



City of Philadelphia Recovery Plan
State and Local Fiscal Recovery
Funds
2022 Report

2022 Recovery Plan

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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 city where equal opportunities are open to all residents, race is not a determinant of success, and diversity is elevated as one of Philadelphia's greatest assets. 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

Despite the continuing challenges of the pandemic and lingering uncertainty about City revenues due to the massive and still-ongoing changes to the ways the Philadelphia region works and plays, the City of Philadelphia remains resilient. During the second year of the pandemic, the City continued to swiftly launch new programs and expand existing ones to provide immediate assistance to meet the needs of residents and businesses, including but not limited to rental assistance, access centers for distance learning and grants to small, minority owned businesses. The Administration remains committed to helping all Philadelphians confront the challenges grounded in economic and racial inequities that have been exacerbated by 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 in Fiscal Year 2022 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. While some uncertainty from the long tail of the pandemic endures, the City has moved from two years of pandemic-related budget shortfalls into a more positive budget picture bolstered by the American Rescue Plan.

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 been allocated and will obligate (through the 2024 grant performance period, which is part of the City's FY22-FY27 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 fiscal health, reducing racial disparities in outcomes for residents, and advancing an equitable future for all Philadelphians.

With SLFRF Funding	Without SLFRF Funding
<ul style="list-style-type: none"> • No layoffs • No fee increases • Still requires some cuts to allow new investment • Many public-facing services restored like summer pools, 5-day library service, and demolitions. • Enables new investments like <ul style="list-style-type: none"> • \$13M for 911 Co-responder and mobile crisis units • \$2.6M for Violence Intervention and Community Response • Increases the Cultural Fund to \$2.5M • Covers debt service for paving 115 miles of road. 	<ul style="list-style-type: none"> • \$450M gap in FY22 • \$1.5B gap through FY26 • Requires 10%+ cuts to non-fixed/inflexible cost <ul style="list-style-type: none"> • Virtually impossible to achieve without significant layoffs. • Unable to sustain current levels of service like Fire/EMS. • Unable to backfill expiring grants, like \$12.9M for homeless shelter beds. • No return of pools, 5-day libraries, and Keypots. • No new anti-violence/police reform investments • AND/OR Would require significant tax increases to maintain current services

Uses of Funds

The City of Philadelphia's Fiscal Year 2023 budget makes significant investments to ensure the long-term safety, health and well-being of Philadelphia and our residents. It focuses on preserving—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.

These investments are only possible because of the Biden Administration's American Rescue Plan, especially the direct and flexible support provided via the SLFRF. Philadelphia is receiving \$1,087,606,822 as a city allocation and \$307,685,862 as a county allocation, for a combined total of \$1.4 billion in SLFRF dollars. Without these funds, to be used as revenue replacement (EC 6), the City would have faced 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 [study by The Pew Charitable Trusts](#) study by the Pew Charitable Trusts found that Philadelphia's budget gap of nearly 15 percent of all General Fund expenditures in 2021 was the second 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.

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 FY21. 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 in Fiscal Year 2022 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.

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 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 crucial new investments in the FY22 and FY23 budget to restore some of the cuts from FY21’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.

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 \$270 million in rental assistance allocations disbursed, serving over 42,000 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 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 obligated these funds prior to the deadline of December 31, 2021.
- The City also 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 \$23 million in project costs, with an additional \$59 million expected after final FEMA review.
- The implementation of the federal Bipartisan Infrastructure Law will further propel a thriving economy that provides opportunities to all Philadelphia residents and neighborhoods. This once-in-a-generation infusion of federal funding will bring essential funding for roads, bridges, transit, water infrastructure, and broadband access to the City, along with thousands of new jobs.

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

The City continues to acknowledge, address, and act in the face of continued deep rooted racial and social inequities. 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 are advancing 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. These efforts include focusing on intentional 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 and 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’s operational equity strategy, by the end of 2023, every City department will complete 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. 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 independent of race, education, or class.

As part of the racial equity action planning process, departments receive support from the Office of Diversity, Equity and Inclusion and outside racial equity consultants to undergo a rigorous examination of the root causes of inequity in Philadelphia. This process includes:

- Learning and internalizing an anti-racist results-based-methodology (“RBA”) to improve the conditions of the communities we serve.
- Identifying and acting on required internal culture change.

- Conditioning and incorporating racial equity centered principles into organizational work.
- Creating a set of priority strategies for implementation based on each department's capacity, vision, and needs that are consistent with the Mayor's directive for a racially equitable Philadelphia.

Racial Equity Action Plan Process: In 2021, a first cohort of ten City departments were supported in a process to assess key practices, procedures, and policies for opportunities to advance racial equity; and develop and implement action plans that are intended to produce greater racially equitable impact in areas relevant to the agency's mission, internally and externally. Departments committed to improving hiring, retention and promotion of diverse employees; allocating time and resources to racial equity objectives; and working with historically marginalized communities to create new policy solutions and improved outcomes. Departmental strategies identified in the [first cohort](#) are available online. In 2022, a second cohort of 13 departments will complete the process to develop and implement actionable strategies. In 2023, a final cohort of Administration departments is scheduled to complete the racial equity assessment and action planning process.

A-TEAM BRIDGE SERIES: The Office of Diversity, Equity and Inclusion has engaged individuals at every level of government in a coordinated effort to center equity as a process and an outcome. The City's senior leadership is receiving targeted DEI coaching to transform its capacity to identify and shift racial equity policies, practices and power dynamics.

BUDGET EQUITY: City departments are intentionally budgeting for equity. As part of the City's annual budgeting process departments complete a budget equity assessment, which includes the following important considerations:

- What major areas of opportunity are there for the department to advance racial equity as part of the core work the department performs?
- What critical programs or policies does the department administer (or plan to administer) with its current budget to improve racial equity?
- How is the department using its budget to create an inclusive, anti-racist workplace?
- How has the department involved or how does it plan to involve internal and/or external stakeholders, including marginalized communities of color, in the department's budget process and program/policy design?

These internal efforts of shifting City department culture, operations, and capacities and boosting racial equity impact comes at an unprecedented time. COVID-19 has continued to drive social, health, and economic disparities resulting in spikes in gun violence, school closures, economic hardship, public health concerns, and much more. The longstanding effects of COVID-19, compounding already intergenerational racial and social inequities, are yet to be understood. The City of Philadelphia remains steadfast in working toward a vision

where race will not be a determinant of wellbeing, success, and safety for individuals and communities who make up this great city.

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 budget 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 adjusted the outreach approaches it

used to better engage Black and Brown Philadelphians by replacing the survey with over 20 community engagement sessions with 500+ residents and City employees. Compared to the prior year, the City tripled the share of Black Philadelphians' participation to 36%. While a significant improvement, this falls short of being representative of Philadelphia residents. Additional efforts are needed to engage Hispanic/Latino Philadelphians as well. This approach aimed for deeper quality engagement with a demographically representative group of Philadelphians, but this also meant that fewer individuals were involved in the process because the nature of running community focus groups requires more in-depth preparation versus blanketed online surveys. The consistent presence of COVID-19 required focus groups to occur online, with outreach reliant primarily on social media accounts and targeted in person flyer and material drop offs.

Emphasis on accessibility, community outreach, equitable engagement, providing more sessions for residents, as well as financial compensation were key focuses of the FY23 Budget engagement plan. Although the sessions had to be held virtually due to COVID-19 health concerns, this year's engagement provided more opportunities for residents to have their voice heard, City employees to reflect on their experiences and share insight, and grass-top leaders to share their expertise. In addition to adjusting strategies to increase equitable engagement, the City utilized strategies to increase language, digital, and disability access in the engagement process. The Budget Office will continue to develop meaningful, representative engagement opportunities to expand the number of participants for future budget cycles.

The input collected was analyzed by the Budget Office and shared with Mayor Kenney and his staff to inform decisions for the FY23 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	\$250,000,000	\$250,000,000
7	Administrative and Other		

Project Inventory and Performance Report

Project 1: Revenue Replacement for Provision of Government Services

Funding amount: \$250,000,000 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 FY22 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. Census tract data is used to identify neighborhoods with low vaccination rates as well as highlight clusters of under-vaccinated residents within highly vaccinated zip codes. The data further informs policies and programming that directs outreach initiatives, community canvassing efforts, and the deployment of vaccination sites.

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 violence: 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 continue to 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:

Public Health

- Outputs: COVID Containment

Measure	FY22 Q1- Q3 (July 1, 2021 – April 30, 2022)
Percent of cases who agree to participate in contact tracing	15.5%
Percent of contacts who agree to quarantine	71.6%
Percent of PDPH COVID-19 tests that are rapid point-of-care	32.3%

- Outcomes

	COVID-19 cases to date (since 3/2020 – July 12,2022)		COVID-19 hospitalizations to date (since 3/2020 – July 12,2022)		COVID-19 deaths to date (since 3/2020 – July 12,2022)		% of total population *
	Total	% total	Total	% of total	Total	% of total	
Total	339,632	-	24,073		5,160		1,603,797
American Indian and Alaska Native	16,588	4.9%	14	0.1%	35	0.7%	0.4%
Asian	19,058	5.6%	933	3.9%	214	4.1%	8.3%
Unknown	680	0.2%	39	0.2%	15	0.3%	-
Black or African American	135,899	40.0%	13,330	55.4%	2,444	47.4%	39.3%
Other	12,200	3.6%	960	4.0%	141	2.7%	8.8%
Hispanic or Latino	53,302	15.7%	3,327	13.8%	562	10.9%	14.9%
White	101,925	30.0%	5,470	22.7%	1,749	33.9%	36.3%

*United States Census Bureau, American Community Survey 2020

Public Safety

- Outputs: Violence prevention

Measure	FY22 Q1- Q3 (July 1, 2021 – April 30, 2022)
Number of home visits conducted to engage high risk individuals in services	3,771
Number of referrals made to service providers for high risk individuals	1,775
Percent of clients assigned to Violence Prevention Partnership (VPP) involved in a shooting or homicide	2.2%
Number of high-risk individuals engaged in via Custom-Notification or Call-In for Group Violence Intervention (GVI)	457

- Outputs: Summer youth employment

Measure	FY22 Year-End
OST Milestone: Number of Department of Human Services-funded Out-of-School Time (OST) participants during the summer	4,654

- Outcomes

Measure	Fiscal Year 2022 (July 1, 2021 – June 30, 2022)	% of total population*
Total shooting victims	1,931	1,603,797
White, non-Hispanic	133 (7%)	34.3%
Black, non-Hispanic	1,550 (80%)	38.3%
Hispanic (Black or White)	218 (11%)	14.9%
Asian	16 (1%)	8.3%
Other/Unknown	14 (1%)	9.1%
Shooting fatalities	492	
White, non-Hispanic	37 (8%)	34.3%
Black, non-Hispanic	388 (79%)	38.3%
Hispanic (Black or White)	59 (12%)	14.9%
Asian	7 (1%)	8.3%
Other/Unknown	1 (0%)	9.1%

*United States Census Bureau, American Community Survey 2020