



City of Philadelphia Recovery Plan

State and Local Fiscal Recovery Funds

2024 Report

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Plan

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General Overview

Executive Summary

Mayor Cherelle L. Parker, Philadelphia's 100th Mayor and the first woman to hold the office, has a bold vision for the city's future: **to make Philadelphia the safest, cleanest, and greenest big city in America, with access to economic opportunity for all**. Her historic administration aims to achieve this goal through targeted investments in five priority pillars:

- Public Safety
- Clean and Green
- Economic Opportunity
- Housing
- Education

Mayor Parker's first Budget and Five-Year Plan reflect targeted investments in these priority areas against a backdrop of the City's legacy challenges, including high service demands, a relatively weak tax base, and low reserves. These challenges are exacerbated by Philadelphia's status as both a city and a county: unlike other cities that are part of a larger county, Philadelphia cannot share its costs with a larger jurisdiction. Layered onto those long-term challenges are the continued after-effects of the COVID-19 pandemic, which resulted in significant revenue losses and higher costs for service provision due to changes in work patterns, inflation, a tight labor market, and other challenges.

The State and Local Fiscal Recovery Funds (SLFRF) program allowed Philadelphia to address the significant, unexpected budget gaps caused by the pandemic – and to implement responsive programs to address the pandemic-related needs of residents and business. Through the SLFRF, the City received \$1.4 billion which will be spent by the end of calendar year 2024, midway through Fiscal Year 2025 (FY25), as required.

Despite the challenges posed by the end of the SLFRF funding in mid-FY25, the Parker Administration remains dedicated to ensuring long-term fiscal stability while continuing to make targeted investments in the Mayor's vision for Philadelphia.

SLFRF provided critical support for Philadelphia, not only as a crucial step in combating the pandemic and helping the City to recover, but also in charting a course for the City's fiscal health. Essential resources were provided to safeguard lives, maintain the health and housing of Philadelphia's residents, and bolster support for the local economy. Furthermore, the funds addressed the urgent need for direct and adaptable assistance, enabling the City to mitigate certain budget and service reductions in Fiscal Year 2022 and thereafter. This prevented further detrimental cuts that could have destabilized the workforce, endangered the well-being of residents throughout the region – particularly the most vulnerable – and hindered the Mayor's ability to pursue targeted investments in support of her vision for the city.

Uses of Funds

The City of Philadelphia's Fiscal Year 2025 Budget reflects Mayor Parker's commitment to making Philadelphia the safest, cleanest, greenest big city in America, with access to

economic opportunity for all. The budget is centered around significant investments and new ways of doing business for Philadelphia residents in the five central areas mentioned above. At the same time, the City is committed to long-term fiscal health as the budget maintains positive fund balances throughout its Five-Year Plan and sets aside funds in the City's Budget Stabilization Reserve Fund.

These investments would not be possible without the Biden Administration's American Rescue Plan Act (ARPA), which provided direct and flexible support via the SLFRF. Due to Philadelphia's status as both a city and a county, the City received \$1,087,606,822 as a city allocation and \$307,685,862 as a county allocation, for a total of \$1.395 billion in SLFRF dollars. These funds are being used as revenue replacement (EC 6) as the City faced a \$1.5 billion funding gap over five years due to the fiscal impacts of the pandemic.

Prior to the pandemic, Philadelphia's fiscal health improved over multiple years as the City achieved steady fund balance increases and made its first budget stabilization reserve deposit of \$34.3 million in FY20. However, due to the increased costs and revenue loss from the pandemic, the City faced a budget shortfall of \$750 million in FY21, primarily driven by a tax revenue loss of \$635 million (85 percent of the shortfall). The City Charter requires a balanced budget for each year of the Five-Year Plan and does not allow changes to tax rates after the July 1 start of the fiscal year, meaning the City could not have avoided layoffs and deep service cuts during the onset of the pandemic if not for the federal aid provided by the SLFRF allocation.

The Adopted FY25 Budget includes a projected fund balance of \$568.5 million, which is 9% of budgeted revenues. This meets the City's internal goal to achieve a fund balance of at least 6-8% but is far below the Government Finance Officers Association (GFOA)-recommended 17%. The City's internal target, which is lower than the GFOA recommendation, reflects that the city has immediate needs that must be addressed through service delivery to enable fiscal stability in the future. The projected FY25 fund balance is bolstered by the remaining \$419 million in SLFRF funding in FY25. Without that support, the City would have to consider painful budget balancing actions rather than making crucial investments in city services.

The City learned during the Great Recession that cuts to local government services not only take many years to recover from, but also slow down regional economic recovery and disproportionately impact Black and Brown residents. Those lessons informed the City's approach in deploying the SLFRF funds – using the critical resources to continue to provide core services and prioritize vulnerable populations while avoiding layoffs and deep service cuts that would have endangered lives and jeopardized the City's ability to serve as a driver of an equitable economic recovery for residents and the region.

While the SLFRF relief of nearly \$1.4 billion did not fully replace the reduction in revenues resulting from the pandemic, it has allowed the City to make new investments to restore some of the cuts made due to pandemic-related revenue-loss and avoid having to make more painful cuts or consider tax increases. It also helps the City continue to invest in public safety, clean and green initiatives, economic opportunity, housing, and education.

The direct and flexible SLFRF funds are critical to Philadelphia's success in emerging from the COVID-19 pandemic. They also complement other sources of federal aid provided in recent

years, including:

- Over \$354 million in rental assistance allocations disbursed, serving over 53,000 households with assistance for rental arrears and utility payments that have enabled individuals and families to remain in their homes during a period of economic instability.
- Resources from the 2020 federal CARES Act, including \$276 million in Coronavirus Relief Funds directed to Philadelphia for COVID-19 recovery. The City directed those resources to public health and public safety expenses, direct assistance to small businesses, enabling distance learning for Philadelphia's children, and continuing critical municipal operations during the pandemic. The City disbursed these funds prior to the deadline at the end of 2021.
- The City continues to seek reimbursement through FEMA Public Assistance for eligible emergency protective measures taken in response to the COVID-19 pandemic. Reimbursable costs include those costs associated with standing up temporary medical facilities, non-congregate emergency sheltering, certain personal protective equipment (PPE), certain cleaning and disinfection activities, and administration and distribution of vaccines. To date, Philadelphia has received reimbursement for over \$50 million in project costs, with additional reimbursement expected after final FEMA review.
- Continued implementation of the federal Bipartisan Infrastructure Law (BIL) will further propel a thriving economy that provides opportunities to all Philadelphia residents and neighborhoods. This once-in-a-generation infusion of federal funding is the largest long-term infrastructure investment in our nation's history. Between the BIL and various State infrastructure grant programs, the City is poised to receive up to \$1 billion in infrastructure funding over the next five years for roads, bridges, mass transit, water infrastructure, electric vehicle charging, broadband, etc.
- The Inflation Reduction Act (IRA) is an historic federal investment in advancing the United States' equitable clean energy transition. Hundreds of billions of dollars are set aside over the next 10 years to fund and finance municipal and community-scale energy projects. To date, the City has secured approximately \$17 million of IRA funding and has applied for over \$250 million in additional funding.
- In 2021, the remnants of Hurricane Ida hit Philadelphia. This resulted in major property damage and extensive flooding. After disasters like this, Congress may choose to allocate special funding to help communities recover through the Community Development Block Grant Disaster Recovery (CDBG-DR) program. The U.S. Department of Housing and Urban Development (HUD), which oversees this program, has allocated over \$163 million to support Philadelphia's recovery and mitigation efforts. The City's Action Plan was approved in 2023 and the grant agreement was executed in early calendar year 2024, starting the six-year clock on this program.

Promoting Equitable Outcomes

Like many American cities, Philadelphia experiences deep race-based disparities across all indicators of health and well-being, which impact the quality of life for all residents. With

clear focus and the right strategy, City government can be a leader in advancing racial equity. The City of Philadelphia is committed to continuing to support and expand its efforts to promote racial equity post-pandemic.

The City recognizes that government at the local, state, and federal level has played a historic role in creating and maintaining racial inequities that determine health outcomes, economic wealth, community safety, and intergenerational wellbeing. COVID-19 compounded longstanding racial inequities for communities of color in Philadelphia, such as historically marginalized and divested Black and Latino/a/x communities.

The City began institutionalizing an equity-focused framework in 2020 when then-Mayor Kenney issued Executive Order No. 1-20 to expand the City's focus on diversity, equity, and inclusion. This was operationalized via Executive Order No. 6-23 which formalized a framework across departments to actively dismantle policies and practices that have perpetuated racial inequity while creating policies and employing practices that will promote more racially equitable workforce, budget, procurement, and service outcomes so that all Philadelphia residents reach their full potential.

By the end of 2023, every City department reporting to the Mayor completed a racial equity assessment and action plan, setting forth more intentional efforts to produce greater racially equitable impact related to each department's budget, core services or programs, procurement, and community engagement. Departments are also asked to make annual updates to their departmental DEI plans. These strategies provide a Citywide framework to guide the City's efforts at dismantling policies, practices and power dynamics that have perpetuated racial inequity while uplifting policies and employing practices to promote racially equitable outcomes for all city residents.

Budgeting for Racial Equity: City departments budget for racial equity. As part of the City's annual budgeting process, departments complete a budget equity questionnaire, which requires departments to describe how their core functions align with the City's vision for racial equity, what programs within their office focuses on improving racial equity, and if there are unmet needs to reach their equity goals.

Additionally, all budget requests are reviewed for their racial equity impact by internal scoring groups that score racial equity questionnaires, as well as new Capital and Operating requests. The City's Budget Equity Committee prioritizes high-scoring requests. The Committee (dispersed over four groups) is comprised of approximately 70 City employees from a wide range of departments and with a broad range of experience and roles to provide a representative cohort of the City's diverse workforce. These groups are trained on the budget process and the principles and practices of racial equity. The Committee recommends funding priorities for the proposed budget.

The Office of Diversity Equity and Inclusion attends Operating and Capital Budget meetings and reviews all budget requests to provide feedback to the Budget Office and assess the impact and feasibility of budget requests.

These internal efforts to shift City department culture, operations, and capacities and to boost racial equity impact come after an unprecedented time. COVID-19 drove social, health, and economic disparities, resulting in spikes in gun violence, school closures, economic

hardship, public health concerns, and more. The longstanding effects of COVID-19, compounding existing intergenerational racial and social inequities, are not yet known. The City of Philadelphia remains steadfast in working toward a vision where race will not be a determinant of well-being, success, and safety for individuals and communities that make up this great city.

Community Engagement

Mayor Parker's first budget was informed by the countless residents, community leaders, business owners, faith leaders, and other stakeholders with whom she spoke on the campaign trail; the 550+ committed volunteers who served across 13 policy subcommittees during her transition; community members who took part in City-led engagement sessions last fall; and the front-line City employees she has seen up close and in action since taking office. The Mayor also held Town Hall meetings across the city in the spring to increase transparency and enhance community engagement in the City of Philadelphia's budget process. This input, along with the engagement sessions held by the Budget Office, informed decisions for the FY25 Budget.

Throughout the pandemic, the City prioritized efforts to gather feedback about community needs. The City developed an equitable engagement toolkit for use across City departments and service areas and conducted surveys to inform how the City delivered relief provided through the CARES Act and other recovery programs, such as small business grants and rental assistance.

The American Rescue Plan and SLFRF have enabled the City of Philadelphia to make investments to reduce racial disparities and ensure the long-term safety, health, and well-being of Philadelphia residents. Because SLFRF is replacing revenue lost due to the COVID-19 pandemic and enabling the provision of services supported by the City budget, efforts to capture feedback from diverse audiences about the budget process and priorities represents the best pathway for stakeholders to have input into the use of these funds.

The vision for Philadelphia's FY25 budget and beyond is a budget that supports a safer, cleaner, greener city with access to economic opportunity for all residents, while maintaining the City's long-term fiscal health.

Emphasis on accessibility, community outreach, equitable engagement, and providing more sessions for residents were key focuses of the City's budget engagement process over the past year. This engagement cycle provided more opportunities for residents to have their voice heard, City employees to reflect on their experiences and share insight, and community leaders to share their expertise. In addition to adjusting strategies to increase equitable engagement, the City utilized strategies to increase access in the engagement process, providing translation services and both in-person and virtual meeting options.

Labor Practices

N/A (no funds used for EC 5 - infrastructure)

Use of Evidence

The City of Philadelphia went through an administration change in January 2024 as Mayor Cherelle L. Parker was sworn into office. With the new administration, organizational changes

included the creation of two offices within the Mayor’s Office whose purview includes making evidence-based decisions, conducting policy research and development, and driving service delivery improvement: the Office of Policy Planning and Delivery (OPPD) and the Office of PhillyStat 360.

The Mayor’s Office of Policy Planning and Delivery (OPPD) is charged with planning and coordinating the implementation of policy initiatives that support Mayor Parker’s top priorities, as determined by the Mayor and her cabinet. OPPD pursues two core functions: (1) policy research and development; and (2) intensive delivery support for a select set of high-priority initiatives. OPPD is intended to ensure that policy goals translate to tangible results for residents and communities – consistent with the Mayor’s vision of government that residents can “see, touch, and feel.”

PhillyStat 360 works to create synergy among City departments. PhillyStat 360 collaborates with departments to use timely and accurate data to make evidence-based decisions; establish goals and benchmarks; evaluate performance measures and identify areas for improvement; and increase community satisfaction with City services. The program will also develop an accountability and management model that allows for the rapid deployment of City operational resources by using effective tactics and strategies that are routinely analyzed and reassessed for effectiveness.

Performance Report

Table of Expenses by Expenditure Category

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
1	Expenditure Category: Public Health		
2	Expenditure Category: Negative Economic Impacts		
3	Expenditure Category: Services to Disproportionately Impacted Communities		
4	Expenditure Category: Premium Pay		
5	Expenditure Category: Infrastructure		
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	\$975,820,000	\$390,820,000
7	Administrative and Other		

Project Inventory

Project 1: Revenue Replacement for Provision of Government Services

Funding amount: \$390,820,000 in this reporting period

Project Expenditure Category: 6.1 – Revenue Replacement: Provision of Government Services

Project overview: SLFRF funds were used to replace revenue lost due to the COVID-19 pandemic that otherwise would have paid for activities supported by the City’s General Fund. This allowed the City to allocate General Fund dollars for other priority areas that drive the Mayor’s vision to make Philadelphia the safest, cleanest, and greenest big city in America,

with access to economic opportunity for all. Investments in FY24 were used to support the provision of public safety, clean and green initiatives, and economic opportunity, such as gun violence prevention programs, the City’s Community Life Improvement Program (CLIP) to “clean and green” spaces in the city, increased funding to the Community College of Philadelphia, and support for minority businesses through the Office of Economic Opportunity. The City is also rolling out a new, citywide residential cleaning program and significantly expanding PHL Taking Care of Business (PHL TCB), a commercial corridor cleaning initiative, among other initiatives. Additionally, the City is continuing to fund a number of transformative housing programs in Philadelphia.

Public Safety

Through the work of the newly created Office of Public Safety under Mayor Parker, SLFRF funds support two gun violence prevention programs targeted at intervening with those at highest risk of being involved in gun violence: Group-Violence Intervention (GVI) and the Community Crisis Intervention Program (CCIP). The Philadelphia Police Department is working with the GVI team to reorient the strategy from a citywide approach to a 'surgical geographic approach.' This new approach will focus on the top targeted pinpoint spots in the ten most critical police districts to ensure the groups and individuals driving gun violence are directly engaged by GVI.

- Researchers from the University of Pennsylvania conducted a rigorous evaluation of Philadelphia’s GVI’s program. GVI is an evidence-informed approach to reducing gun violence that involves engaging the small percentage of individuals who are driving gun violence by offering support to make changes or swift consequences for ongoing connection to violent activity. The study found that groups that received a single intervention from GVI saw a 38.6% reduction in shootings per week. Groups that received two or more interventions from GVI saw a 50.3% reduction in shootings per week. GVI interventions resulted in a 44% decrease in shootings in the census tracts where the GVI conducted at least four interventions.
- American Institutes for Research (AIR) conducted a rigorous evaluation of Philadelphia’s Community Crisis Intervention Program (CCIP). CCIP is an evidence-informed violence prevention strategy that uses credible messengers from neighborhoods vulnerable to gun violence to engage and disrupt violence by reducing tensions and mediating conflicts among those most likely to be victims of shootings or shooters themselves. This evaluation will be conducted in two phases.

Outputs: Violence Prevention

Measure	Fiscal Year 2024 (July 1, 2023 – March 31, 2024)
Number of home visits conducted by Group Violence Intervention and Community Crisis Intervention to engage high risk individuals	5,187
Number of high-risk individuals engaged in via Custom-Notification or Call-In for Group Violence Intervention (GVI)	415

Outputs: Police Operations

Measure*	Fiscal Year 2024 (July 1, 2023 – March 31, 2024)
Number of homicides	268
Homicide clearance rate	63.7%

**Both of these outputs have significantly improved compared to the same time period in Fiscal Year 2023. The number of homicides went from 365 in FY23 to 268 in FY24, and the homicide clearance rate went from 55.9% in FY23 to 63.7% in FY24.*

Clean and Green Initiatives

Mayor Parker created the new Office of Clean and Green Initiatives in 2024. This office is tasked with cleaning residential and commercial areas, and overseeing the removal of illegal dumping, abandoned cars, and graffiti throughout the city. The Office of Clean and Green Initiatives is committed to using data to prioritize where and how to best deliver services. The City is establishing a new Community Appearance Index (CAI) including data on a range of quality-of-life issues – litter, graffiti, abandoned lots and buildings, abandoned cars, and nuisance businesses.

- A 2018 study conducted by Dr. Eugenia South of the Northern Research Station of the US Department of Agriculture found that cleaning and greening of vacant lots in Philadelphia significantly reduced both public fear of crime, as well as actual crime, including gun violence, burglary, and nuisance offenses. The study additionally found that cleaning and greening of lots contributed to increased use of outdoor spaces and socializing by city residents. The study can be found [here](#).

Outputs: Vacant Lot Abatement

Measure	Fiscal Year 2024 (July 1, 2023 – March 31, 2024)
Vacant Lot Program: vacant lot abatements	13,244

Outputs: Graffiti Abatement

Measure	Fiscal Year 2024 (July 1, 2023 – March 31, 2024)
Properties and street fixtures cleaned	132,944
Graffiti removal tickets closed within service level agreement of seven days	85%

Outputs: Sanitation Education, Enforcement and Compliance

Measure	Fiscal Year 2024 (July 1, 2023 – March 31, 2024)
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Number of citations issued	145,292
Number of contacts and warnings	32,271

Economic Opportunity

The Parker Administration is committed to supporting economic opportunity for all in Philadelphia. Investments in the city's commercial corridors and support for small businesses, including minority businesses, are key to this vision. The City has established supports through the Office of Economic Opportunity (OEO) and the Office of Minority Business Success (MBS) to give minority businesses chances to thrive and contribute to their communities and local economy. The City is also enhancing the reach and capacity of the City's "Taking Care of Business" (TCB) program, which funds community-based nonprofits to clean and sweep sidewalks and remove litter on neighborhood commercial corridors. This program encourages cleaning organizations to hire neighborhood residents, including formerly incarcerated people, to work three to five days a week while earning at least \$16.35 an hour which provides economic opportunity for residents throughout the city. Notably, employees do not need previous experience or a high school diploma.

Outputs: Office of Economic Opportunity

Measure	Fiscal Year 2024 <i>(July 1, 2023 – March 31, 2024)</i>
Number of businesses added to the OEO registry	212