

City of Philadelphia
Recovery Plan

**State and Local Fiscal Recovery
Funds**

2021 Report

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GENERAL OVERVIEW

Executive Summary

Mayor James Kenney is driven by a vision for true and lasting equity for Philadelphia. Mayor Kenney envisions a Philadelphia where race-based outcome gaps are eliminated, race cannot predict one's success, and outcomes are improved for all. His administration is focused on delivering on this vision and ensuring Philadelphians in every neighborhood can benefit from a strong recovery from the COVID-19 pandemic by supporting:

- Quality Education for All
- A Safer and More Just City
- Health Equity for All
- An Inclusive Economy and Thriving Neighborhoods
- A Diverse, Efficient and Effective Government

The COVID-19 pandemic did not shake the City of Philadelphia's commitment to these priorities, but it created unprecedented new challenges and a new context. Like governments around the world, we were faced with large and unexpected costs, vastly increased demand for services, and rapidly diminished revenue stemming from restrictions that were necessary to protect public health and save lives. With the partnership of all levels of government and the grit and resilience of our residents, we have risen to meet immense challenges and we continue to work toward an end to the pandemic.

The American Rescue Plan represented a significant turning point for Philadelphia, not just in the fight against the pandemic but for the future of our city. It provided much-needed resources to save lives, to keep our residents healthy and housed, and to support our schools and small businesses. It also answered our call for direct and flexible aid that allowed us to restore some budget and service reductions and avoid additional painful cuts that would have destabilized our workforce, jeopardized the well-being of our residents—especially the most vulnerable—and diminished chances for an equitable economic recovery for Philadelphia and our entire region.

The State and Local Fiscal Recovery Funds (SLFRF) enabled us to fill a large portion of the sudden, enormous, and critical budget gaps caused by the COVID-19 pandemic. While the fiscal and economic impact of the pandemic will reverberate for years to come, the \$1.4 billion in SLFRF that Philadelphia has received and will disburse (through the 2024 grant performance period coinciding with the City's Five-Year [Plan](#)) will greatly aid in our continued pandemic response and will help us drive an equitable economic recovery. It will enable us to advance quality education, safety and justice, health equity, an inclusive economy with thriving neighborhoods for all, and a diverse, efficient, and effective government. SLFRF has and will continue to enable us to invest in providing core services, maintaining some fiscal health, reducing racial disparities in outcomes for residents, and advancing an equitable future for all Philadelphians.

Uses of Funds

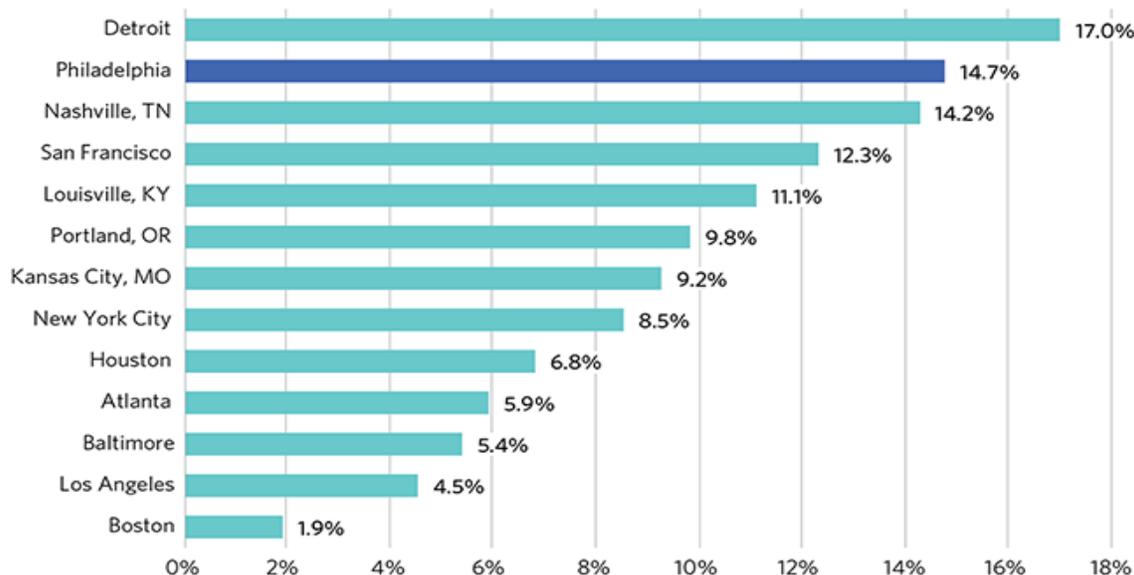
The City of Philadelphia’s Fiscal Year 2022 budget makes significant investments to ensure the long-term safety, health and well-being of Philadelphia and our residents. It focuses on providing—and in some cases expanding—core services while maintaining our long-term fiscal health and promoting an equitable economic recovery from the COVID-19 pandemic.

Many of these investments are possible because of the Biden Administration’s American Rescue Plan, especially the direct and flexible support provided via the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). Philadelphia is receiving \$1,087,606,822 as a city allocation and \$307,685,862 as a county allocation, for a total of \$1.4 billion in SLFRF. Without these funds, to be used as revenue replacement (EC 6), the City would have been facing a \$1.5 billion shortfall over five years due to the fiscal crisis stemming from COVID-19.

The City of Philadelphia experienced major losses in revenue due to the COVID-19 pandemic. A [recent study by The Pew Charitable Trusts](#) found that Philadelphia’s budget gap of nearly 15 percent of all General Fund expenditures was among the highest of cities in the study, and that many peer cities with tax structures that rely more heavily on property tax revenue were much less vulnerable to revenue loss.

Cities’ Projected General Fund Budget Shortfall for 2021

As percentage of fiscal year 2020 expenditures



Note: Officials in Los Angeles originally projected a shortfall of \$200 million to \$400 million. The estimate used in this analysis was \$300 million, the midpoint of the original range. Nashville’s reported budget shortfall is for the city’s entire operating budget. In addition to the pandemic, Nashville experienced a tornado in March 2020, further affecting revenue.

Sources: Pew analysis of city budget documents, media articles, and interviews with budget officials

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As a result, in summer 2020, despite significant progress in improving Philadelphia’s fiscal health over years of careful planning prior to the pandemic, we had to make painful decisions to address a budget shortfall of \$750 million for FY2021. While increased costs were a contributing factor—

especially as both a city and a county government—the vast majority of this shortfall (\$635 million, or 85 percent) stemmed from lost revenue due to the COVID-19 pandemic.

Prior to the American Rescue Plan, no federal aid could be used to replace this lost revenue. Without the SLFRF, we would have been facing another \$450 million budget gap this fiscal year and a \$1.5 billion gap over the course of our five-year plan, which, under state law, must be balanced in each of its years. With the requirement to balance our budget, and with a prohibition against raising taxes after a fiscal year has started, there would simply have been no way to avoid layoffs and service cuts that would have jeopardized the well-being of our residents, particularly the most vulnerable, and likely deepened racial disparities and inequities that the pandemic has exposed and exacerbated.

The SLFRF relief of nearly \$1.4 billion will not fully replace the reduction in revenues resulting from the pandemic, but it has allowed us to make new investments in this fiscal year's budget, restore some of the cuts from last year's budget, and avoid having to make more painful cuts or consider tax increases. It also helps us continue to invest significantly in public safety, health equity, education, inclusive economic growth, and creating thriving neighborhoods.

We learned during the Great Recession that cuts to local government services can take many years to recover while slowing down regional economic recovery and disproportionately impacting Black and brown residents. Coronavirus State and Local Fiscal Recovery Funds have allowed the City of Philadelphia to continue to provide core services and prioritize vulnerable populations while avoiding layoffs and service cuts that would have endangered lives and jeopardized our ability to serve as a driver of an equitable economic recovery for our residents and the region.

The direct and flexible SLFRF funds are critical to Philadelphia's success in emerging from the COVID-19 pandemic, and they also complement other sources of federal aid provided during the pandemic, including:

- Over \$150 million in rental assistance allocations disbursed, serving over 27,000 households with assistance for rental arrears and utility payments that have enabled individuals and families to remain in their homes during this 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 has directed those resources to public health and public safety expenses, direct assistance to small businesses, enabling distance learning for Philadelphia's children, and continuing municipal operations during the pandemic. The City has fully allocated its Coronavirus Relief Fund payment from Treasury and is on track to spend the full \$276 million before the deadline of December 31, 2021.
- The City is also seeking 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 \$21 million in project costs.

Promoting equitable outcomes

Like many American cities, Philadelphia experiences deep race-based disparities across all indicators of health and wellbeing, which impact the quality of life for all residents. With clear focus and the right strategy, our government can be a leader in advancing racial equity. The City of Philadelphia is committed to an equitable recovery from the COVID-19 pandemic, and to using federal recovery funds to support and expand its efforts to promote racial equity.

The City recognizes that racial inequities in access and opportunity and across key indicators of success are deep and pervasive for communities of color. The City also recognizes that government — at the local, state, and federal level — has played a historical role in creating and maintaining racial inequities through a wide range of laws and policies. These racial inequities persist today and continue to lead to, among other things, underperforming schools, disproportionate contact with our criminal justice system, concentrated poverty, limited growth of minority-owned businesses, and predatory lending — all of which operate to constrain widespread economic growth.

The City also acknowledges that other marginalized groups continue to face structural barriers to successful outcomes including women, immigrants, and those discriminated against based on sexual orientation, gender identity, disability, and other protected classes.

In January 2020, Mayor Kenney issued Executive Order No. 1-20 to expand the City's focus on diversity, equity, and inclusion. The Executive Order formalizes a framework across departments to guide the City's efforts 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. In this context, "racial equity" means that race-based outcome gaps are eliminated, race cannot predict one's success, and outcomes are improved for all.

In October 2020, the Kenney Administration began implementation of an expanded framework for all departments to drive more equitable outcomes for City employees and communities of color. The Mayor's Office of Diversity, Equity and Inclusion is leading this strategy in partnership with City departments.

Under the Kenney Administration's Workforce Diversity, Equity, and Inclusion Strategy, all departments reporting to the Mayor will prepare an annual plan on the departments' strategic effort to achieve real advancement in terms of greater representation of, and participation by, employees of color and other historically marginalized and underrepresented groups in our workforce. The annual plans will contain three core sections:

- **WORKFORCE PLANNING** - including forecasting hiring opportunities in the exempt workforce.
- **DIVERSE RECRUITMENT** - focusing on targeted efforts for recruitment from a diverse and qualified group of potential applicants designed to secure a high-performing workforce drawn from all segments of the population.
- **WORKFORCE INCLUSION** - which includes a plan for developing a supportive, welcoming, and inclusive work environment that enables employees to contribute their full potential and develop professionally.

Achieving a workforce that is diverse, inclusive, and equitable means that our workforce reflects the diversity of the communities served, and this diverse representation exists across the breadth (functions) and depth (hierarchy) of City government. The resulting increase in the diversity of experience and constructive engagement from employees is intended to improve service delivery and employee selection and productivity, which are critical to the City of Philadelphia's ability to best serve its residents and communities.

Under the City of Philadelphia's Racial Equity Strategy, which encompasses the workforce strategy, all City departments reporting to the Mayor will be required, by the end of 2023, to conduct Racial Equity Assessments and create Racial Equity Action Plans. Departments are completing this work in phases, over three fiscal years, beginning with a first cohort of 10 departments in FY21.

In consultation with expert consultants, departments completing the FY21 Racial Equity Cohort were focused on:

- Learning and internalizing an anti-racist results-based-methodology to identify disparities in access and outcomes across groups, examine root causes, and create strategies to improve the conditions of the communities we serve.
- Identifying and solving for culture change required internally and with communities.
- Building the "muscle" to continuously incorporate a set of principles into organizational work so that it more contributes to racial equity.
- Having a set of customized priority strategies for implementation based on departmental capacity, vision, and need consistent with the Mayor's directive for a racially equitable Philadelphia.
- Serving as models for other departments challenged by the implementation of racial equity focused work in a way that produces results.

Short-term efforts of the departments focus on improving service delivery, internal practices and community engagement, with a long-term goal of closing gaps in outcomes so that race no longer predicts a person's success and outcomes are improved for all. In FY22, a second cohort of twelve additional departments will complete this process, with the remaining departments completing it in FY23.

To understand our success at eliminating race-based disparities and improving outcomes for all residents, our plan "[Growing with Equity: Philadelphia's Vision for Inclusive Growth](#)" identifies the following key indicators:

- Close the gap between Philadelphia's median household income and the nationwide median household income
- Outpace the nationwide job growth rate
- Decrease the number of people in poverty by 100,000
- Close the gap in median income between Asian, Black, and Hispanic residents and White residents
- Close the gap in the unemployment rate between Asian, Black, and Hispanic residents and White residents
- Close the gap in educational attainment between Asian, Black, and Hispanic residents and White residents

To make progress in these areas, our “[Respond, Restart, Recharge, Reimagine](#)” report outlines a vision to create targeted opportunities for economic mobility and well-being, foster the creation of quality jobs, and support and enhance vibrant neighborhood commercial corridors so that Philadelphia emerges into a post-COVID-19 world with a more inclusive, equitable, and robust economy that will help ensure long-term prosperity for all.

Community Engagement

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

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

The vision for Philadelphia’s current FY22 budget cycle and beyond is a budget that enables investments that provide quality government services and infrastructure while maintaining the City’s long-term fiscal health, reduces racial disparities among Philadelphians, and advances equitable outcomes for all Philadelphians. To achieve this vision, the City made changes to the budget process by expanding who is involved and amending how the budget process works. As part of this, the City sought more insights into the needs and preferences of Philadelphians, with concerted efforts to engage Black and brown Philadelphians, from people both inside and outside City government.

The Budget Office reviewed traditional feedback and data about needs and preferences, like performance measures, service request data, and surveys and planning documents from City departments and outside entities. This year, the City added a multi-lingual online survey and held 12 focus groups/townhalls, giving more than 10,000 people a way to share their recommendations on the City’s revenue sources and spending decisions. The input collected was analyzed by the Budget Office and shared with Mayor Kenney and his staff to inform decisions for the FY22 budget.

While these efforts created opportunities for more Philadelphians to shape the upcoming budget, the initiative fell short of ideal inclusivity. For example, the respondents to the survey were whiter, with higher educational attainment, and more likely to be female than the population of Philadelphia as a whole. For next year, the City will adjust the outreach and approaches it uses to do better at engaging Black and Brown Philadelphians. Although incompletely inclusive, the input collected was analyzed by the Budget Office and shared with Mayor Kenney and his staff to inform decisions for the FY22 budget.

Labor Practices

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

Use of Evidence

Philadelphia is committed to increasing the use of evidence-based practices to maximize the impact of City services. GovLabPHL is an initiative led by the Mayor's Policy Office to advance the practical use of data and evidence across city government. The team partners with other departments to conduct data analysis, design and implement rigorous evaluations, and support the increased and innovative use of administrative and other data to inform policy and decision-making. GovLabPHL also manages external research and academic partnerships to support the city's evaluation agenda. In addition, the City is continually working to make evaluation a stronger component of program design when allocating new funds aligned to the Mayor's priorities via the budget process. Finally, Philadelphia's Service Design Studio engages residents, front-line staff, and partners to design, pilot, and implement solutions to service-delivery that are based on the lived experiences of people.

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	\$25,850,000	\$25,850,000
7	Administrative and Other		

Project Inventory and Performance Report

Project 1: Revenue Replacement for Provision of Government Services

Funding amount: \$25,850,000 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. In keeping with the City's commitment to creating healthy, safe, and just Philadelphia for all residents, funds expended in FY21 were used to support the provision of public health and public safety services with costs borne by the General Fund. General Fund-supported services include the City's COVID-19 Containment Unit, Emergency Medical Services, gun violence prevention programs operated out of the Office of Violence Prevention, and youth summer programming, including a summer employment program for teens (WorkReady).

Use of evidence:

Public Health

- The Philadelphia Department of Public Health follows CDC guidelines and best practices in the design and implementation of its COVID mitigation and vaccination programs. PDPH takes a data-informed approach to identify the areas of the city and populations with the highest rates of infection and the lowest rates of vaccination and works together with community partners and with other City departments and agencies to target our efforts to those groups. PDPH reviews the data regularly and adjusts its approach based on areas in which it is making more or less progress. This approach has allowed the City to eliminate disparities between racial and ethnic groups in vaccination rates for those 45 and up and narrow them for those 44 and under over the past few months.

Public Safety

- Through the work of the Office of Violence Prevention, SLFRF funds support two gun violence prevention programs targeted at intervening with those at highest risk of being involved in gun: Group-Violence Intervention (GVI) and Community Crisis Intervention Program (CCIP).
- Two researchers from the University of Pennsylvania are conducting a rigorous evaluation of Philadelphia's GVI's program. GVI is an evidence-based 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 primary research questions are:
 - What is the effect of the intervention on each street group where at least two (2) or more group members on the roster were successfully contacted?
 - What is the place-based effect of the intervention?
 - What effect does GVI have on community perceptions of community health and law enforcement?
 - For GVI participants who have successfully changed their behavioral patterns, what aspects of GVI did they perceive to be the most or least useful? What key factors do they identify as instrumental to changing behavioral patterns? Are these factors part of GVI? External to GVI?

The research design will take advantage of temporal and spatial variations in implementation that are useful for quasi-experimental designs. Outcomes of interest will be shooting incidents (both fatal and non-fatal) and new arrests for crimes of violence (e.g., Simple Assault, Aggravated Assault, Attempted Murder) or for illegal firearm possession.

- American Institutes for Research will conduct a rigorous evaluation of Philadelphia's Community Crisis Intervention Program (CCIP). Community Crisis Intervention Program (CCIP) is an evidence-based 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. Phase 1 will include an evaluability assessment to document current practices and determine the most rigorous and feasible approach to measuring outcomes and

impact in Phase 2 as well as a process evaluation. Phase 2 will use information gathered in Phase 1 to inform the most rigorous and realistic design and implementation for an outcome and impact evaluation of CCIP's effectiveness. The expected evaluation time period is two years.

- Summer youth programming: In 2017 and 2018, the University of Michigan's Dr. Sara Heller conducted a randomized evaluation of WorkReady, Philadelphia's summer youth employment program. The study found that WorkReady reduced criminal justice involvement and receipt of child protective services, with suggestive decreases in the receipt of mental health services. Impacts were strongest among the young people who faced the highest risk of socially costly outcomes such as incarceration. Dr. Heller's working paper on the impact of WorkReady and a concurrent and similar study of Chicago's summer youth employment program can be found [here](#).

Key performance indicators:

(Unless otherwise noted, KPIs are reported for the period from April 1, 2021 to June 30, 2021)

Public Health

- Outputs: COVID Containment

Measure	Current reporting period
Percent of cases who agree to participate in contact tracing	15.6%
Percent of contacts who agree to quarantine	63.2%
Percent of PDPH COVID-19 tests that are rapid point-of-care	25.4%

- Outputs: Emergency medical services

Measure	Current reporting period
Number of EMS incidents	71,026
EMS response time	10:52
Percent of EMS calls responded to within 9:00 minutes	38.2%

- Outcomes

	COVID-19 cases to date (since 3/2020)		COVID-19 hospitalizations to date (since 3/2020)		COVID-19 deaths to date (since 3/2020)		% of total population*
	Total	% total	Total	% of total	Total	% of total	
Total	161,887		17,290		3,810		
American Indian and Alaska Native	203	0.1%	10	0.1%	5	0.1%	0.3%
Asian	7,922	4.9%	749	4.3%	169	4.4%	7.5%
Unknown	18,577	11.5%	226	1.3%	132	3.5%	-
Black or African American	60,079	37.1%	9,197	53.2%	1,755	46.1%	40.1%
Other	10,845	6.7%	871	5.0%	123	3.2%	2.5%
Hispanic or Latino	17,916	11.1%	2,447	14.2%	377	9.9%	15.2%
White	46,345	28.6%	3,790	21.9%	1,249	32.8%	34.2%

*United States Census Bureau, American Community Survey 2019

Public Safety

- Outputs: Violence prevention

Measure	Current reporting period
Number of home visits conducted to engage high risk individuals in services	607
Number of referrals made to service providers for high risk individuals	336
Percent of clients assigned to Violence Prevention Partnership (VPP) involved in a shooting or homicide	0%
Number of high-risk individuals engaged in via Custom-Notification or Call-In for Group Violence Intervention (GVI)	164

- Outputs: Summer youth employment

Measure	Current reporting period
OST Milestone: Number of DHS-funded Out-of-School Time (OST) participants during the summer	3,811

- Outcomes

Measure	Current reporting period	% of total population*
Total shooting victims	584	
White, non-Hispanic	40 (7%)	34.2%
Black, non-Hispanic	498 (85%)	40.1%
Hispanic (Black or White)	44 (8%)	15.2%
Asian	2 (0%)	7.5%
Other/Unknown	0 (0%)	2.8
Shooting fatalities	151	
White, non-Hispanic	8 (6%)	34.2%
Black, non-Hispanic	113 (86%)	40.1%
Hispanic (Black or White)	11 (8%)	15.2%
Asian	0 (0%)	7.5%
Other/Unknown	0 (0%)	2.8

**United States Census Bureau, American Community Survey 2019*