

Pennsylvania Intergovernmental Cooperation Authority

Staff Report on the City of Philadelphia's *Quarterly City Managers Report* for the Period Ending June 30, 2016

Executive Summary

The *Quarterly City Managers Report* (QCMR) for the fourth quarter of Fiscal Year 2016 was submitted to PICA on August 15, 2016. The most significant elements of the report include:

FY16 Financial Projections

- ▶ *Fund Balance.* The General Fund FY16 year-end balance is projected at \$105.7 million, \$36.4 million higher than the initial FY16-FY20 Plan projection.
- ▶ *Revenue.* The Q4 QCMR projects FY16 General Fund revenues at \$3,986.2 million, an increase of \$81.1 million from the initial FY16-20 *Five-Year Financial Plan* estimate.
 - ▶ The increase reflects higher than projected tax revenue (\$39.1 million), locally-generated non-tax revenue (\$16.8 million), and revenue from other governments (\$27.9 million).
- ▶ *Spending.* FY16 obligations are projected at \$4,051.1 million, an increase of \$52.9 million from the Plan.
 - ▶ The increase reflects higher than projected overtime – primarily in Police, Fire, and Streets Departments – as well as pension costs, and certain expenses that are not eligible for grant funding.

Executive Summary (continued)

Financial & Management Issues

- ▶ *Labor Contracts.* At the close of FY16, a reopener was arbitrated with the IAFF for FY17, and a new DC33 contract was negotiated, effective FY17 through FY20.
- ▶
- ▶ *Performance.*
 - ▶ The homicide clearance rate dropped significantly, by over 12 percent, between FY15 and FY16.
 - ▶ The number of fire deaths was lower this year than figures dating back to FY11.
 - ▶ The percent of District Health Center visits by uninsured patients declined significantly in FY16, from 49 to 42 percent.
 - ▶ The number of current or prospective homeowners receiving counseling has been declining since FY13, due to reductions in federal funding.
- ▶ *Positions.* FY16 General Fund employment has increased by 261 since the same period in FY15.
- ▶ *Overtime.* Total projected General Fund overtime for FY16 is \$171.8 million, an increase of \$43.9 million above the initial *Five Year Plan* estimate.
- ▶ *Leave Usage.* In FY16, time not available due to leave usage varied from a high of 18.9 percent of work days for City Commissioners employees, to a low of 4.4 percent for employees in the Mayor's Office.

Introduction

- ▶ This PICA Staff Report analyzes the City of Philadelphia's *Quarterly City Managers Report* (QCMR) for the fourth quarter of Fiscal Year 2016, the period ending June 30, 2016. The QCMR, which was submitted to PICA on August 15, 2016, contains information on projected FY16 General Fund revenues and expenditures, agency performance, personnel levels, leave usage, and cash flow.
- ▶ The focus of this report is the current projections of FY16 General Fund revenues and expenditures by category, agency performance, and other key financial and management issues such as labor contracts, pension reform, staffing and overtime. The report is organized as follows:
 - ▶ Background
 - ▶ FY16 Financial Projections
 - ▶ Performance
 - ▶ Key Financial and Management Issues

Background

- ▶ The Pennsylvania Intergovernmental Cooperation Authority (“PICA”) Act (Act of June 5, 1991, P. L. 9, No. 6), Section 209(i), requires the City of Philadelphia to submit to PICA within 45 days following the end of each fiscal quarter a report describing actual or estimated revenues and expenditures and comparing them to budgeted levels for the most recent quarter.
- ▶ The City fulfills this requirement by publishing a *Quarterly City Managers Report* (“QCMR”) after the end of each fiscal quarter. The QCMR details actual-to-date and projected revenues and expenditures for the current fiscal year for the General Fund, Water Fund, and Aviation Fund, and provides information on agency performance, personnel, leave usage, and cash flow.
- ▶ This PICA staff report analyzes the most recent QCMR covering the fourth quarter of FY16 (the “Q4 QCMR”).¹ It compares the Q4 QCMR estimates of FY16 revenues and expenditures with estimates in the approved FY16-FY20 *Five-Year Financial Plan*.² The report also highlights agency performance and key finance and management issues.
- ▶ Unless otherwise noted, information in this report is drawn from City reports, including the *Five-Year Financial Plan* and QCMRs.

Notes:

¹ The QCMR is available at <http://www.picapa.org/resources/city-of-philadelphias-quarterly-city-managers-report/>

² The approved FY16-FY20 Plan was submitted to PICA on June 19, 2015 and approved on July 16, 2015.

FY16 Projection

- ▶ Overview
- ▶ Revenue
- ▶ Obligations

FY16 Projection: Overview

- ▶ The Q4 QCMR projects FY16 General Fund revenues at \$3,986.2 million, an increase of \$81.1 million from the initial FY16-20 *Five-Year Financial Plan* estimate. Obligations are projected at \$4,051.1 million, an increase of \$52.9 million from the Plan.
- ▶ The sum of the projected FY16 operating deficit (\$64.9 million), prior year adjustments (\$19.0 million), and FY15 fund balance (\$151.5 million) is the projected FY16 fund balance of \$105.7 million. This projection is \$36.4 million higher than the initial FY16-FY20 Plan projection.

FY16 General Fund Summary: Projections (\$ in Millions)						
Category	FY16-20 Plan	Q1 QCMR	Q2 QCMR	Q3 QCMR	Q4 QCMR	Change from Plan to Q4 QCMR
Revenues	\$3,905.1	\$3,929.2	\$3,957.1	\$3,966.7	\$3,986.2	\$81.1
Obligations	3,998.1	4,021.4	4,042.4	4,067.1	4,051.1	52.9
Operating Surplus/(Deficit)	(93.0)	(92.2)	(85.3)	(100.4)	(64.9)	28.1
Prior Year Adjustments	22.9	22.9	19.0	19.0	19.0	(3.9)
Prior Year Fund Balance/(Deficit)	139.4	151.5	151.5	151.5	151.5	12.1
Year-End Fund Balance	69.3	82.2	85.3	70.2	105.7	36.4

FY16 Projection: Revenue

- ▶ The Q4 QCMR projects FY16 General Fund revenue at \$3,986.2 million, an increase of \$81.1 million from the initial FY16-FY20 Plan estimate.
- ▶ The increase reflects higher than projected tax revenue (\$39.1 million), locally-generated non-tax revenue (\$16.8 million), and revenue from other governments (\$27.9 million), offset by a decline in revenue from other funds (\$2.8 million).

FY16 General Fund Revenue: Projections (\$ in Millions)						
<u>Category</u>	<u>FY16-20 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Taxes	\$2,912.3	\$2,925.3	\$2,934.7	\$2,935.8	\$2,951.4	\$39.1
Locally-Generated Non-Tax	275.8	284.4	283.9	288.7	292.6	16.8
Revenue from Other Governments	651.8	654.3	676.1	679.8	679.7	27.9
Revenue from Other Funds	65.2	65.2	62.4	62.4	62.4	(2.8)
Total	3,905.1	3,929.2	3,957.1	3,966.7	3,986.2	81.1

FY16 Projection: Tax Revenue

- ▶ FY16 General Fund tax revenue is projected at \$2,951.4 million, an increase of \$39.1 million from the initial Plan estimate. The overall increase reflects increases for sales tax (\$18.3 million), real estate transfer tax (\$15.7 million), wage and earnings tax (\$8.9 million), net profits tax (\$4.3 million), parking tax (\$3.3 million), business income and receipts tax (\$1.3 million), and amusement tax (\$0.4 million), offset by declines in real estate tax (\$7.7 million).
- ▶ Changes in projected business income and receipts tax revenue throughout the year reflects actual FY16 revenue collections, as well as estimates for credits due to overpayments. Increases in sales, real estate transfer, and wage and earnings taxes reflect higher than anticipated collections to date.

FY16 General Fund Tax Revenue: Projections (\$ in Millions)						
<u>Tax</u>	<u>FY16-20</u> <u>Plan</u>	<u>Q1</u> <u>QCMR</u>	<u>Q2</u> <u>QCMR</u>	<u>Q3</u> <u>QCMR</u>	<u>Q4</u> <u>QCMR</u>	<u>Change</u> <u>from</u> <u>Plan to</u> <u>Q4 QCMR</u>
Wage and Earnings	\$1,370.6	\$1,370.6	\$1,371.3	\$1,379.5	\$1,379.5	\$8.9
Real Estate	581.1	583.6	581.3	576.4	573.4	(7.7)
Business Income and Receipts	453.9	457.1	437.5	435.2	455.2	1.3
Net Profits	18.5	18.5	20.9	20.9	22.8	4.3
Sales	149.4	154.4	170.8	170.8	167.6	18.3
Real Estate Transfer	221.9	229.9	237.5	237.5	237.5	15.7
Parking	88.6	88.6	91.9	91.9	91.9	3.3
Amusement	19.2	19.2	19.6	19.6	19.6	0.4
Other	9.2	3.5	3.8	3.8	3.8	(5.4)
Total	2,912.3	2,925.3	2,934.7	2,935.8	2,951.4	39.1

FY16 Projection: Locally-Generated Non-Tax Revenue

- FY16 locally-generated non-tax revenue is projected at \$292.6 million, an increase of \$16.8 million from the initial Plan. The change reflects: an increase of \$8.4 million in the Managing Director's Office due to reimbursements associated with the Papal visit; a \$4.8 million increase in Fire due to emergency medical service fee collections; an increase of \$2.4 million in City Treasurer due to interest earnings and bond sale premium; an increase of \$1.6 million in Licenses and Inspections due to higher building permit fees; an increase of \$1.1 million in Public Property due to energy cost refunds; and a decrease of \$0.8 million in Streets due to a delay in receiving right-of-way fees.

FY16 General Fund Locally-Generated Non-Tax Revenue: Projections (\$ in Millions)						
<u>Agency Source</u>	<u>FY16- 20 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Managing Director	\$0.5	\$10.7	\$10.7	\$10.0	\$8.9	\$8.4
Finance	18.4	18.6	18.6	19.0	21.1	2.7
Fire	38.4	37.4	37.4	40.4	43.2	4.8
City Treasurer	1.7	3.6	3.6	5.1	4.1	2.4
Innovation and Technology	23.2	23.2	23.2	23.2	23.9	0.7
Licenses and Inspections	53.0	54.0	54.0	54.0	54.6	1.6
Public Property	13.2	11.5	11.8	14.6	14.3	1.1
Streets	25.0	24.0	24.0	22.8	24.2	(0.8)
Other	102.4	101.4	100.7	99.7	98.3	(4.1)
Total	275.8	284.4	283.9	288.7	292.6	16.8

FY16 Projection: Revenue from Other Governments

- ▶ The Q4 QCMR projection of FY16 revenue from other governments is \$679.7 million, an increase of \$27.9 million from the initial Plan projection.
- ▶ The overall increase reflects the following increases: PICA City Account, due to higher revenue from the PICA portion of the wage, earnings, and net profits taxes (\$16.8 million); Public Health, due to higher Medical Assistance (MA) reimbursements for the Philadelphia Nursing Home offset by lower MA reimbursements for health center services (net increase of \$4.4 million); Revenue, due to higher on-street parking revenue generated by the Philadelphia Parking Authority (\$3.1 million); Finance, due to higher state pension aid (\$1.2 million); and First Judicial District, due to higher state reimbursement for county court and probation costs (\$0.6 million).

FY16 General Fund Revenue from Other Governments: Projections (\$ in Millions)						
<u>Agency Source</u>	<u>FY16- 20 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Finance	\$162.4	\$162.9	\$163.6	\$163.6	\$163.6	\$1.2
First Judicial District	14.6	14.6	15.1	15.2	15.2	0.6
PICA City Account	353.5	353.5	366.2	368.7	370.3	16.8
Public Health	56.2	56.2	61.4	62.4	60.6	4.4
Revenue	35.7	37.7	38.8	38.8	38.8	3.1
Other	29.3	29.3	31.1	31.1	31.2	1.8
Total	651.8	654.3	676.1	679.8	679.7	27.9

FY16 Projection: Obligations

- ▶ The Q4 QCMR projects FY16 obligations at \$4,051.1 million, an increase of \$52.9 million from the initial Plan estimate. The most significant changes are shown below and described on the next page.

FY16 General Fund Obligations: Projections (\$ in Millions)						
<u>Agency or Cost Center</u>	<u>FY16-20 Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
City Council	\$41.7	\$16.7	\$16.7	\$16.7	\$16.7	(25.0)
Contribution to School District	79.2	104.2	104.2	104.2	104.2	25.0
Debt Service	245.9	245.9	245.9	245.9	235.9	(10.0)
Employee and Retiree Health Benefits	411.5	411.5	411.5	410.5	410.5	(1.0)
Fire	219.1	226.2	229.2	237.3	237.3	18.2
Indemnities	38.0	38.0	38.0	41.2	41.2	3.2
Legal Services	43.2	44.7	44.7	44.7	44.7	1.5
Pension Contribution	498.4	498.4	507.5	507.5	505.9	7.4
Police	643.0	652.4	652.4	652.4	650.4	7.4
Prisons	253.8	252.4	252.4	254.4	254.4	0.6
Procurement	4.8	4.8	4.8	5.8	5.8	1.0
Public Health	116.3	116.3	122.0	122.0	122.0	5.7
Public Property	59.9	60.8	60.7	61.7	61.7	1.8
Sheriff	19.2	19.2	19.2	22.2	22.2	3.0
Streets	125.4	126.8	126.8	132.6	132.6	7.2
Other	1,279.8	1,285.6	1,289.0	1,293.9	1,291.4	11.6
Total	3,998.1	4,021.4	4,042.4	4,067.1	4051.1	52.9

FY16 Financial Projections: Obligations

- ▶ Changes in projected FY16 obligations between the initial FY16-20 Plan and the Q4 QCMR include:
 - ▶ **City Council** (\$25.0 million decrease). The decrease reflects a transfer of \$25 million to the line item for the City's annual contribution to the School District of Philadelphia (SDP). At the time the FY16 budget was enacted, a portion of the City's assistance to SDP was appropriated in the City Council budget. This increase was funded through an increase in the City real estate tax.
 - ▶ **Contribution to the School District** (\$25.0 million increase). The increase reflects the transfer of \$25 million from the City Council appropriation.
 - ▶ **Fire** (\$18.2 million increase). Higher than projected overtime, in part due to the Papal visit, certain expenses that are not eligible for grant funding, higher premium pay and tuition reimbursement, and higher revenue collection fees. The higher collection fees are offset by higher fee revenue.
 - ▶ **Indemnities** (\$3.2 million increase). Higher than projected legal settlements.
 - ▶ **Legal Services** (\$1.5 million increase). Contractual cost increases.
 - ▶ **Pension Contribution** (\$7.4 million increase). Increased projected General Fund payment to the Pension Fund due to higher projected sales tax revenue. The City is required to contribute a portion of local sales tax collections to the Pension Fund; however, it is not required to commit money over and above the MMO, as it currently does.
 - ▶ **Police** (\$7.4 million increase). Increased overtime for the Papal visit.
 - ▶ **Prisons** (\$0.6 million increase). Increased salary adjustment costs and contractual obligations.
 - ▶ **Procurement** (\$1.0 million increase). Increased advertising costs.
 - ▶ **Public Health** (\$5.7 million increase). Higher expenditures associated with the Philadelphia Nursing Home. These expenditures will be offset by increased state Medical Assistance revenue.
 - ▶ **Public Property** (\$1.8 million increase). Higher costs associated with the Papal visit and maintenance contracts.
 - ▶ **Sheriff** (\$3.0 million increase). Higher than anticipated overtime.
 - ▶ **Streets** (\$7.2 million increase). Reflects Papal visit expenses, higher overtime due to a shortage of compactors, and snow removal costs.

Key Financial and Management Issues

- ▶ Labor Contracts
- ▶ Pension Benefits
- ▶ Staffing
- ▶ Overtime
- ▶ Leave Usage

Labor Contracts

- ▶ The City's financial stability depends on its ability to manage the cost of labor contracts with its unions. Several of these contracts are expiring and are currently being negotiated. The following is a description of the status of contracts with the major uniformed unions:
 - ▶ **Fraternal Order of Police (FOP):** In July 2014, an arbitration panel issued a contract award for the FOP covering the period FY15 through FY17. The award provides for wage increases of 3 percent in FY15, 3.25 percent in FY16, and 3.25 percent in FY17, and increases the City's contributions to the union legal services fund. In addition, the award increases the annual clothing allowance by \$100 per member. The contract also makes other important non-economic changes. The current contract expires at the end of FY17.
 - ▶ **International Association of Firefighters (IAFF):** The current IAFF arbitration award was announced in January 2015, covering the period FY14 through FY17. The award included retroactive wage increases of 3 percent in FY14 and 3 percent in FY15, and a 3.25 percent increase in FY16. The award implemented self-insurance for the IAFF health fund effective February 1, 2015. Wages for FY17 were determined through a reopener arbitration, which provided a 3.25 percent increase as of July 1, 2016. Additionally, the City will provide a \$2.65 million lump sum payment into the union's health trust fund. The contract expires at the end of FY17.

Labor Contracts

- ▶ The following is a description of the status of contracts with the major non-uniformed unions:
 - ▶ **District Council 33 (DC33):** In July 2016, the City announced a new agreement with DC33 covering the period FY17 through FY20. The agreement includes wage increases of 3 percent for the first, second, and fourth years of the contract, while the third year will have a 2.5 percent increase. The contract also included provisions that are expected to result in savings, including pension reforms surrounding plan design, which are explained in the following section of this report. As part of this negotiation, the City agreed to end litigation surrounding DROP, in exchange for a new DC33 employee interest rate that is half of the Treasury rate. The City will also provide \$20 million in two lump sum payments to the union's health fund. The contract expires at the end of FY20.
 - ▶ **District Council 47 (DC47):** In February 2014, the City executed a contract with DC47 covering FY10 through FY17. The contract provides for a 3.5 percent wage increase after ratification by the union, a 2.5 percent wage increase in FY16 and a 3 percent wage increase in FY17. The contract also allows for adjustment of salaries to reflect step and longevity increases that were frozen when the previous contract expired in July 2009. The contract is also expected to result in savings due to pension reforms and changes to overtime rules. The contract expires at the end of FY17.
- ▶ If the actual costs of any contracts between the City and municipal unions deviate from the projections in the *Five-Year Financial Plan*, any increased costs must be incorporated into future plans or plan revisions. As envisioned under the PICA statute, the Plan process requires the City to demonstrate that it can finance the cost of labor contracts while maintaining a positive General Fund balance over a five-year period. All labor costs described above are incorporated into the FY17-FY21 Plan approved by PICA in August 2016.

Pension Benefits

- ▶ The City has achieved some changes to its pension program to reduce costs and promote fiscal sustainability. The most significant recent changes include increased employee contributions and creation of a Stacked Hybrid plan. The Stacked Hybrid is mandatory for all new DC33 employees, contingent upon enactment by City Council. The hybrid defined benefit-defined contribution plan, known as Plan 10, is mandatory for newly-hired Register of Wills employees and voluntary for other new employees and elected officials. The status of recent pension changes for each bargaining unit is as follows:
 - ▶ **FOP and IAFF.** Newly-hired employees are required to participate in Plan 10 or in Plan 87 (a defined benefit plan). If they choose Plan 87, required employee contributions will be higher than those of existing employees and will equal the greater of 6 percent of earnings or 30 percent of normal cost.
 - ▶ **DC33 (including Correctional Officers – Local 159), DC47, Non-Union Employees and Elected Officials.** Contributions for those previously hired or elected increased 0.5 percent in 2015 and an additional 0.5 percent in 2016 and thereafter. Newly-hired DC33 employees are required to participate in the newly agreed upon Stacked Hybrid plan, which is awaiting enactment by City Council. Newly-hired DC47 and non-union employees, and newly-elected officials, are required to participate in Plan 10 or in Plan 87. If they choose Plan 87, required employee contributions are 1 percent higher than current employees or officials.
 - ▶ **Register of Wills (FOP).** Newly-hired employees are required to participate in Plan 10.
 - ▶ **Deputy Sheriffs.** Newly-hired employees are required to participate in Plan 10 or in Plan 87. If Plan 87 is chosen, required contributions will be higher than those of existing employees and will equal 50 percent of normal costs.
- ▶ Current pension benefits, eligibility and participant contribution requirements are summarized on the next three pages.

Pension Benefits

- ▶ Below is a summary of the provisions of City offered pension plans. Plan 67 and Plan 87 are defined benefit plans. Plan 10 is a hybrid defined benefit-defined contribution plan. The new Stacked Hybrid plan was recently negotiated with DC33 for new hires in lieu of Plan 10. It is awaiting enactment by City Council and will be mandatory for new employees. The formula for determining the defined benefit under each plan is shown below. Under the Plan 10 defined contribution plan, the City matches 50 percent of employee contributions, with the total City match not to exceed 1.5 percent of compensation. Under the new Stacked Hybrid plan, new hires enroll in a standard defined pension plan up to a salary of \$50,000 annually. New hires with salaries exceeding this threshold can enroll in a 401(k)-type plan, where the City will match half of the employee contribution up to 1.5 percent of annual compensation.
- ▶ The definition of average final compensation (AFC) used to determine benefits varies by plan, as follows: Plan 67 municipal and Plan 87 municipal and elected, average of three highest years; Plan 67 uniformed, average of five highest years or 12 consecutive months, whichever is higher; Plan 87 uniformed, average of two highest years; Plan 10, average of five highest years; and Stacked Hybrid average of final three years.
- ▶ To qualify for normal service retirement benefits, participants must meet age and service requirements, as follows: Plan 67 municipal, age 55; Plan 67 uniformed, age 45; Plan 87 and Plan 10 municipal, age 60 and 10 years of service; Plan 87 and Plan 10 uniformed, age 50 and 10 years of service; Plan 87 elected, age 55 and 10 years of service; and Stacked Hybrid, age 60 and 10 years of service.

Pension Benefits

City Pension Plans Benefits (Defined Benefit Portion)				
Category	Plan 67	Plan 87	Plan 10	Stacked Hybrid
Police and Fire	2.5 percent x AFC x years of service	(2.2 percent x AFC x years of service up to 20 years) + (2.0 percent x AFC x years of service in excess of 20 years)	1.75 percent x AFC x years of service up to 20 years	NA
Municipal	(2.5 percent x AFC x years of service up to 20 years) + (2.0 percent x AFC x years of service in excess of 20 years)	(2.2 percent x AFC x years of service up to 10 years) + (2.0 percent x AFC x years of service in excess of 10 years)	1.25 percent x AFC x years of service up to 20 years	(2.2 percent x AFC x years of service up to 10 years) + (2.0 percent x AFC x years of service in excess of 10 years), defined benefit portion capped at a salary of \$50,000
Elected Officials	NA	3.5 percent x AFC x years of service	1.25 percent x AFC x years of service up to 20 years	NA

Pension Benefits

City Pension Plans Eligibility and Participant Contribution Requirements		
Bargaining Unit/ Category	Previously-Hired Employees	Newly-Hired Employees ¹
Police (FOP) and Firefighters (IAFF)	Plan 67 (6%) or Plan 87 (5%, but not less than 30% or greater than 50% of normal cost)	Plan 87 (6% or 30% of normal cost, whichever is greater) or Plan 10 (5.5% for first 20 years of service)
DC33 (including Correctional Officers) ²	Plan 67 (3.75% for compensation subject to Social Security tax and 6% for compensation above that level; with additional 0.5% beginning January 2015 and additional 0.5% beginning January 2016) or Plan 87 (30% of normal cost, with additional 0.5% beginning January 2015, and additional 1.0% beginning January 2016 up to \$45,000, tiered increases based on salary thereafter, ranging from an additional 0.5%-3%) or Plan 10 (50% of normal cost)	Stacked Hybrid (up to \$45,000 salary, same as Plan 87; an additional 0.5% for earnings between \$45,000-\$50,000; \$50,000 and above, 50% of normal cost up to 1.5% of salary)
DC47 and Non-Union ²	Plan 67 (3.75% for compensation subject to Social Security tax and 6% for compensation above that level; with additional 0.5% beginning January 2015 and additional 0.5% beginning January 2016) or Plan 87 (30% of normal cost, with additional 0.5% beginning January 2015, and additional 1.0% beginning January 2016)	Plan 87 (previously-hired employee contribution plus 1.0%) or Plan 10 (50% of normal cost)

Notes:

¹Newly-hired employees are those hired on or after the following dates: police, January 1, 2010; firefighters, October 15, 2010; DC33 including correctional officers), upon Council enactment; DC47, March 5, 2014; non-represented civil service, May 14, 2014; non-represented non-civil service, November 14, 2014; and Deputy Sheriffs and Register of Wills employees, January 1, 2012. Plan 10 and Stacked Hybrid contributions do not include voluntary DC plan contributions.

² Assumes employees are covered by Social Security.

Pension Benefits

City Pension Plans Eligibility and Participant Contribution Requirements (continued)		
Bargaining Unit/ Category	Previously-Hired Employees and Previously-Elected Officials	Newly-Hired Employees and Newly-Elected Officials ¹
Deputy Sheriffs (FOP)	Plan 67 (6%) or Plan 87 (30% of normal cost)	Plan 87 (50% of normal cost) or Plan 10 (50% of normal cost)
Register of Wills (FOP)	Plan 67 (6%) or Plan 87 (30% of normal cost).	Plan 10 (50% of normal cost)
Elected Officials	Plan 87 (30 percent of normal cost for municipal plan, with additional 0.5% beginning January 2015, and additional 0.5% beginning January 2016, plus incremental normal cost for elected official plan over municipal plan)	Plan 87 (previously-elected official contribution plus 1%) or Plan 10 (50% of normal cost)

Notes:

¹ Newly-hired correctional officers are those hired on or after November 14, 2014. Newly-elected officials are those elected on or after November 14, 2014. Plan 10 and Stacked Hybrid contributions do not include voluntary DC plan contributions.

² Assumes employees are covered by Social Security.

³ Amount shown is effective November 14, 2014.

Performance: Public Safety

- ▶ **Police Department:** The number of homicides increased between FY15 and FY16, although figures are lower than they were in FY11. Part 1 violent crime has declined each year from FY11 to FY16. The homicide clearance rate dropped significantly, by over 12 percent, between FY15 and FY16 – the target clearance rate was 80 percent. The PPD is working to understand its FY16 performance numbers, according to the QCMR.
- ▶ **Fire Department:** In FY16, nearly 70 percent of EMS calls received a response within 9 minutes, a slight increase from the previous year. The National Fire Protection Association standard is that 90 percent of these calls should receive a response within 9 minutes. The number of fire deaths was lower this year than figures dating back to FY11.

Performance Measures: Public Safety							
Agency	Measure	FY11	FY12	FY13	FY14	FY15	FY16
Police	Homicides	318	350	263	246	248	287
	Part 1 Violent Crime	18,446	18,224	17,384	16,533	15,912	15,859
	Homicide Clearance Rate	67.9%	64.0%	73.0%	56.5%	62.1%	49.8%
	Other Violent Crime Clearance Rate	49.8%	48.5%	50.4%	52.3%	51.3%	52.3%
Fire	Fire Engine Average Response Time ¹	4:57	4:57	4:54	4:57	4:54	4:53
	Structural Fires ²	3,041	3,108	2,882	3,019	2,880	2,680
	Fire Deaths	41	24	25	23	24	18
	EMS Response Time (Percent Within 9 Minutes)	68.5%	68.0%	66.0%	64.0%	68.5%	69.8%

Notes:

¹Includes responses for fire and EMS incidents.

Performance: Health and Human Services

- ▶ **Department of Human Services:** Dependent placements have increased in recent years, with particularly large increases in FY15 and FY16. This may reflect, in part, a broader definition of child abuse and new reporting requirements resulting from amendments to the state Child Protective Services Law. Delinquent placements continue to decline. Total discharges to permanency increased in FY15 and FY16.
- ▶ **Department of Public Health:** The percent of District Health Center visits by uninsured patients declined significantly in FY16, to 42 percent. The child immunization rate fell in FY16, as compared to the previous year.

Performance Measures: Public Health and Human Services							
Agency	Measure	FY11	FY12	FY13	FY14	FY15	FY16
Human Services	Permanency Discharges	2,130	1,633	1,229	1,221	1,403	1,860
	Adoptions as Percent of Permanency Discharges	31%	29%	29%	31.8%	27.2%	25.6%
	Dependent Placements as of End of Period	4,182	4,030	4,179	4,473	5,184	5,900
	Delinquent Placements as of End of Period	1,413	1,198	1,155	952	873	780
Public Health	Visits to District Health Centers	339,032	348,472	NA	NA	NA	NA
	Percent of Visits from Uninsured Patients	49.6%	51.1%	52.9%	49.6%	49.0%	42.1%
	Newly Diagnosed HIV Case Reports	NA	792	704	585	679	538
	Children with Complete Immunizations ¹	NA	NA	75%	78%	85.8%	77.9%

Note

¹ Defined as percentage of children of age 19 to 35 months with complete immunizations.

² The FY16 amount is corrected from the figure shown in the Q3 QCMR. The definition of this measure changed beginning in FY16, so amounts prior to FY16 are not comparable to the FY16 amount. Before FY16, amounts represent newly-diagnosed HIV cases based on case reports. Beginning in FY16, amounts represent new HIV diagnoses based on the date of diagnosis, and are consistent with data reported to the US Centers for Disease Control and Prevention.

Performance: Housing

- ▶ **Office of Homeless Services:** Households receiving financial assistance to prevent homelessness declined from FY11 to FY13 due to reduced federal funding, but increased thereafter due to a partnership between OSH and the Philadelphia Housing Authority. In FY16, placements in transitional housing declined.
- ▶ **Office of Housing and Community Development:** The number of mortgage foreclosures diverted have been declining since FY13, but increased in FY16. The number of current or prospective homeowners receiving counseling has been declining since FY13, due to reductions in federal funding.

Performance Measures: Housing							
Agency	Measure	FY11	FY12	FY13	FY14	FY15	FY16
Homeless Services	Households Receiving Financial Assistance						
	For Homelessness Prevention	1,898	809	610	676	814	824
	For Ending Homelessness	NA	NA	291	135	356	339
	New Permanent Supportive Housing Units ¹	120	179	180	59	115	135
	Transitional Housing Placements	510	558	539	509	610	495
Housing and Community Development	Mortgage Foreclosures Diverted	1,647	1,423	1,754	1,232	1,178	1,502
	Owner-Occupied Homes Repaired ²	8,232	7,129	5,409	5,689	5,511	6,080
	City Lots Greened and Cleaned ³	8,417	8,500	9,238	8,766	8,713	9,227
	Clients Receiving Counseling	NA	NA	12,463	12,398	11,495	10,428

Notes:

¹ Excludes Philadelphia Housing Authority units. Quarterly data for this indicator is not available; data will be available at the end of the fiscal year.

² Includes Basic System Repair Program, Weatherization, and Heater Hotline.

³ The number of lots as of a point in time. Includes land stabilization and land maintenance.

Performance: Parks and Recreation and Free Library

- ▶ **Department of Parks and Recreation:** Visits to departmental sites in FY16 were at the lowest levels since FY11. The number of programs offered were significantly higher in FY16, largely attributable to a streamlined reporting system that increased reporting for all programs, according to the QCMR.
- ▶ **Free Library of Philadelphia:** In FY16, Free Library circulation and visits were somewhat lower due to closures of libraries for repairs. The number of website visits also declined since FY15, but were still higher than online visits during FY13 and FY14.

Performance Measures: Parks and Recreation and Free Library							
Agency	Measure	FY11	FY12	FY13	FY14	FY15	FY16
Parks and Recreation	Programs Offered ¹	3,824	4,050	3,742	3,603	4,695	6,835
	Visits to Departmental Facilities and Sites (Millions)	6.57	6.60	7.30	6.24	6.80	5.66
	Acres Mowed (Thousands)	37.5	36.0	40.3	40.3	43.6	41.6
	Trees Planted ² (Thousands)	18.3	20.3	26.0	18.3	13.9	7.5
Free Library	Circulation of Materials (Millions)	7.21	7.50	6.58	6.51	6.5	5.9
	Visits (Millions)	6.10	5.96	5.85	5.67	5.9	5.8
	Website Visits (Millions)	NA	NA	7.3	8.2	9.9	8.7
	Hours Open (Thousands)	100.0	97.8	95.8	99.8	109.6	106.8

Notes

¹ Includes athletic fields and neighborhood parks.

² Includes trees planted by the Department along streets and on Department sites and public land, and trees planted in partnership with other organizations.

Performance: Streets and Licenses and Inspections

- ▶ **Streets Department:** On-time trash collection declined significantly from FY13 to FY15 due to vehicle shortages, but has increased in FY16. On time recycling collection is 96 percent. The percentage of total waste recycled is 21 percent for FY16.
- ▶ **Department of Licenses and Inspections:** The number of imminently dangerous properties remained relatively level between FY15 and FY16. Residential demolitions in FY16 were the highest since FY11. The number of permits issued – including building, electrical and plumbing permits – are above the number issued last fiscal year.

Performance Measures: Transportation and Regulation							
<u>Agency</u>	<u>Measure</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
Streets	Recycling Rate	19%	19%	20%	21%	19%	21%
	On-Time Trash Collection ¹	94%	94%	96%	85%	76%	84%
	On-Time Recycling Collection ¹	96%	97%	97%	93%	96%	96%
Licenses and Inspections	Residential Buildings Demolished	567	543	521	522	492	557
	Imminently Dangerous Properties	NA	NA	375	566	258	256
	Permits Issued ² (Thousands)	NA	NA	35.7	35.4	39.9	44.0

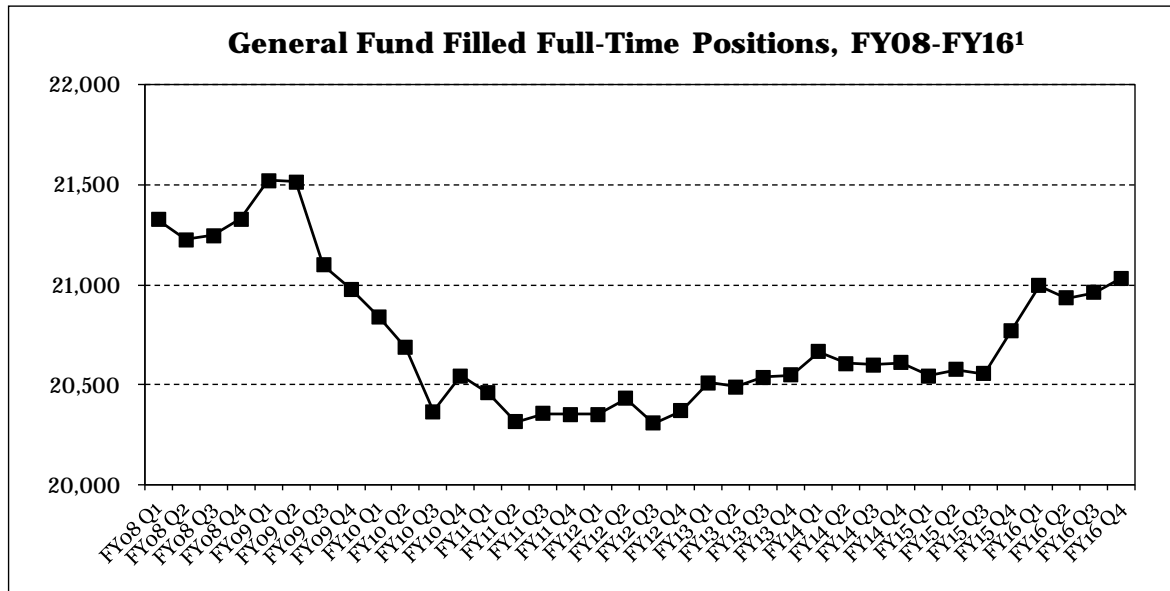
Notes

¹ Percentage of collections completed by 3:00 PM.

² Includes building, electrical, and plumbing permits.

Staffing

- ▶ General Fund employment has increased by 261 since Q4 of FY15.¹

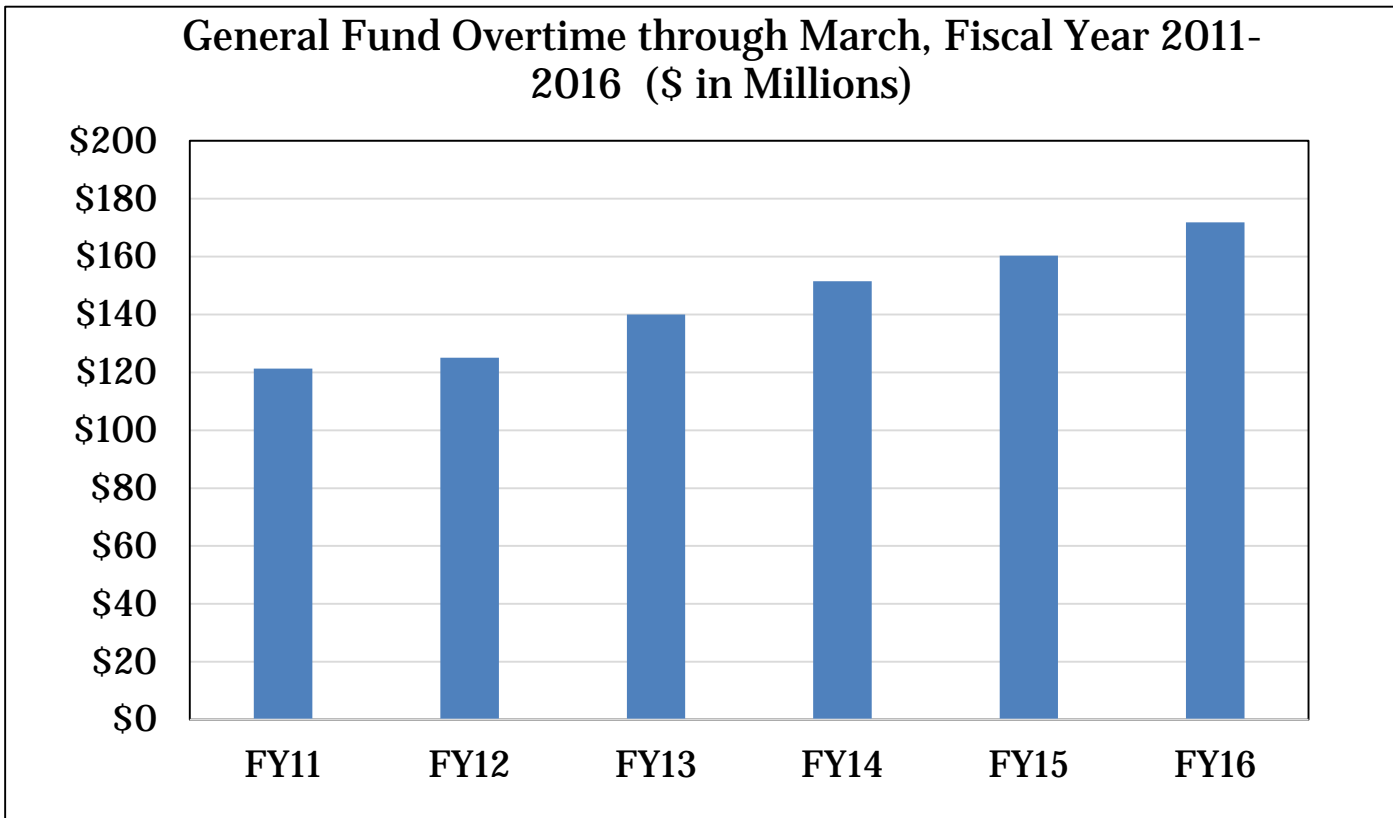


Note:

¹ Department of Human Service (DHS) personnel are excluded to allow comparability. DHS personnel are primarily reported in the Grants Revenue Fund beginning in FY12, due to an accounting change.

Overtime

- ▶ Overtime has increased steadily from FY11 through FY16. The FY16 year-end projection for overtime is \$171.8 million, compared to \$160.3 million in FY15.

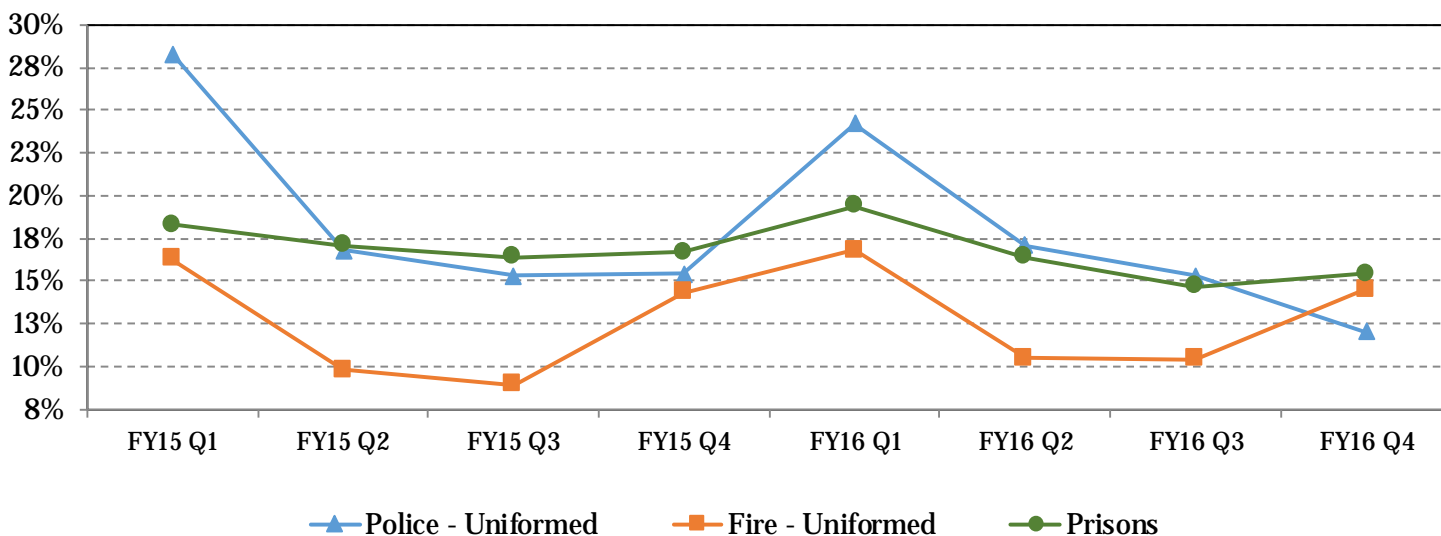


¹The FY11 amount excludes \$3.8 million in Fire Department overtime due to a one-time legal settlement related to overtime for emergency medical services personnel.

Leave Usage

- ▶ In FY16, time not available due to leave usage varied from a high of 18.9 percent of work days for City Commissioners employees, to a low of 4.4 percent for employees in the Mayor’s Office. The median rate among all City agencies was 14.7 percent.¹ Seasonal variability in leave use has major cost implications, since overtime is often necessary to ensure consistent staffing.

**Percent of Time Not Available
Public Safety Employees¹**



Note:

¹ The calculation includes time not available due to sick, injured-on-duty, vacation, compensation time, holiday compensation time, annual leave, funeral, military, excused, AWOL, suspension, administration, and other miscellaneous leave.

² This report uses the second highest leave usage figure due to special leave usage in the Commission on Human Relations that would skew the comparison.