663	830,460	862,063	894,458	926,222
45	PICA Operating Expenses	(1,398)	(1,688)	(1,743)	(1,743)	(1,743)	(1,743)	(1,743)
46	PICA City Account	761,140	762,688	796,920	828,717	860,320	892,715	924,479
	<u>Totals</u>							
47	Federal	33,054	31,079	30,379	57,290	33,190	33,190	33,190
48	State	297,354	324,983	338,610	330,875	330,875	330,875	330,875
49	Other Governments	59,226	70,719	64,237	65,247	66,279	67,334	68,412
50	PICA City Account	761,140	762,688	796,920	828,717	860,320	892,715	924,479
51	Other Authorized Adjustments	(297)	0	2,000	2,000	2,000	2,000	2,000
52	Total, Revenue From Other Govts.	1,150,477	1,189,469	1,232,146	1,284,129	1,292,664	1,326,114	1,358,956

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
General								
REVENUE								
Revenue from Other Funds								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(9)
	<u>Water Fund</u>							
1	Services performed & costs borne by General Fund	8,166	8,664	9,189	9,770	10,038	10,345	10,663
2	Excess interest on Sinking Fund reserve	3,727	1,500	1,500	1,500	1,500	1,500	1,500
3	Sub-total	11,893	10,164	10,689	11,270	11,538	11,845	12,163
	<u>Aviation Fund</u>							
4	Services performed & costs borne by General Fund	4,308	4,300	4,400	4,500	4,600	4,700	4,800
	<u>Grants Revenue Fund</u>							
5	American Rescue Plan	419,473	0	0	0	0	0	0
6	American Rescue Plan Interest Earnings	0	0	0	0	93,822	0	0
7	Services performed & costs borne by General Fund	6,919	750	750	750	750	750	750
8	911 Surcharge	40,220	59,572	45,362	44,558	44,558	44,558	44,558
9	Sub-total	466,612	60,322	46,112	45,308	139,130	45,308	45,308
	<u>Other Funds</u>							
10	Services performed & costs borne by General Fund	5,140	6,116	5,000	5,150	5,150	5,150	5,150
11	Total Revenue from Other Funds	487,953	80,902	66,201	66,228	160,418	67,003	67,421

**City of Philadelphia
General Fund
FY 2027- 2031 Five Year Financial Plan
Summary by Class**

<u>Expenditure Class</u>	<u>FY 2025 Actual</u>	<u>FY 2026 Budget</u>	<u>FY 2026 Estimate</u>	<u>FY 2027 Budget</u>	<u>FY 2028 Estimate</u>	<u>FY 2029 Estimate</u>	<u>FY 2030 Estimate</u>	<u>FY 2031 Estimate</u>
Class 100 - Wages	2,223,349,808	2,346,195,437	2,405,989,288	2,474,493,961	2,503,632,860	2,509,673,827	2,515,125,827	2,515,125,827
Class 100 - Benefits	1,625,686,168	1,745,587,635	1,722,866,127	1,839,212,927	1,861,662,983	1,981,640,540	1,861,148,009	1,918,436,157
Class 200 - Contracts / Leases	1,451,833,770	1,608,223,005	1,578,720,737	1,645,979,431	1,538,141,331	1,527,298,785	1,583,775,708	1,597,122,266
Class 300/400 - Supplies, Equipment	165,462,702	177,402,687	171,150,708	175,357,728	148,980,555	150,633,998	150,575,634	154,502,834
Class 500 - Indemnities / Contributions	474,999,037	476,982,823	494,332,823	480,844,220	469,844,220	469,344,220	469,344,220	469,344,220
Class 700 - Debt Service	195,090,263	231,495,486	199,495,486	232,195,016	266,276,670	258,096,064	283,183,501	282,942,775
Class 800 - Payments to Other Funds	181,456,688	155,094,827	210,094,827	149,419,624	163,274,508	113,545,266	115,105,882	117,765,655
Class 900 - Advances / Misc. Payments	0	101,577,100	15,508,100	136,462,093	65,946,093	111,579,093	158,125,093	208,577,093
Total	6,317,878,436	6,842,559,000	6,798,158,096	7,133,965,000	7,017,759,220	7,121,811,793	7,136,383,874	7,263,816,827

City of Philadelphia FY 2027 - 2031 Five Year Financial Plan General Fund Summary by Department								
Department	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Art Museum	2,642,000	2,342,000	2,342,000	2,142,000	2,142,000	2,142,000	2,142,000	2,142,000
Auditing	11,708,201	11,756,134	12,126,137	12,367,932	12,571,876	12,573,421	12,573,421	12,573,421
Board of Ethics	1,284,120	1,427,043	1,445,853	1,550,068	1,553,265	1,553,265	1,553,265	1,553,265
Board of Revision of Taxes	1,246,396	1,252,626	1,291,211	1,304,763	1,328,285	1,328,906	1,328,906	1,328,906
Citizens Police Oversight Commission ⁽¹⁾	0	3,106,032	3,131,368	3,201,865	3,204,423	3,204,423	3,204,423	3,204,423
City Commissioners	37,103,122	29,114,078	32,128,118	29,819,782	30,114,247	34,145,332	30,145,332	30,145,332
City Council	23,000,802	26,459,353	26,682,154	27,266,091	26,766,091	26,766,091	26,766,091	26,766,091
City Representative *	0	3,242,182	3,310,726	3,437,314	2,937,314	2,937,314	2,937,314	2,937,314
City Treasurer	3,521,335	5,361,799	5,416,258	5,413,005	5,443,390	5,443,972	5,443,972	5,443,972
Civil Service Commission	192,834	219,019	224,330	226,856	231,883	232,074	232,074	232,074
Civil Service Comm - Provision for Future Labor Obligations	0	101,577,000	15,508,000	45,461,893	65,945,893	111,578,893	158,124,893	208,576,893
Commerce	17,254,685	16,513,421	16,561,533	16,799,609	16,741,405	16,741,630	16,741,630	16,741,630
Commerce - Convention Center Subsidy	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Commerce - Economic Stimulus	35,004,294	101,365,294	101,365,294	79,972,309	56,472,309	58,472,309	58,472,309	58,472,309
District Attorney	57,699,665	59,312,464	60,423,125	62,425,545	62,579,294	62,587,179	62,587,179	62,587,179
Finance	47,931,748	81,829,341	147,791,059	42,834,270	39,442,505	39,236,145	36,553,373	33,917,603
Finance-Reg #32	13,509,960	12,200,000	9,200,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Finance-Budget Stabilization	58,291,000	58,860,000	58,860,000	52,484,000	54,653,000	0	0	0
Finance - Federal Reserve	0	0	0	91,000,000	0	0	0	0
Finance - Community College Subsidy	56,003,181	54,003,181	54,003,181	55,853,181	55,853,181	55,853,181	55,853,181	55,853,181
Finance - Employee Benefits	1,625,686,168	1,745,587,635	1,722,866,127	1,839,212,927	1,861,662,983	1,981,640,540	1,861,148,009	1,918,436,157
Finance - Hero Awards	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Finance - Payment to Housing Trust Fund	31,390,926	34,044,031	34,044,031	34,668,215	34,743,465	35,317,619	35,370,660	36,161,615
Finance - Indemnities	0	61,246,000	61,246,000	61,278,421	61,278,421	61,278,421	61,278,421	61,278,421
Finance - Refunds	33,220	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Finance - School District Contribution	284,052,590	284,052,590	284,052,590	332,052,590	332,052,590	332,052,590	332,052,590	332,052,590
Finance - Witness Fees	188,549	260,094	260,094	260,094	260,094	260,094	260,094	260,094
Fire	438,526,926	444,221,835	437,252,038	463,800,371	449,054,072	450,402,015	451,671,015	453,047,015
First Judicial District	136,584,093	132,912,092	136,943,857	140,127,472	141,915,453	141,923,929	141,923,929	141,923,929
Fleet Services	59,844,760	61,499,959	62,581,607	60,829,184	63,305,362	63,299,136	63,226,336	63,153,536
Fleet Services - Vehicle Lease/Purchases	25,343,082	16,359,245	16,359,245	15,359,245	16,859,245	16,859,245	18,859,245	22,859,245
Free Library	67,516,846	74,664,588	77,593,762	78,306,704	80,045,690	80,152,066	80,152,066	80,152,066
Human Relations Commission	2,751,801	2,920,858	3,034,660	3,218,273	3,312,314	3,313,155	3,313,155	3,313,155
Human Services	210,781,967	229,471,901	230,090,841	235,110,247	236,219,952	236,234,809	236,234,809	236,234,809
Labor	3,855,986	5,747,325	5,689,958	5,396,345	5,540,500	5,466,334	5,466,334	5,466,334
Law	35,346,710	36,680,253	37,012,007	38,530,082	37,955,025	37,957,174	37,957,174	37,957,174
Licenses & Inspections	43,398,372	45,991,326	47,366,669	50,582,400	49,659,560	49,707,483	49,707,483	49,707,483
L&I: Board of Building Standards	91,834	90,074	93,490	124,904	128,571	128,571	128,571	128,571
L&I: Board of L&I Review	191,927	187,369	193,853	209,770	213,550	213,779	213,779	213,779
Managing Director	236,433,848	106,699,001	111,730,450	114,549,794	82,776,902	82,146,299	82,253,489	82,253,489
Managing Director - Defender's Association	66,497,780	69,047,780	69,247,780	69,047,780	71,047,780	71,047,780	71,047,780	71,047,780
Managing Director - Citizens Police Oversight Commission ⁽¹⁾	2,443,933	0	0	0	0	0	0	0

City of Philadelphia FY 2027 - 2031 Five Year Financial Plan General Fund Summary by Department								
Department	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Managing Director - Clean and Green ⁽²⁾	2,076,782	0	0	0	0	0	0	0
Managing Director - Public Safety ⁽³⁾	24,757,147	0	0	0	0	0	0	0
Mayor	11,242,630	13,816,574	13,921,363	13,965,433	12,905,273	12,918,496	12,918,496	12,918,496
Mayor - Neighborhood Community Action Centers *	0	3,309,604	3,331,569	4,539,168	4,661,918	4,661,918	4,661,918	4,661,918
Mayor - Office of Chief Administrative Officer	16,559,193	11,934,400	12,054,614	13,872,909	13,895,797	13,898,184	13,898,184	13,898,184
Mayor - Office of Education	670,141	9,210,440	9,221,131	10,014,820	9,914,820	9,914,820	9,914,820	9,914,820
Office of Arts and Culture and the Creative Economy	10,825,066	9,730,601	9,742,152	6,594,147	6,469,147	6,469,147	6,469,147	6,469,147
Mayor's Office of Community Empowerment and Opportunity	4,889,922	5,123,802	5,166,915	7,443,465	7,399,715	7,399,715	7,399,715	7,399,715
Mural Arts Program	4,120,897	5,107,386	5,116,988	3,735,498	3,735,498	2,945,498	2,945,498	2,945,498
Office of Behavioral Health and Intellectual disAbilities	29,020,548	31,534,108	31,693,324	32,532,409	31,406,420	31,406,617	31,406,617	31,406,617
Office of Homeless Services	85,283,387	84,188,038	84,879,392	85,406,938	85,801,452	85,811,558	85,811,558	85,811,558
Office of Human Resources	10,479,230	18,359,074	18,601,319	23,017,133	19,096,889	17,416,901	18,288,936	19,264,554
Office of Innovation and Technology	112,485,365	118,442,282	119,112,319	132,201,433	118,533,923	119,520,786	119,962,627	120,098,406
Office of Innovation and Technology - 911	22,978,249	41,624,234	41,624,234	27,414,227	26,610,452	26,610,452	26,610,452	26,610,452
Office of Inspector General	1,998,932	3,017,417	3,046,862	3,028,387	3,028,387	3,028,387	3,028,387	3,028,387
Office of Property Assessment	16,760,427	19,967,369	20,625,579	21,969,039	21,170,013	21,176,699	21,176,699	21,176,699
Office of Public Safety ⁽³⁾	0	67,173,246	67,292,991	64,943,169	39,945,247	39,945,247	39,945,247	39,945,247
Office of Public Safety - Office of Prison Oversight *	0	1,398,107	1,398,107	1,459,597	1,436,690	1,436,735	1,436,735	1,436,735
Office of Sustainability	2,618,865	3,255,317	3,285,242	3,163,518	3,076,018	3,076,018	3,076,018	3,076,018
Parks and Recreation	91,809,628	87,315,660	89,936,792	89,425,164	89,959,934	89,755,691	89,830,691	89,830,691
Planning & Development	15,113,828	27,404,817	27,636,968	30,511,053	27,678,599	27,680,222	27,680,222	27,680,222
Police	869,473,720	873,494,820	911,836,471	934,541,238	946,756,520	946,886,138	946,886,138	946,886,138
Prisons	300,557,326	310,245,944	310,988,182	324,260,411	319,169,863	319,179,901	319,179,901	319,179,901
Procurement	6,873,352	6,904,589	8,672,890	7,949,095	7,634,108	7,635,124	7,635,124	7,635,124
Public Health	157,144,671	162,389,004	165,314,242	158,590,071	160,854,661	166,399,308	171,851,308	171,851,308
Public Property	94,307,340	102,234,178	104,719,119	107,476,389	107,903,445	110,371,982	113,700,192	117,285,138
Public Property - SEPTA Subsidy	133,291,440	134,989,000	134,989,000	134,989,000	134,989,000	155,000,000	161,000,000	166,500,000
Public Property - Space Rentals	39,570,856	57,736,320	51,418,637	62,130,838	64,945,088	66,979,969	69,325,399	71,410,453
Public Property - Utilities	27,148,234	33,578,003	33,578,003	37,251,085	33,502,217	34,542,249	35,746,716	37,001,430
Records	4,509,871	4,746,573	4,945,111	4,894,634	5,025,357	5,033,919	5,033,919	5,033,919
Register of Wills	5,884,254	6,218,094	6,264,126	6,133,147	6,133,147	6,133,147	6,133,147	6,133,147
Revenue	31,927,974	30,813,539	31,876,761	33,124,240	32,595,104	32,630,857	32,630,857	32,630,857
Sanitation-Disposal	60,566,484	63,238,164	63,238,164	65,275,823	69,131,793	71,201,032	74,554,099	77,947,054
Sanitation ⁽²⁾	122,088,861	116,776,090	122,827,528	124,846,422	128,721,009	129,115,500	129,059,640	129,059,640
Sheriff	35,731,611	35,484,813	35,630,125	35,775,922	35,834,082	35,839,340	35,839,340	35,839,340
Sinking Fund Commission (Debt Service)	312,757,544	404,772,470	339,302,470	421,863,877	448,425,744	402,193,062	471,021,825	470,327,179
Total	6,317,878,436	6,842,559,000	6,798,158,096	7,133,965,000	7,017,759,220	7,121,811,793	7,136,383,874	7,263,816,827

* New department established in FY26.

⁽¹⁾ Managing Director - Citizens Police Oversight Commission transferred to Citizens Police Oversight Commission in FY26.

⁽²⁾ Managing Director - Clean and Green transferred to Sanitation in FY26.

⁽³⁾ Managing Director - Public Safety transferred to Office of Public Safety in FY26.

City of Philadelphia General Fund FY 2027 - 2031 Five Year Financial Plan Estimated Fringe Benefit Allocation								
<u>Expenditure Category</u>	<u>FY 2025 Actual</u>	<u>FY 2026 Budget</u>	<u>FY 2026 Estimate</u>	<u>FY 2027 Budget</u>	<u>FY 2028 Estimate</u>	<u>FY 2029 Estimate</u>	<u>FY 2030 Estimate</u>	<u>FY 2031 Estimate</u>
Unemployment Comp.	2,301,184	4,600,000	4,600,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Employee Disability	111,356,377	124,487,514	124,487,514	128,817,357	142,523,524	157,688,027	174,466,033	193,029,219
Pension	757,674,715	715,399,877	714,975,670	735,758,550	739,864,161	739,716,699	735,978,402	721,085,459
Pension Obligation Bonds	121,856,062	121,032,456	121,032,456	120,780,444	120,779,096	184,559,822	1,569,432	1,569,432
FICA	104,012,373	109,206,189	109,206,189	114,733,590	116,992,921	119,345,636	121,713,105	124,010,185
Health / Medical	516,660,614	653,211,599	630,890,166	715,947,986	718,328,281	757,155,356	804,246,037	855,566,862
Group Life	5,589,532	9,000,000	9,000,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
Group Legal	4,813,782	6,500,000	6,524,132	6,525,000	6,525,000	6,525,000	6,525,000	6,525,000
Tool Allowance	156,425	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Flex Cash Payments	1,265,104	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Total	1,625,686,168	1,745,587,635	1,722,866,127	1,839,212,927	1,861,662,983	1,981,640,540	1,861,148,009	1,918,436,157

CASH FLOW PROJECTIONS
GENERAL FUND - FY2027

OFFICE OF THE DIRECTOR OF FINANCE

Projection	Amounts in Millions													Estimated Revenues		
	July 31	Aug 31	Sept 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	March 31	April 30	May 31	June 30	Total		Accrued / Credits	Not Accrued
REVENUES																
Real Estate Tax	12.4	13.6	9.7	12.3	6.9	36.6	56.1	80.8	609.3	146.8	18.3	9.0	1,011.9			101.9
Total Wage, Earnings, Net Profits	184.4	183.7	161.8	183.0	179.1	163.3	207.6	173.9	181.7	212.7	173.9	173.7	2,178.9			2178.9
Really Transfer Tax	40.0	30.7	34.1	31.9	29.5	31.4	31.3	23.6	26.0	30.3	33.3	35.1	377.3			377.3
Sales Tax	36.2	40.3	18.7	18.2	19.9	18.9	17.0	21.3	30.9	36.2	42.5	40.0	340.0	2.1		342.0
Business Income & Receipts Tax	25.5	20.0	29.6	35.1	4.6	33.8	17.3	14.4	59.0	425.3	114.7	27.2	806.4			806.4
Beverage Tax	7.2	6.3	6.1	7.0	5.4	5.4	6.4	5.1	5.1	5.9	6.0	6.6	72.5			72.5
Other Taxes	3.8	4.1	5.5	4.4	4.5	3.8	4.2	5.0	4.2	5.9	4.4	5.6	55.3			55.3
Locally Generated Non-Tax	29.5	28.7	34.3	29.0	39.7	30.2	29.0	32.2	62.7	35.9	43.0	40.7	435.0			435.0
Total Other Governments, Excluding PICA Tax	15.5	0.0	154.9	64.0	18.9	2.9	10.1	89.5	15.9	16.5	24.2	22.8	435.2			435.2
Total PICA Other Governments	82.7	48.5	55.3	48.4	86.0	56.0	54.7	49.7	81.0	82.3	68.0	84.2	796.9			796.9
Interfund Transfers	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.9			66.2	
Total Current Revenue	437.2	376.0	509.9	433.3	394.5	382.3	433.6	495.6	1,075.8	997.9	528.4	470.6	6,535.2	2.1	40.4	6577.6
Collection of prior year(s) revenue	0.0	17.3	0.0	35.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.3			
Other fund balance adjustments																
TOTAL CASH RECEIPTS	437.2	393.3	509.9	468.4	394.5	382.3	433.6	495.6	1,075.8	997.9	528.4	470.6	6,587.5			
EXPENSES AND OBLIGATIONS																
Payroll	186.4	198.4	198.4	252.2	192.4	192.4	204.4	168.5	174.5	252.2	198.4	186.4	2,404.7	65.3	4.4	2474.5
Employee Benefits	74.9	79.8	79.8	101.5	77.3	77.3	82.2	67.7	70.1	101.5	79.8	74.9	966.8	16.1	0.5	983.4
Pension	0.6	(5.2)	9.2	103.8	(4.9)	(2.8)	(6.5)	(6.2)	682.5	(5.8)	(7.8)	(12.4)	744.8	111.0		855.8
Purchase of Services	46.2	80.6	134.4	138.2	165.3	121.6	91.4	99.3	133.6	134.1	125.6	95.2	1,385.4	43.7	216.8	1646.0
Materials, Equipment	8.0	8.2	11.5	14.2	13.3	11.1	11.6	11.2	17.9	10.1	13.8	15.1	145.9	3.0	26.4	175.4
Contributions, Indemnities	23.5	8.3	99.8	97.4	19.0	8.2	9.0	17.4	87.7	7.6	3.9	99.1	480.8			480.8
Debt Service-Short Term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7			2.7	
Debt Service-Long Term	0.8	143.6	0.4	0.4	5.9	0.4	0.8	46.4	0.4	13.6	16.5	0.4	229.5			229.5
Interfund Charges	1.3	34.7	52.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.5	96.9			149.4
Advances & Misc. Pmts. / Labor Obligations	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	136.5			136.5
Current Year Appropriation	353.1	559.7	597.3	719.2	479.7	419.5	404.2	415.7	1,198.0	524.8	441.5	481.4	6,594.1	291.7	248.1	7134.0
Prior Yr. Expenditures against Encumbrances	55.2	38.8	33.1	30.0	15.7	48.3	7.1	10.2	13.1	3.5	3.9	3.7	262.5			
Prior Yr. Salaries & Vouchers Payable	183.3	30.1	0.0	126.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	339.8			
TOTAL DISBURSEMENTS	591.6	628.5	630.4	875.5	495.5	467.9	411.3	425.9	1,211.1	528.3	445.4	485.0	7,196.4			
Excess (Def) of Receipts over Disbursements	(154.4)	(235.3)	(120.5)	(407.2)	(101.0)	(85.6)	22.3	69.8	(135.3)	469.6	82.9	(14.4)				
Opening Balance	1,650.4	1,496.0	1,260.8	1,140.3	733.1	632.1	546.5	568.9	638.6	503.4	972.9	1,055.9				
TRAN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
CLOSING BALANCE	1,496.0	1,260.8	1,140.3	733.1	632.1	546.5	568.9	638.6	503.4	972.9	1,055.9	1,041.5				

CASH FLOW PROJECTIONS
CONSOLIDATED CASH - ALL FUNDS - FY2027

OFFICE OF THE DIRECTOR OF FINANCE

Projection	July 31	Aug 31	Sept 30	Oct 31	Nov 30	Dec 31	Jan 31	Feb 28	March 31	April 30	May 31	June 30
	Amounts in Millions											
General	1,496.0	1,260.8	1,140.3	733.1	632.1	546.5	568.9	638.6	503.4	972.9	1,055.9	1,041.5
Grants Revenue	(57.4)	(23.6)	(40.9)	(68.1)	(86.4)	(86.2)	(70.1)	82.4	65.1	190.9	158.3	55.1
Community Development	(4.4)	(6.9)	(7.7)	(6.5)	(9.1)	(16.2)	(13.4)	(13.0)	(13.8)	(10.1)	(7.4)	1.3
Vehicle Rental Tax	10.3	11.0	3.6	4.1	4.7	5.2	5.6	6.0	6.6	6.9	7.4	8.0
Hospital Assessment Fund	22.0	21.2	43.0	21.5	23.2	52.7	20.9	25.7	44.5	21.0	37.7	33.8
Housing Trust Fund	89.9	122.4	120.3	118.2	116.1	114.0	111.9	109.8	107.7	105.6	103.5	101.4
Transportation Fund	44.5	43.2	41.9	40.6	39.3	38.0	36.7	35.4	36.7	38.0	39.3	40.6
Budget Stabilization Fund	242.8	242.8	295.2	295.2	295.2	295.2	295.2	295.2	295.2	295.2	295.2	300.2
Other Funds	14.5	14.4	14.2	14.1	13.9	13.8	13.6	13.5	13.3	13.2	13.0	12.9
TOTAL OPERATING FUNDS	1,858.2	1,685.2	1,610.0	1,152.2	1,029.2	963.1	969.4	1,193.7	1,058.8	1,633.7	1,703.0	1,594.9
Capital Improvement	130.2	115.2	100.2	545.2	530.2	515.2	500.2	485.2	470.2	455.2	440.2	433.7
Industrial & Commercial Dev.	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9	11.9
TOTAL CAPITAL FUNDS	142.1	127.1	112.1	557.1	542.1	527.1	512.1	497.1	482.1	467.1	452.1	445.6
TOTAL FUND EQUITY	2,000.3	1,812.3	1,722.1	1,709.3	1,571.2	1,490.2	1,481.5	1,690.8	1,540.9	2,100.7	2,155.1	2,040.5

City of Philadelphia
Fiscal Year 2027 Operating Budget
FY 2027-2031 Five Year Plan
General Fund Full-Time Positions

Department	Filled Positions 6/30/25	FY 2026 Adopted Budget	November 2025 Increment	FY 2027 Adopted Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Auditing	123	151	127	128	128	128	128	128
Board of Ethics	13	14	13	15	15	15	15	15
Board of Revision of Taxes	16	17	17	17	17	17	17	17
Citizens Police Oversight Commission ⁽¹⁾	0	30	19	30	30	30	30	30
City Commissioners	172	190	179	190	190	190	190	190
City Council	212	240	226	240	240	240	240	240
City Representative	0	20	15	22	22	22	22	22
City Treasurer	22	23	21	23	23	23	23	23
Civil Service Commission	2	2	2	2	2	2	2	2
Commerce	66	96	72	98	98	98	98	98
District Attorney Civilian	544	607	569	606	606	606	606	606
District Attorney Uniform	35	36	39	40	40	40	40	40
District Attorney - Total	579	643	608	646	646	646	646	646
Finance	126	142	129	147	147	147	147	147
Fire Civilian	140	177	138	177	177	177	177	177
Fire Uniform	2,711	3,215	2,774	3,215	3,215	3,215	3,215	3,215
Fire - Total	2,851	3,392	2,912	3,392	3,392	3,392	3,392	3,392
First Judicial District	1,724	1,745	1,763	1,763	1,763	1,763	1,763	1,763
Fleet Services	273	319	288	319	319	319	319	319
Free Library	858	1,009	887	1,009	1,009	1,009	1,009	1,009
Human Relations Commission	32	35	32	36	36	36	36	36
Human Services	421	521	428	510	510	510	510	510
Labor	35	56	38	56	56	56	56	56
Law	228	257	238	260	260	260	260	260
Licenses & Inspections	370	442	377	455	455	455	455	455
L&I-Board of Building Standards	1	1	1	1	1	1	1	1
L&I-Board of L & I Review	2	2	2	2	2	2	2	2
Managing Director	477	490	432	491	491	491	491	491
MDO - Citizens Police Oversight Commission ⁽¹⁾	18	0	0	0	0	0	0	0
MDO - Clean and Green ⁽²⁾	7	0	0	0	0	0	0	0
MDO - Public Safety ⁽³⁾	74	0	0	0	0	0	0	0
Mayor	81	106	81	96	96	96	96	96
Mayor - Office of the Chief Administrative Officer	81	106	81	135	135	135	135	135
Office of Arts and Culture	8	10	7	10	10	10	10	10
Office of Education	7	53	39	56	56	56	56	56
Mayor's Office of Community Empowerment and Opportunity	42	21	19	28	28	28	28	28
Mural Arts Program	9	10	8	10	10	10	10	10
Neighborhood Community Action Centers	0	38	28	46	46	46	46	46
Office of Behavioral Health and Intellectual disAbility	47	54	48	52	52	52	52	52
Office of Human Resources	96	106	95	108	108	108	108	108
Office of Innovation & Technology	376	439	388	474	474	474	474	474
Office of Inspector General	21	26	22	26	26	26	26	26
Office of Property Assessment	184	226	183	226	226	226	226	226
Office of Public Safety ⁽³⁾	0	147	114	142	142	142	142	142
Office of Public Safety - Office of Prison Oversight	0	9	0	9	9	9	9	9
Office of Homeless Services	156	154	154	160	160	160	160	160
Office of Sustainability	22	25	22	26	26	26	26	26
Parks & Recreation	713	926	750	934	934	934	934	934
Planning & Development	77	118	75	118	118	118	118	118
Police Civilian	886	1,245	867	1,250	1,250	1,250	1,250	1,250
Police Uniform	5,232	6,380	5,101	6,380	6,380	6,380	6,380	6,380
Police - Total	6,118	7,625	5,968	7,630	7,630	7,630	7,630	7,630
Prisons	1,549	2,186	1,710	2,321	2,321	2,321	2,321	2,321
Procurement	37	52	38	56	56	56	56	56
Public Health	774	873	760	873	873	873	873	873
Public Property	111	140	116	140	140	140	140	140
Records	56	60	57	60	60	60	60	60
Register of Wills	76	85	79	85	85	85	85	85
Revenue	340	401	341	401	401	401	401	401
Sanitation ⁽²⁾	1,652	1,893	1,826	1,893	1,893	1,893	1,893	1,893
Sheriff	338	459	348	459	459	459	459	459
TOTAL GENERAL FUND	21,673	26,185	22,183	26,426	26,426	26,426	26,426	26,426

Note: The Adopted Budget position counts represent the maximum level of positions during the year. Attrition lowers the position count throughout the year.

⁽¹⁾ Managing Director - Citizens Police Oversight Commission transferred to Citizens Police Oversight Commission in FY26.

⁽²⁾ Managing Director - Clean and Green transferred to Sanitation in FY26.

⁽³⁾ Managing Director - Public Safety transferred to Office of Public Safety in FY26.

CITY OF PHILADELPHIA

**FY2027 - FY2031 FIVE YEAR
FINANCIAL PLAN**

AS APPROVED BY THE COUNCIL - JUNE 2026

HOUSING TRUST FUND

City of Philadelphia as Adopted Five Year Financial Plan FY2027-2031				SUMMARY OF OPERATIONS FISCAL YEARS 2025 TO 2031 (Amounts in Thousands)				
FUND								
Housing Trust								
NO.	ITEM	FY 2025 Actual	FY 2026 Estimate	FY 2027 Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATIONS OF FISCAL YEAR							
	<u>REVENUES</u>							
1	Taxes	0	0	0	0	0	0	0
2	Locally Generated Non-Tax Revenues	17,320	15,790	16,150	16,150	16,150	16,150	16,150
3	Revenue from Other Governments	0	0	0	0	0	0	0
4	Other Govts. - PICA City Account (1)	0	0	0	0	0	0	0
5	Sub-Total Other Governments	0	0	0	0	0	0	0
6	Revenue from Other Funds of City	31,391	34,044	35,494	34,743	35,318	35,371	36,162
7	Total - Revenue	48,711	49,834	51,644	50,893	51,468	51,521	52,312
8	Other	0	0	0	0	0	0	0
9	Total Revenue and Other Sources	48,711	49,834	51,644	50,893	51,468	51,521	52,312
	<u>OBLIGATIONS/APPROPRIATIONS</u>							
10	Personal Services	2,639	2,750	4,536	4,536	4,536	4,536	4,536
11	Personal Services-Pensions	821	485	705	705	705	705	705
12	Personal Services-Pensions Sales Tax	0	0	0	0	0	0	0
13	Personal Services-Other Employee Benefits	505	769	1,462	1,463	1,462	1,463	1,462
14	Sub-Total Employee Compensation	3,965	4,004	6,703	6,704	6,703	6,704	6,703
15	Purchase of Services	53,310	65,211	67,867	45,206	41,426	48,988	45,208
16	Materials, Supplies and Equipment	0	150	150	150	150	150	150
17	Contributions, Indemnities, and Taxes	0	0	0	0	0	0	0
18	Debt Service	0	0	0	0	0	0	0
19	Payments to Other Funds	0	0	0	0	0	0	0
20	Advances & Misc. Pmts. Incl. Labor Reserve	0	0	0	0	90	180	270
21	Adv & Misc. Pmts.- Recession, Inflation Res.	0	0	0	0	0	0	0
22	Sub-Total	57,275	69,365	74,720	52,060	48,369	56,022	52,331
23	Payment to Budget Stabilization Reserve Fund	0	0	0	0	0	0	0
24	Total - Obligations	57,275	69,365	74,720	52,060	48,369	56,022	52,331
25	Oper. Surplus (Deficit) for Fiscal Year	(8,564)	(19,531)	(23,076)	(1,167)	3,099	(4,501)	(19)
25	Prior Year Adjustments:							
26	Revenue Adjustments	0	0	0	0	0	0	0
27	Other Adjustments	4,167	16,861	20,000	2,000	2,000	2,000	2,000
28	Total Prior Year Adjustments	4,167	16,861	20,000	2,000	2,000	2,000	2,000
29	Adjusted Oper. Surplus/ (Deficit)	(4,397)	(2,670)	(3,076)	833	5,099	(2,501)	1,981
	<u>OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS</u>							
30	Fund Balance Available for Appropriation June 30 of Prior Fiscal Year	13,033	8,636	5,966	2,890	3,723	8,822	6,321
31	Fund Balance Available for Appropriation June 30	8,636	5,966	2,890	3,723	8,822	6,321	8,302

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
Housing Trust								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	<u>Records</u> Recording of Legal Instruments	11,208	12,070	12,430	12,430	12,430	12,430	12,430
2	<u>City Treasurer</u> Interest Earnings	5,147	3,060	3,060	3,060	3,060	3,060	3,060
3	<u>Planning and Development</u> Zoning Permits	965	660	660	660	660	660	660
4	Total Locally Generated Non-Tax	17,320	15,790	16,150	16,150	16,150	16,150	16,150

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**City of Philadelphia
Housing Trust Fund
FY 2027 - 2031 Five Year Financial Plan
Summary by Class**

<u>Expenditure Class</u>	<u>FY 2025 Actual</u>	<u>FY 2026 Budget</u>	<u>FY 2026 Estimate</u>	<u>FY 2027 Budget</u>	<u>FY 2028 Estimate</u>	<u>FY 2029 Estimate</u>	<u>FY 2030 Estimate</u>	<u>FY 2031 Estimate</u>
Class 100 - Wages	2,638,471	4,535,197	2,750,000	4,536,177	4,536,177	4,536,177	4,536,177	4,536,177
Class 100 - Benefits	1,326,455	2,166,117	1,254,240	2,166,117	2,166,117	2,166,117	2,166,117	2,166,117
Class 200 - Contracts / Leases	53,310,638	65,210,686	65,210,686	67,867,706	45,207,535	41,426,817	48,989,276	45,208,768
Class 300/400 - Supplies, Equipment	0	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Class 500 - Indemnities / Contributions	0	0	0	0	0	0	0	0
Class 700 - Debt Service	0	0	0	0	0	0	0	0
Class 800 - Payments to Other Funds	0	0	0	0	0	0	0	0
Class 900 - Advances / Misc. Payments	0	0	0	0	0	90,000	180,000	270,000
Total	57,275,564	72,062,000	69,364,926	74,720,000	52,059,829	48,369,111	56,021,570	52,331,062

City of Philadelphia FY 2027 - 2031 Five Year Financial Plan Housing Trust Fund Summary by Department								
Department	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Civil Service Commission - Provisions for Future Labor Agreements	0	0	0	0	0	90,000	180,000	270,000
Sinking Fund Commission (Debt Service)	8,256,281	8,264,034	8,264,034	8,262,986	8,261,520	4,479,336	8,259,612	8,259,379
Planning and Development - Employee Benefits	1,326,455	2,166,117	1,254,240	2,166,117	2,166,117	2,166,117	2,166,117	2,166,117
Planning and Development	47,692,828	61,631,849	59,846,652	64,290,897	41,632,192	41,633,658	45,415,841	41,635,566
Total	57,275,564	72,062,000	69,364,926	74,720,000	52,059,829	48,369,111	56,021,570	52,331,062

City of Philadelphia Housing Trust Fund FY 2027 - 2031 Five Year Financial Plan Estimated Fringe Benefit Allocation								
<u>Expenditure Category</u>	<u>FY 2025 Actual</u>	<u>FY 2026 Budget</u>	<u>FY 2026 Estimate</u>	<u>FY 2027 Budget</u>	<u>FY 2028 Estimate</u>	<u>FY 2029 Estimate</u>	<u>FY 2030 Estimate</u>	<u>FY 2031 Estimate</u>
Employee Disability	34,860	75,000	40,000	75,000	75,000	75,000	75,000	75,000
Pension	681,776	850,000	378,900	555,240	555,240	555,240	555,240	555,240
Pension Obligation Bonds	139,654	200,000	106,100	150,000	150,000	150,000	150,000	150,000
FICA	138,464	275,000	182,000	275,000	275,000	275,000	275,000	275,000
Health / Medical	329,104	762,117	543,740	1,106,877	1,106,877	1,106,877	1,106,877	1,106,877
Group Life	977	2,000	1,500	2,000	2,000	2,000	2,000	2,000
Group Legal	1,620	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total	1,326,455	2,166,117	1,254,240	2,166,117	2,166,117	2,166,117	2,166,117	2,166,117

City of Philadelphia
Fiscal Year 2027 Operating Budget
FY 2027-2031 Five Year Plan
Housing Trust Fund Full-Time Positions

Department	Filled Positions 6/30/25	FY 2026 Adopted Budget	November 2025 Increment	FY 2027 Adopted Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Planning and Development	22	34	24	34	34	34	34	34
TOTAL HOUSING TRUST FUND	22	34	24	34	34	34	34	34

Note: The Adopted Budget position counts represent the maximum level of positions during the year. Attrition lowers the position count throughout the year.

CITY OF PHILADELPHIA

**FY2027 - FY2031 FIVE YEAR
FINANCIAL PLAN**

AS APPROVED BY THE COUNCIL - JUNE 2026

TRANSPORTATION FUND

City of Philadelphia As Adopted Five Year Financial Plan FY2027-2031				SUMMARY OF OPERATIONS FISCAL YEARS 2025 TO 2031 (Amounts in Thousands)				
FUND								
Transportation								
NO.	ITEM	FY 2025 Actual	FY 2026 Estimate	FY 2027 Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	OPERATIONS OF FISCAL YEAR REVENUES							
1	Taxes	109,831	115,916	120,193	125,902	130,548	135,182	139,832
2	Locally Generated Non-Tax Revenues	16,654	12,340	14,050	14,260	14,480	14,710	14,940
3	Revenue from Other Governments	3,103	3,140	3,325	3,325	3,325	3,325	3,325
4	Other Govts. - PICA City Account (1)	0	0	0	0	0	0	0
5	Sub-Total Other Governments	3,103	3,140	3,325	3,325	3,325	3,325	3,325
6	Revenue from Other Funds of City	0	55,000	0	12,000	12,000	9,000	6,000
7	Total - Revenue	129,588	186,396	137,568	155,487	160,353	162,217	164,097
8	Other	0	0	0	0	0	0	0
9	Total Revenue and Other Sources	129,588	186,396	137,568	155,487	160,353	162,217	164,097
	<u>OBLIGATIONS/APPROPRIATIONS</u>							
10	Personal Services	51,068	60,246	58,491	60,153	60,295	60,318	60,318
11	Personal Services-Pensions	20,719	23,502	24,079	23,949	25,757	19,395	18,643
12	Personal Services-Pensions Sales Tax	0	0	0	0	0	0	0
13	Personal Services-Other Employee Benefits	12,378	24,348	25,820	32,004	33,591	35,360	37,242
14	Sub-Total Employee Compensation	84,165	108,096	108,390	116,106	119,643	115,073	116,203
15	Purchase of Services	13,684	65,391	16,491	16,491	16,491	16,491	16,491
16	Materials, Supplies and Equipment	10,451	12,931	11,966	10,006	10,006	10,006	10,006
17	Contributions, Indemnities, and Taxes	12,971	13,000	15,000	15,000	15,000	15,000	15,000
18	Debt Service	0	0	0	0	0	0	0
19	Payments to Other Funds	5,130	718	625	644	663	683	703
20	Advances & Misc. Pmts. Incl. Labor Reserve	0	0	0	0	1,228	2,456	3,684
21	Adv & Misc. Pmts.- Recession, Inflation Res.	0	0	0	0	0	0	0
22	Sub-Total	126,401	200,136	152,472	158,247	163,031	159,709	162,087
23	Payment to Budget Stabilization Reserve Fund	0	0	0	0	0	0	0
24	Total - Obligations	126,401	200,136	152,472	158,247	163,031	159,709	162,087
25	Oper. Surplus (Deficit) for Fiscal Year	3,187	(13,740)	(14,904)	(2,760)	(2,678)	2,508	2,010
	Prior Year Adjustments:							
26	Revenue Adjustments	0	0	0	0	0	0	0
27	Other Adjustments	627	2,500	5,272	2,500	2,500	2,500	2,500
28	Total Prior Year Adjustments	627	2,500	5,272	2,500	2,500	2,500	2,500
29	Adjusted Oper. Surplus/ (Deficit)	3,814	(11,240)	(9,632)	(260)	(178)	5,008	4,510
	<u>OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS</u>							
30	Fund Balance Available for Appropriation June 30 of Prior Fiscal Year	18,943	22,757	11,517	1,885	1,625	1,447	6,455
31	Fund Balance Available for Appropriation June 30	22,757	11,517	1,885	1,625	1,447	6,455	10,965

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City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
Transportation								
REVENUE								
Locally Generated Non - Tax								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Streets							
1	Survey Charges	622	875	875	875	875	875	875
2	Street Permits	7,324	6,940	7,150	7,360	7,580	7,810	8,040
3	Right of Way Fees	6,985	4,500	6,000	6,000	6,000	6,000	6,000
4	Other	1,723	25	25	25	25	25	25
5	Subtotal	16,654	12,340	14,050	14,260	14,480	14,710	14,940
6	Total Locally Generated Non-Tax	16,654	12,340	14,050	14,260	14,480	14,710	14,940

City of Philadelphia				SUPPORTING REVENUE SCHEDULES				
Five Year Financial Plan FY2027-2031				FISCAL YEARS 2025 TO 2031				
				(Amounts in Thousands)				
FUND								
Transportation								
REVENUE								
Revenue from Other Governments								
No.	Agency and Revenue Source	FY 2025 Actual	FY 2026 Estimate	FY 2027 Estimate	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Streets							
	Federal:							
1	Highways	301	350	350	350	350	350	350
2	Bridge Design	80	215	215	215	215	215	215
3	Delaware Vallet Reg. Planning Comm.	0	0	185	185	185	185	185
	State:							
4	Snow Removal	2,500	2,500	2,500	2,500	2,500	2,500	2,500
5	PennDOT Bridge Design	25	50	50	50	50	50	50
6	PennDOT Highways	0	25	25	25	25	25	25
7	Subtotal	2,906	3,140	3,325	3,325	3,325	3,325	3,325
8	Fund Balance Adjustment	197	0	0	0	0	0	0
9	Total Revenue From Other Govts.	3,103	3,140	3,325	3,325	3,325	3,325	3,325

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**City of Philadelphia
Transportation Fund
FY 2027- 2031 Five Year Financial Plan
Summary by Class**

<u>Expenditure Class</u>	<u>FY 2025 Actual</u>	<u>FY 2026 Budget</u>	<u>FY 2026 Estimate</u>	<u>FY 2027 Budget</u>	<u>FY 2028 Estimate</u>	<u>FY 2029 Estimate</u>	<u>FY 2030 Estimate</u>	<u>FY 2031 Estimate</u>
Class 100 - Wages	51,068,478	53,820,181	60,245,838	58,490,760	60,153,336	60,295,379	60,318,353	60,318,353
Class 100 - Benefits	33,096,884	48,897,839	47,850,410	49,899,878	55,953,160	59,347,643	54,754,812	55,884,840
Class 200 - Contracts / Leases	13,683,887	13,990,739	65,390,953	16,490,739	16,490,739	16,490,739	16,490,739	16,490,739
Class 300/400 - Supplies, Equipment	10,450,753	11,639,555	12,930,568	11,965,623	10,006,023	10,006,023	10,006,023	10,006,023
Class 500 - Indemnities / Contributions	12,970,628	15,000,000	13,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Class 700 - Debt Service	0	0	0	0	0	0	0	0
Class 800 - Payments to Other Funds	5,130,089	2,101,686	718,000	625,000	643,750	663,063	682,954	703,443
Class 900 - Advances / Misc. Payments	0	380,000	0	0	0	1,228,000	2,456,000	3,684,000
Total	126,400,719	145,830,000	200,135,769	152,472,000	158,247,008	163,030,847	159,708,881	162,087,398

City of Philadelphia FY 2027 - 2031 Five Year Financial Plan Transportation Fund Summary by Department								
Department	FY 2025 Actual	FY 2026 Budget	FY 2026 Estimate	FY 2027 Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Civil Service Commission - Provisions for Future Labor Agreements	0	380,000	0	0	0	1,228,000	2,456,000	3,684,000
Finance - Employee Benefits	33,096,884	48,897,839	47,850,410	49,899,878	55,953,160	59,347,643	54,754,812	55,884,840
Finance - Indemnities	641,000	15,000,000	13,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Streets	92,662,835	81,552,161	139,285,359	87,572,122	87,293,848	87,455,204	87,498,069	87,518,558
Total	126,400,719	145,830,000	200,135,769	152,472,000	158,247,008	163,030,847	159,708,881	162,087,398

City of Philadelphia Transportation Fund FY 2027 - 2031 Five Year Financial Plan Estimated Fringe Benefit Allocation								
<u>Expenditure Category</u>	<u>FY 2025 Actual</u>	<u>FY 2026 Budget</u>	<u>FY 2026 Estimate</u>	<u>FY 2027 Budget</u>	<u>FY 2028 Estimate</u>	<u>FY 2029 Estimate</u>	<u>FY 2030 Estimate</u>	<u>FY 2031 Estimate</u>
Unemployment Comp.	0	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Employee Disability	1,078,140	2,300,000	2,300,000	2,500,000	2,751,500	3,028,301	3,332,948	3,668,243
Pension	18,800,000	19,254,150	19,560,750	20,137,050	20,007,000	19,734,150	19,344,000	18,591,750
Pension Obligation Bonds	1,919,152	3,758,961	3,941,660	3,941,660	3,941,616	6,023,095	51,218	51,218
FICA	2,234,561	5,200,000	5,200,000	5,750,000	8,961,000	9,229,830	9,386,737	9,546,312
Health / Medical	8,950,922	18,019,728	16,483,000	17,206,168	19,927,044	20,967,267	22,274,909	23,662,317
Group Life	21,811	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Group Legal	63,727	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Flex Cash Payments	28,571	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Total	33,096,884	48,897,839	47,850,410	49,899,878	55,953,160	59,347,643	54,754,812	55,884,840

City of Philadelphia
Fiscal Year 2027 Operating Budget
FY 2027-2031 Five Year Plan
Transportation Fund Full-Time Positions

Department	Filled Positions 6/30/25	FY 2026 Adopted Budget	November 2025 Increment	FY 2027 Adopted Budget	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
Streets	673	831	687	832	832	832	832	832
TOTAL TRANSPORTATION FUND	673	831	687	832	832	832	832	832

Note: The Adopted Budget position counts represent the maximum level of positions during the year. Attrition lowers the position count throughout the year.



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

CHRISTY BRADY
City Controller

CHARLES EDACHERIL
Deputy City Controller

July 16, 2026

Ms. Marisa Waxman, Executive Director
Pennsylvania Intergovernmental Cooperation
Authority 1500 Walnut Street, Suite 1600
Philadelphia, PA 19102

Dear Ms. Waxman:

In accordance with Section 12720.209(£)(1) of the Pennsylvania Intergovernmental Cooperation Authority Act, my office conducted an examination of the Forecasted General Fund Statements of Operations (the forecast) for each of the fiscal years ending June 30, 2027 through June 30, 2031, also known as the "Five Year Plan" (Plan). The Plan was prepared by management of the City of Philadelphia's Office of the Director of Finance (City) and submitted to the Pennsylvania Intergovernmental Cooperation Authority (PICA) on July 15, 2026.

My staff conducted its examination of the Plan in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we evaluate the presentation of the Plan and whether the assumptions used by management are reasonable. Attached is the independent accountant's report signed by my deputy who is a Certified Public Accountant.

I am recommending that PICA accept the Plan that in our opinion presents a forecast that in all material respects is in accordance with the guidelines established by the American Institute of Certified Public Accountants, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

As we have noted in prior years, projected deficit spending is expected to continue reducing the fund balance through Fiscal Year 2029. While spending has increased across all obligation classes, the largest increases have been Payroll, Employee Benefits, and Payments to Other Funds. Payroll and Employee Benefit costs have increased as the City has expanded its

workforce by filling nearly 2,000 vacancies since staffing reached its low point in 2023, along with higher compensation costs.

In recent years, Payments to Other Funds have increased, in part, because the City has used “pay-as-you-go” (PAYGO) funding for Capital Programs. While using General Fund surplus instead of issuing additional General Obligation debt has avoided the related interest payments, this budgeting decision has contributed to the declining Fund Balance, reducing the City’s ability to meet the fund balance recommendations set by the Government Finance Officers Association.

In closing, my office would like to express our thanks to the management and staff of the City's Office of Budget and Program Evaluation within the Office of the Director of Finance for their courtesy and cooperation in the conduct of our examination.

Sincerely,

A handwritten signature in black ink that reads "Christy Brady". The script is cursive and fluid.

Christy Brady, CPA
City Controller

cc: Chair and Board Members of the
 Pennsylvania Intergovernmental Cooperation Authority
Cherelle Parker, Mayor
Rob Dubow, Director of Finance
Sabrina Maynard, Budget Director
Bill Rubin, First Deputy Controller
Charles Edacheril, Deputy Controller of Audit

CITY OF PHILADELPHIA PENNSYLVANIA

OFFICE OF THE CONTROLLER

**CITY OF PHILADELPHIA
FORECASTED GENERAL FUND
STATEMENT OF OPERATIONS
FISCAL YEARS 2027 - 2031**



City Controller
Christy Brady, CPA

*Ensuring transparency, accountability,
and fiscal integrity in city government*



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CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
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CHRISTY BRADY
City Controller

CHARLES EDACHERIL
Deputy City Controller

INDEPENDENT ACCOUNTANT'S REPORT

To the Chair and Board Members of the
Pennsylvania Intergovernmental Cooperation Authority

We have examined the accompanying forecast of the City of Philadelphia, Pennsylvania, which comprises the forecasted general fund statements of operations and summaries of significant assumptions and accounting policies for each of the five years ending through June 30, 2031, of the City of Philadelphia, Pennsylvania, based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). City of Philadelphia's Office of the Director of Finance management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the AICPA. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the AICPA, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the accompanying forecast is presented, in all material respects, in accordance with the guidelines for the presentation of a forecast established by the AICPA, and the underlying assumptions are suitably supported and provide a reasonable basis for management's forecast.

There will usually be differences between forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Emphasis of a Matter – Decline in Fund Balance Resulting from Operational Deficits

The forecasted statement referred to above reflects a significant and continuous reduction in the General Fund balance through fiscal year 2029 as a result of projected operational deficits. These deficits began in fiscal year 2026 following

the expiration of federal funding received through the American Rescue Plan Act. While the City anticipated the loss of this one-time funding, recurring expenditures, including Personal Services and Payments to Other Funds, are projected to exceed annual revenue, requiring the continued use of the fund balance to finance City operations. While a surplus is projected in fiscal year 2030, the resulting recovery of the General Fund balance is modest in the final two years of the forecast and remains below the City's targeted minimum balance for the life of the forecast. Our opinion is not modified with respect to this matter.



CHARLES EDACHERIL, CPA
Deputy City Controller



CHRISTY BRADY, CPA
City Controller
Philadelphia, Pennsylvania
July 15, 2026

Forecasted General Fund Statements of Operations

Fiscal Years Ending June 30, 2027 through June 30, 2031

Prepared by:

Office of Budget and Program Evaluation
Office of the Director of Finance

City of Philadelphia - Office of the Director of Finance Forecasted General Fund Statements of Operations Fiscal Years Ending June 30, 2027 through June 30, 2031 (Amounts in thousands)						
NO.	ITEM	FY 2027 Adopted	FY 2028 Estimate	FY 2029 Estimate	FY 2030 Estimate	FY 2031 Estimate
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	OPERATIONS OF FISCAL YEAR					
	<u>REVENUES</u>					
1	Taxes	4,844,302	5,003,446	5,156,425	5,296,138	5,427,808
2	Locally Generated Non-Tax Revenues	434,983	395,647	399,169	410,820	414,158
3	Revenue from Other Governments	1,232,146	1,284,129	1,292,664	1,326,114	1,358,956
4	Sub-Total (1 thru 3)	6,511,431	6,683,222	6,848,258	7,033,072	7,200,922
5	Revenue from Other Funds of City	66,201	66,228	160,418	67,003	67,421
6	Total Revenue and Other Sources (4)+(5)	6,577,632	6,749,450	7,008,676	7,100,075	7,268,343
	<u>OBLIGATIONS/APPROPRIATIONS</u>					
7	Personal Services	2,474,494	2,503,633	2,509,674	2,515,126	2,515,126
8	Personal Services-Pensions	856,539	860,643	924,277	737,548	722,654
9	Personal Services-Other Employee Benefits	982,674	1,001,019	1,057,364	1,123,599	1,195,782
10	Sub-Total Employee Compensation (7 thru 9)	4,313,707	4,365,295	4,491,315	4,376,273	4,433,562
11	Purchase of Services	1,645,979	1,538,141	1,527,299	1,583,776	1,597,122
12	Materials, Supplies and Equipment	175,358	148,981	150,634	150,576	154,503
13	Contributions, Indemnities, and Taxes	480,844	469,844	469,344	469,344	469,344
14	Debt Service	232,195	266,277	258,096	283,184	282,943
15	Payments to Other Funds	96,936	108,622	113,545	115,106	117,766
16	Payment to Budget Stabilization Reserve Fund	52,484	54,653	0	0	0
17	Advances & Misc. Pmts. / Labor Reserve	136,462	65,946	111,579	158,125	208,577
18	Total - Obligations (10 thru 17)	7,133,965	7,017,759	7,121,812	7,136,384	7,263,817
19	Oper.Surplus (Deficit) for Fiscal Year (6)-(18)	(556,333)	(268,309)	(113,136)	(36,309)	4,526
20	Prior Year Adjustments:					
21	Other Adjustments	36,500	37,500	38,500	39,500	40,500
22	Total Prior Year Adjustments	36,500	37,500	38,500	39,500	40,500
23	Adjusted Oper. Surplus/ (Deficit) (19)+(22)	(519,833)	(230,809)	(74,636)	3,191	45,026
	<u>OPERATIONS IN RESPECT TO</u>					
	<u>PRIOR FISCAL YEARS</u>					
	Fund Balance Available for Appropriation					
24	June 30 of Prior Fiscal Year	884,415	364,582	133,773	59,137	62,328
	Fund Balance Available for Appropriation					
25	June 30 (23)+(24)	364,582	133,773	59,137	62,328	107,354

See accompanying summaries of significant accounting policies and assumptions and accountant's report.



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Notes to the Forecasted General Fund Statements of Operations Fiscal Years Ending June 30, 2027 through June 30, 2031

A. Nature of the Forecast

The City of Philadelphia Budget Office (Budget) is responsible for providing revenue and obligation estimates to the Director of Finance and the Mayor for discussion and inclusion in the FY27 Budget and the FY27-31 Five Year Financial Plan (FYP) submitted by the Mayor to the Pennsylvania Intergovernmental Cooperation Authority (PICA) on June 29, 2026. These financial forecasts present, to the best of management's knowledge and belief, the City of Philadelphia's (City) expected results of operations for the forecast periods. Accordingly, the forecasts reflect the City's judgment as of June 29, 2026, the date of these forecasts, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as forecasted or expected and those differences may be material.

B. Summary of Significant Accounting Principles

The Forecasted General Fund Statements of Operations are presented on the budgetary basis of accounting. The budgetary basis of accounting differs from the modified accrual (Generally Accepted Accounting Principles) basis used in the preparation of the City's governmental fund financial statements in that both expenditures and encumbrances are applied against the current budget, adjustments affecting activity budgeted in prior years are accounted for through fund balance or as a reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures.

C. Summary of Significant Forecast Assumptions

1. Approach to Revenue Forecasting

The City's estimated General Fund revenues for FY27 total \$6.58 billion. Approximately 73.6% of the City's revenue comes from local taxes and 18.7% comes from other governments (including the PICA tax). Locally Generated Non-Tax Revenues, which include revenues from fees, fines and permits, account for 6.6% of revenues. In FY27, \$66.2 million (1.0% of revenues) will come from Other Funds of the City.

The Adopted FY27 Budget includes revenue forecasts totaling \$4.84 billion in City taxes, \$435.0 million in Locally Generated Non-Tax revenues, and \$1.23 billion in Revenue from Other Governments. These sources account for roughly 99.0% of the City's projected revenues for FY27.

Budget employs several approaches to developing its forecasts of local revenues. These include:

- a) Forecasts of economic activity provided by several sources, including the Congressional



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Notes to the Forecasted General Fund Statements of Operations Fiscal Years Ending June 30, 2027 through June 30, 2031

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- b) Continuous evaluation of national and local economic data on employment, inflation, interest rates, and economic growth;
- c) Ongoing examination of the City's tax receipts;
- d) Economic forecasting of tax revenues provided by a revenue forecasting consultant;
- e) Analysis and tax history provided by experienced staff within the Philadelphia Department of Revenue;
- f) Discussions with economic experts at a meeting at the Federal Reserve Bank of Philadelphia; and
- g) The extensive experience of its staff.

Budget's tax forecasts for the Five Year Plan were developed in conjunction with a revenue forecasting consultant, S&P Global Market Intelligence. S&P created econometric models which included variables such as wage and salary disbursements in the metropolitan statistical area (MSA) and the Philadelphia and Delaware counties, personal income in the Philadelphia and Delaware counties, the unemployment rate, home prices in the Philadelphia and Delaware counties, real estate transaction growth, and national corporate profits. These models, together with their forecast of the Philadelphia economy, were used by S&P to forecast tax revenues for the City. S&P focused on the following taxes – Wage and Earnings Tax, Net Profits Tax, Business Income and Receipts Tax, Realty Transfer Tax, Parking Tax, Philadelphia Beverage Tax, and Sales Tax. The Real Estate Tax estimates were forecasted by Budget with data and input from the Office of Property Assessment and the Department of Revenue.

As part of this forecasting process, the City's financial oversight authority (PICA) convenes a meeting at the Federal Reserve Bank of Philadelphia, bringing together economic experts from throughout the region to review the City's initial proposed projections. At this meeting, which representatives of the Controller's Office attend, the City and S&P share initial projected growth rates for City taxes and obtain feedback from the economists in attendance. This year, given ongoing federal and economic uncertainty, the City presented two revenue growth scenarios: a baseline scenario, which assumed stagnant job growth and inflation, and a more pessimistic scenario, which assumed lower Wage Tax growth rates to reflect additional downside risk faced by the City. The meetings attendees recommended the baseline scenario, which was subsequently included in the City's Plan as presented to City Council.

The estimates have been revised since the March 2026 introduction of the Five Year Plan based on updated collections information, macroeconomic conditions, and the results of the Tax Year 2027 revaluation. The revenue forecasts for FY27-31 reflect sound projections in the face of federal and economic uncertainty. S&P forecasts that key sectors, including education, healthcare, and social services, are likely to continue driving job growth, but the labor market remains tight, which may limit further expansion. The FY27 projection includes a 4.69% base growth rate for the Wage and



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Notes to the Forecasted General Fund Statements of Operations Fiscal Years Ending June 30, 2027 through June 30, 2031

Earnings Tax, driven by reduced immigration, a limited labor force, and residual inflationary pressures. The City is heavily reliant on Wage Tax revenue from educational, medical, and governmental entities, as roughly 45 percent (\$1 billion in FY25) comes from these industries. The City's tax projections assume that these key sectors, along with social services, will continue to drive job growth but that the overall labor market will remain tight, limiting further expansion.

Fiscal Year 2026 Sales Tax collections through April are 4.8% above the year-ago level. The Sales Tax base growth rate is projected to decrease from 4.05% in FY27 to 3.28% in FY31. While inflation may support revenues in nominal terms, price increases for non-taxable items can dampen real spending on taxable items.

The FY27–FY31 Five Year Financial Plan includes the continuation of rate reductions to both portions of the Business Income and Receipts Tax (BIRT). The Net Income portion will decrease from 5.65% in FY27 to 5.45% in FY31, while the Gross Receipts portion will decline from 0.1395% to 0.1255% over the same period. These reductions are part of a broader, codified plan to eliminate the Gross Receipts portion of the tax and reduce the Net Income portion by more than half within seven years of the Pension Fund reaching full (100%) funding. Because BIRT revenues are highly sensitive to economic conditions, tax planning strategies, and policy changes at other levels of government, BIRT is one of the City's most volatile taxes. For this reason, S&P recommended that the City assume conservative baseline growth in BIRT collections over the life of the Plan, averaging 1.95%.

Additionally, the FY27 projections include a 5.84% base growth rate for the Realty Transfer Tax. This reflects ongoing recovery from declines in recent years, which were driven by a slowdown in home sales as rising mortgage interest rates discouraged buyers. The projection assumes market conditions will continue to stabilize and anticipates modest growth each year.

Projections show growth for most major tax types in FY27, leading to a growth in projected tax revenue of \$251.3 million (5.5%) when compared to the FY26 estimate (\$4.59 billion in FY26, increasing to \$4.84 billion in FY27).

2. National and Local Economic Context

The strength of the economy is a key determinant of the fiscal health of the City since local tax revenues, which are directly tied to the economy's strength, are projected to account for approximately 73.7% of the City's General Fund revenue in FY27. In the Congressional Budget Office's (CBO) *The Budget and Economic Outlook: 2026-2036* report,¹ CBO forecasts that U.S. Real Gross Domestic Product will grow by 2.2% in 2026. After 2026, the CBO anticipates the annual growth of Real GDP to average 1.8% annually from 2027-2031. The unemployment rate is expected to decline from 4.6% to 4.2% from 2026 to 2031.

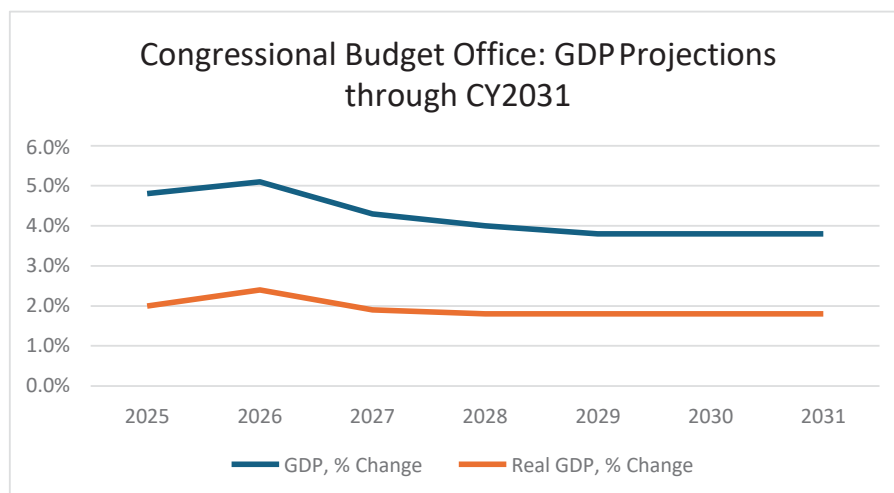
¹ <https://www.cbo.gov/publication/62105>



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On June 1, 2026, S&P Global Market Intelligence provided updated projections for national, state, and city gross domestic product. In 2027, S&P anticipates generally comparable growth across Philadelphia, Pennsylvania, and the nation.

Economic Indicators: National, State, and City

	2025Q4	2026Q1	2026Q2	2026Q3	2026Q4	2025	2026	2027
United States								
Employment (millions)	158.4	158.6	158.7	158.8	158.7	158.4	158.7	158.5
Real Per Capita Income (Thousand \$)	52.8	52.9	52.7	52.7	53.0	52.7	52.8	54.1
GDP Growth Rate (%)	0.5	2.0	1.9	1.3	1.3	2.1	1.9	1.8
Pennsylvania								
Employment (millions)	6.18	6.19	6.19	6.20	6.19	6.17	6.19	6.18
Real Per Capita Income (Thousand \$)	60.3	60.3	60.2	60.4	60.8	60.0	60.4	62.2
GSP Growth Rate (%)	0.7	2.0	2.7	1.8	1.3	1.9	2.4	1.8
Philadelphia/Delaware County								
Employment (thousands)	1,025.1	1,026.0	1,026.8	1,026.8	1,024.9	1,025.0	1,026.1	1,024.1
Real Per Capita Income (Thousand \$)	55.0	55.0	54.8	54.9	55.3	54.7	55.0	56.8
GMP Growth Rate (%)	0.8	0.9	2.4	1.6	1.2	2.7	2.1	1.9

3. The City's Major Taxes

The City receives revenue to fund its services and programs from the City's major taxes which are budgeted to contribute approximately 72.8% of the expected General Fund revenue in FY27. These include:

1. Wage and Earnings and Net Profit Tax (Wage),



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2. Real Property Tax,
3. Business Income and Receipts Tax (BIRT),
4. Realty Transfer Tax (RTT),
5. Sales Tax, and
6. Philadelphia Beverage Tax²

The remaining taxes are budgeted to provide 0.8% of General Fund revenue. Philadelphia's reliance on business taxes, the Wage and Earnings Tax, and the PICA City Account, which total 57.5% of total revenues in FY27, places the City at risk from economic trends and employment fluctuations of the local economy. By contrast, other cities and counties that rely more heavily on property tax revenues are more susceptible to dramatic shifts in the housing market.

A. Wage Tax

The largest tax revenue source (comprising 45.0% of local tax revenues, excluding the PICA portion) is the Wage Tax, which encompasses the Wage, Earnings, and Net Profits Taxes. The Wage Tax is collected from all employees working within city limits and all Philadelphia residents regardless of work location. The FY27-FY31 Five Year Financial Plan includes rate reductions continuing in FY27, lowering the resident and non-resident portions of the Wage Tax from 3.735% to 3.690% and 3.425% to 3.380%, respectively, through FY31 based on the Plan's assumptions; however, only the rate changes through FY30 have been established under Bill No. 250195.

The resident rate includes 1.5% that is reserved for PICA. PICA has overseen the City's finances since its creation in 1991 and, based on state legislation that was signed into law in 2022, will continue to do so through at least 2047. The PICA statute permits the Authority a "first-dollar" claim on its portion of Wage Tax proceeds, which is used to pay debt service on bonds issued by PICA for the benefit of the City. The original PICA bonds were paid off in June 2023. Thus, starting in FY24, all PICA Wage Tax revenues are remitted to the City, minus administrative costs for PICA's operations.

Excluding the PICA portion, the Wage Tax and Net Profits Tax is projected to bring in \$2.18 billion in FY27. This projection includes a 4.69% base growth rate for the Wage and Earnings component and 3.30% base growth rate for the Net Profit component of the tax.

B. Real Property Tax

The Real Property Tax is the City General Fund's second-largest source of tax revenue (20.9%), estimated to contribute \$1.0 billion of the City's FY27 tax revenues. This tax is levied on the assessed value of residential and commercial property in the city. The Adopted FY27 Budget has a combined City/School

² Prior to FY24, the Parking Tax was included among the City's major taxes. Starting in FY24, Parking Tax revenues appear in the Transportation Fund, which funds transportation-related obligations within the Streets Department.



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District property tax rate for FY27 of 1.3998%, unchanged from FY26. In FY25, there was an adjustment to the millage split from 45% City/55% School District to 44% City/56% School District. Pursuant to the adoption of Bill No. 250201, an additional adjustment will take effect in FY30, further modifying the split to 43.5% City and 56.5% School District. The property tax projection accounts for the continuation of City property tax relief programs, including the \$100,000 homestead exemption for owner-occupied properties, the Longtime Owner Occupants Program (LOOP), and the Senior and Low-Income Tax Freeze programs.

C. Business Income and Receipts Tax

The BIRT is projected to produce \$806.4 million in FY27, 16.6% of total local tax revenue. Every individual, partnership, association, and corporation engaged in a business, profession, or other activity for profit within Philadelphia must file a Business Income and Receipts Tax return, whether or not it earned a profit during the preceding year. The BIRT is filed and paid annually for business activity from the prior year and an estimate for activity for the following year. A majority of the BIRT is derived from business profits which can be volatile and are dependent on economic conditions within the City.

The FY27–FY31 Five Year Financial Plan includes reductions to both portions of the BIRT, as established with the adoption of Bill No. 250199. The Net Income portion will decrease from 5.65% in FY27 to 5.45% in FY31, while the Gross Receipts portion will decline from 0.1395% to 0.1255% over the same period. These reductions are part of a broader, codified plan to eliminate the Gross Receipts portion and reduce the Net Income portion by more than half within seven years of the Pension Fund reaching full (100%) funding. Additionally, as a result of a legal challenge, the City has eliminated the former exclusion from the BIRT tax base of a taxpayer's first \$100,000 in receipts for Tax Year 2025 and forward.

D. Realty Transfer Tax

The Realty Transfer Tax is projected to total \$377.3 million in FY27, accounting for 7.8% of total tax revenue. The Realty Transfer Tax rate has two components: the portion imposed by the City and an additional one percent which is charged by the Commonwealth of Pennsylvania. This tax applies to all property transfers and is collected at the time of sale.

With the adoption of Bill No. 250211, the City portion of the Realty Transfer Tax increased from 3.278% to 3.578% starting in FY26. This adjustment will help support debt service costs associated with the two large borrowings for the H.O.M.E Initiative, which aims to create or preserve 30,000 units of housing in Philadelphia.

The FY27 projection includes a 5.84% base growth rate for the Realty Transfer Tax. This growth reflects recovery from declines in recent years, which were driven by a slowdown in home sales as rising mortgage interest rates discouraged buyers.



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E. Sales Tax

Sales Tax revenues are projected to generate \$342.0 million in FY27, based on a base growth rate of 4.05%, comprising 7.1% of tax revenues. The total Sales Tax rate in Philadelphia is 8%, with 6% going to the Commonwealth and 2% to the City. The Sales Tax projections included in the FY27-31 Plan assume an additional \$1.5 million in annual revenue by requiring remittance of the local portion of the tax by remote sellers. The first one percent of the local Sales Tax supports the School District of Philadelphia and the City's Pension Fund, with \$120 million of the sales tax going directly to the School District while the remainder allows for additional contributions to the Pension Fund as part of the City's strategy to increase the funding percentage and reach 100% funding in FY33. The Sales Tax allocation to the Pension Fund is projected to be \$111 million in FY27.

F. Philadelphia Beverage Tax

The Philadelphia Beverage Tax is a tax on any non-alcoholic beverage, syrup, or other concentrate used to prepare a beverage that lists as an ingredient any form of caloric sugar-based sweetener or sugar substitute. This tax is levied on the distribution of sweetened beverages intended for retail sale in Philadelphia. The tax is levied at 1.5 cents per ounce of sweetened beverages. While concentrates or syrups are also taxed, their tax rate is based on the final beverage produced, not the raw syrup or concentrate. The Philadelphia Beverage Tax is projected to generate \$72.5 million in FY27. Following slight growth in FY27, Beverage Tax collections are projected to experience modest annual declines, reflecting a gradual decrease in tax receipts observed over the past several years. This trend aligns with national patterns of reduced consumption of sweetened beverages.

4. Locally Generated Non-Tax Revenues

Locally Generated Non-Tax Revenues are forecasted based on historical trends, rate changes, and current collection patterns. Certain revenues such as interest earnings, licenses and permits and recording fees are subject to economic conditions and are estimated accordingly. In FY27, the City projects to collect \$435.0 million in Locally Generated Non-Tax Revenue.

5. Revenues from Other Governments

Revenues from Other Governments—including the Commonwealth of Pennsylvania and the federal government—typically make up slightly less than 20 percent of total General Fund revenues. The total in FY27 is projected to be \$1.23 billion, with the majority (\$796.9 million) raised through the residential portion of the City's Wage Tax and then remitted by PICA after PICA's operating expenses. While the General Fund receives some federal revenue, the majority of the federal funding the City receives is in other funds, such as the Grants Fund.

6. Revenues from Other Funds

This category consists of payments from other funds of the City to the General Fund, such as from Enterprise Funds (Water and Aviation) or from the Grants Fund and is projected to total \$66.2 million in



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FY27. This reflects a decline that began in FY26 and now totals more than \$400 million (86.4%) less than FY25, when American Rescue Plan Act (ARPA) resources were fully expended by December 2024, as required by federal law. ARPA funds were deposited into the Grants Fund and drawn down by the General Fund as revenue replacement relative to pre-pandemic expectations. In FY29, Revenue from Other Funds is projected to increase to \$160.4 million due to the application of approximately \$94 million in ARPA interest earnings until that year, which the City has reserved as a fiscal management tool to mitigate the impact of the pension obligation bond balloon payment due that year.

7. *Obligation Estimates*

The Budget Office provided obligation estimates to the Director of Finance and the Mayor for discussion and inclusion in the revised annual FY26 budget and FY27-31 FYP submitted by the Mayor to PICA on June 29, 2026. The Budget Office provides forecasts of all major expenditure categories. For FY27, obligations are budgeted at \$7.13 billion, an increase of \$335.8 million over the FY26 estimate. The largest driver of the increase is Personal Services, which includes salaries, pensions, and employee benefits. Employee benefit costs in particular have experienced significant growth, accounting for the largest share of the increase in Personal Services. The FY27 obligation estimate also includes a \$45.5 million deposit to the Labor Reserve for future labor costs, with contributions totaling \$605 million over the life of the Plan. Following planned transfers to the Budget Stabilization Reserve Fund (BSRF) of \$52.5 million in FY27 and \$54.7 million in FY28, the balance in the BSRF is expected to total \$345 million by the end of FY28. In addition, the Adopted FY27 Budget reestablishes the Federal Funding Reserve at \$91 million to help hedge against federal funding uncertainty. The FY27 projection also includes targeted investments directed towards making Philadelphia the safest, cleanest, and greenest big city in the nation, with access to economic opportunity for all.

A. *Labor Agreements*

In FY26, the City completed collective bargaining agreements and arbitration awards with AFSCME District Council 33, AFSCME District Council 47, the Fraternal Order of Police, the International Association of Firefighters, and bargaining units within the First Judicial District, as well as pay increases for Exempt and Non-Represented employees. The City continues to work with its remaining union partners to finalize agreements for Correctional Officers and employees of the Register of Wills and the Sheriff's Office. Throughout these negotiations, the City's goal is to reach agreements that are fair to employees while maintaining long-term fiscal stability. The forecasted statements include a set-aside of \$605 million from FY26 to FY31 in a labor reserve to support fair and fiscally responsible collective bargaining agreements.

B. *Health/Medical*

The Administration has a self-insured group health plan for medical benefits for non-union employees with a disease management and wellness program with financial incentives for completing wellness activities, as well as a tobacco user surcharge. The City has assumed a 5% annual growth in costs for the City Administered Plan.



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AFSCME District Council 47, the International Association of Fire Fighters (IAFF), and the Fraternal Order of Police (FOP) have also implemented self-insured group health plans. For the FOP and IAFF, because the City has no control over the design of their health plans, an increase of 7.5% per year based on medical cost trends has been included. For DC47's plan, which the City also does not control the design of, an increase of 5.0% per year based on medical cost trends has been included. AFSCME District Council 33 (DC33) projections also reflect an increase of 5.0% in FY27, remaining flat in FY28-31, based on trends.

C. Pensions

As part of the effort to control major cost drivers and to improve the health of the Pension Fund, several changes have been made over the last several years. The City continues to seek ways to improve the long-term health of the fund.

Act 111 interest arbitration awards with the FOP Lodge No. 5 (August 2017) and IAFF Local 22 (May 2018) both required most current members to make additional contributions to the Pension Fund of 0.92% starting in FY18 and an additional 0.92% in FY19, for a combined 1.84% in additional contributions. New hires are now required to make an additional 2.5% contribution above rates in effect prior to the arbitration award.

Significant pensions changes were also included in collective bargaining agreements for DC33 (July 2016) and DC47 (June 2018). Effective in January 2019, current employees began participating in a tiered contribution system where those with higher annual salaries will pay higher contribution rates. New employees are now mandatory members of a stacked hybrid plan under which employees will receive a traditional defined benefit pension on their first \$65,000 of salary as well as the option to participate in a voluntary defined contribution plan. These reforms have also been applied to employees who are not represented by a union, which means that all City employees, except for elected officials, are participating in strengthening the Pension Fund. Subsequent labor agreements and awards have maintained these changes.

In addition to the above-mentioned changes in pension benefits, the City's Pension Fund has also undergone the following changes:

- The City continues to make more than its full minimum municipal obligation (MMO) each year and has dedicated a portion of additional revenues to the fund. Under 2014 state legislation, the additional 1% local sales tax provides funding for the School District of Philadelphia (first \$120 million) with any remaining funds dedicated to the Pension Fund. From FY27 through FY31, the City's Pension Fund is projected to receive \$637.6 million from the proceeds of the Sales Tax. The Sales Tax revenues will supplement the City's MMO payment rather than supplanting a portion of it, in accordance with the City's revenue recognition policy (RRP).
- The City also created the Revenue Recognition Policy under which the Sales Tax revenue and



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additional employee contributions achieved through collective bargaining and interest arbitration are to be paid above the City's annual required contribution to the Pension Fund. This means that the City pays more than what is legally required each year to improve the funding status of the plan more quickly.

- Over the past fifteen years, the Pension Fund's earnings assumption has been reduced incrementally from 8.75% to 7.20% (effective July 1, 2026). Lower earnings assumptions allow funds to moderate the risk of their investments, which can also reduce the likelihood of losses. In addition, lower earnings assumptions increase the amount the City is required to contribute to the Pension Fund. This improves the fund's health.

The net impact of these changes to the City's pension benefits and Fund is to moderate what could have been devastating increases in pension costs and to increase the City's ability to fund existing liabilities in the long term. From 2015 to 2025, the pension system's funding percentage has increased from 45.9% to 67.7% on an actuarial basis. The specific changes to the Pension Fund assumptions have been tested by the City's actuary and have been determined to be actuarially sound. The pension amounts included in the Five Year Plan are provided by the City's actuary and are higher than the amounts required to be paid under state law. Changes to the City's annual contribution to the Pension Fund, totaling approximately \$100 million over five years, have been incorporated following the actuary's experience study released since the Proposed Plan. These higher contribution amounts are due to growth in the size of the City's workforce and increases in salary costs.

The City restructured a portion of the Pension Obligation Bond (POB) payment due in FY21 and FY22 to postpone payment of \$74.9 million originally due from the General Fund in FY21 and \$19 million due in FY22 to future years, resulting in higher ongoing pension bond costs due to additional interest payments. This added cost is reflected in the Plan. In FY29, the City will make a balloon payment on the pension obligation bonds issued in 1999. Payments on these bonds decrease substantially in FY30, after increasing from \$120.8 million in the General Fund in FY28 to \$184.6 million in the General Fund in FY29. The reduction in debt service on those bonds will reduce the City's structural fixed costs over the long term. This reduction in fixed costs is reflected in FY30, when the payment from the General Fund drops to \$1.6 million.