

PICA Staff Report  
on the  
City of Philadelphia's  
***Quarterly City Managers Report  
for the Fourth Quarter of FY2012***

Submitted to PICA on August 15, 2012

October 10, 2012

# Introduction

- The Pennsylvania Intergovernmental Cooperation Authority (PICA) Act (Act of June 5, 1991, P. L. 9, No. 6), Section 209(i), requires the City 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.
- Accordingly, the City submits a Quarterly City Managers Report (QCMR) to PICA 45 days after the end of each fiscal quarter. The QCMR contains extensive detail on actual and estimated General Fund revenues and expenditures for the current fiscal year, as well as information on personnel, performance, cash flow, and quarterly financial results for the Water Fund and Aviation Fund.
- The most recent QCMR submitted by the City to PICA covers the period ending June 30, 2012, the fourth quarter of fiscal year 2012 (FY12), and is available from the City's website at <http://www.phila.gov/finance/reports-Quarterly.html>
- This report is PICA staff's analysis of the QCMR for the fourth quarter of FY12. It compares the initial estimates of FY12 revenues and expenditures in the FY12-FY16 *Five-Year Financial Plan* and subsequent estimates in the QCMRs for each quarter of FY12. The report also discusses key City finance and management issues.
- Unless otherwise noted, financial information in this report is drawn from the City's *Five-Year Financial Plan* for Fiscal Year 2012 through Fiscal Year 2016 and QCMRs.

## FY12 Projection

- ▶ Overview
- ▶ Revenue
- ▶ Obligations

## FY12 Projection: Overview

- ▶ The QCMR for the fourth quarter projects FY12 General Fund revenues at \$3,546.6 million, an increase of \$14.9 million from the previous QCMR and \$43.9 million from the FY12-16 Plan. FY12 obligations are projected at \$3,470.4 million, a decrease of \$17.1 million from the previous QCMR, and an increase of \$0.3 million from the FY12-16 Plan. The QCMR projects an FY12 operating surplus of \$76.2 million and prior year adjustments of \$22.7 million.
- ▶ The sum of the projected FY12 operating surplus, prior year adjustments, and FY11 fund balance is the currently projected end-of-year fund balance for FY12, which is \$99.0 million. This is an increase of \$32.0 million from the previous QCMR, and \$38.4 million from the FY12-16 Plan.

FY12 General Fund Projections (\$ in Millions)							
<u>Category</u>	<u>FY12-16 Five- Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Q3 to Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Revenues	\$3,502.7	\$3,505.8	\$3,517.2	\$3,531.7	\$3,546.6	\$14.9	\$43.9
Obligations	3,470.1	3,479.6	3,474.1	3,487.5	3,470.4	(17.1)	0.3
Operating Surplus/(Deficit)	32.6	26.2	43.2	44.2	76.2	32.0	43.6
Prior Year Adjustments	24.5	24.5	16.5	22.7	22.7	--	(1.9)
Prior Year Fund Balance/(Deficit)	3.5	0.1	0.1	0.1	0.1	--	(3.4)
Year-End Fund Balance	60.6	50.8	59.7	66.9	99.0	32.0	38.4

## FY12 Projection: Revenue

- ▶ The fourth quarter QCMR projects FY12 General Fund revenues of \$3,546.6 million, an increase of \$14.9 million from the previous QCMR and \$43.9 million from the FY12-16 Plan.
- ▶ The increase in revenues from the previous QCMR reflects higher projected tax revenue (\$15.5 million) and locally-generated non-tax revenue (\$3.3 million), offset by a decline in revenue from other governments (\$3.7 million) and revenue from other funds (\$0.2 million). The increase in projected revenues from the Plan reflects an increase in revenue from other governments (\$53.1 million) and revenue from other funds (\$1.5 million), offset by declines in taxes (\$2.3 million) and locally-generated non-tax revenue (\$8.4 million).
- ▶ The changes in taxes, locally-generated non-tax, and revenue from other governments are detailed in the pages below.

FY12 General Fund Revenue Projections (\$ in Millions)							
<u>Category</u>	<u>FY12-16 Five- Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Q3 to Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Taxes	\$2,539.5	\$2,507.8	\$2,521.5	\$2,521.6	\$2,537.1	\$15.5	(\$2.3)
Locally-Generated Non-Tax	260.0	258.0	265.3	248.2	251.5	3.3	(8.4)
Revenue from Other Governments	651.8	688.6	685.2	708.6	704.9	(3.7)	53.1
Revenue from Other Funds	51.5	51.5	45.3	53.2	53.0	(0.2)	1.5
<b>Total</b>	<b>3,502.7</b>	<b>3,505.8</b>	<b>3,517.2</b>	<b>3,531.7</b>	<b>3,546.6</b>	<b>14.9</b>	<b>43.9</b>

## FY12 Projection: Tax Revenue

- ▶ General Fund tax revenue is projected at \$2,537.1 million in the fourth quarter QCMR, an increase of \$15.5 million from the previous QCMR, and a decline of \$2.3 million from the Plan.
- ▶ Due to relatively strong collections in the fourth quarter, projected revenue increased from the previous QCMR for the real estate tax (\$7.0 million), business income and receipts tax (\$5.0 million), real estate transfer tax (\$2.5 million), and amusement tax (\$2.0 million). The projected revenue from the parking tax declined \$1.0 million from the third to the fourth quarter report.
- ▶ Projected tax revenues in the fourth quarter report are \$2.3 million below Plan, which reflects stronger than projected collections of business income and receipts (\$22.1 million) and real estate (\$11.7 million) taxes, offset by declines in most other taxes, with the most significant decline for the wage and earnings tax (\$20.1 million).

FY12 General Fund Tax Revenue Projections (\$ in Millions)							
<u>Tax</u>	<u>FY12-16 Five-Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Q3 to Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Wage and Earnings	\$1,188.6	\$1,166.8	\$1,168.4	\$1,168.4	\$1,168.4	--	(\$20.1)
Real Estate	486.7	486.7	491.5	491.5	498.5	\$7.0	11.7
Business Income and Receipts	369.3	369.3	386.4	386.4	391.4	5.0	22.1
Net Profits	17.5	17.5	12.1	12.1	12.1	--	(5.4)
Sales	256.5	248.6	250.2	250.2	250.2	--	(6.3)
Real Estate Transfer	120.9	120.9	115.9	115.9	118.4	2.5	(2.5)
Parking	74.3	74.3	74.3	74.3	73.3	(1.0)	(1.0)
Amusement	21.6	19.6	19.6	19.6	21.6	2.0	--
Other	4.1	4.1	3.3	3.4	3.4	0.0	(0.7)
<b>Total</b>	<b>2,539.5</b>	<b>2,507.8</b>	<b>2,521.5</b>	<b>2,521.6</b>	<b>2,537.1</b>	<b>15.5</b>	<b>(2.3)</b>

## FY12 Projection: Locally-Generated Non-Tax Revenue

- The fourth quarter report projects locally-generated non-tax revenue at \$251.1 million, an increase of \$3.3 million from the previous report and a decrease of \$8.4 million from Plan. Fire Department revenues are projected to be \$9.5 million below Plan due to lower than projected emergency medical services fees. Revenue received by the First Judicial District (excluding Traffic Court) is projected \$4.0 million higher than Plan due to higher bail fees and interest earnings. Streets Department revenue is projected \$2.9 million below Plan, reflecting lower than projected commercial property collection fees (\$6.3 million), offset by higher than projected recycling revenue (\$3.5 million). City Treasurer revenue is projected \$4.1 million below Plan due primarily to lower than anticipated interest earnings.

FY12 General Fund Locally-Generated Non-Tax Revenue Projections (\$ in Millions)							
<u>Agency Source</u>	<u>FY12-16 Five-Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Q3 to Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
City Treasurer	\$6.8	\$3.8	\$2.8	\$2.8	\$2.8	(\$0.1)	(\$4.1)
Finance	13.4	13.4	25.9	14.9	17.9	3.0	4.5
Fire	37.2	37.2	37.2	35.2	27.7	(7.5)	(9.5)
First Judicial District	32.8	32.8	32.8	32.8	36.9	4.0	4.0
First Judicial District – Traffic Court	9.8	9.8	7.8	7.8	7.4	(0.4)	(2.4)
Licenses and Inspections	46.5	46.5	46.5	46.5	49.8	3.3	3.3
Public Health	12.2	12.2	13.0	13.0	13.6	0.6	1.4
Records	17.1	17.1	17.1	16.6	16.1	(0.5)	(1.0)
Revenue	3.7	4.7	4.7	5.7	6.4	0.6	2.7
Sheriff	9.1	9.1	8.1	6.1	5.8	(0.3)	(3.3)
Streets	24.0	24.0	23.7	21.7	21.2	(0.6)	(2.9)
Other	47.5	47.5	45.7	45.2	46.2	1.0	(1.3)
<b>Total</b>	<b>260.0</b>	<b>258.0</b>	<b>265.3</b>	<b>248.2</b>	<b>251.5</b>	<b>3.3</b>	<b>(8.4)</b>

## FY12 Projection: Revenue from Other Governments

- The third quarter report projects FY12 revenue from other governments at \$704.9 million, a decrease of \$3.7 million from the previous report and an increase of \$53.1 million from Plan. The most significant change from the third to the fourth quarter QCMR was a reduction of \$3.5 million due to the City’s decision to forego \$3.5 million in School District of Philadelphia reimbursement for Office of Property Assessment costs. (This change is shown as “all other” revenue in the table below.) The increase from Plan represents an unanticipated PICA payment due to a settlement agreement with JP Morgan Chase (\$7.5 million in City Treasurer), an increase of \$42.0 million in Finance primarily due to higher than anticipated State pension aid, and an \$11.4 million increase in Revenue due to an unanticipated payment from the Philadelphia Parking Authority associated with the City’s share of the operating surplus generated by a City-owned, PPA-operated garage at JFK Plaza.

<b>FY12 General Fund Revenue from Other Governments Projections (\$ in Millions)</b>							
<u>Agency Source</u>	<u>FY12-16 Five- Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Q3 to Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
City Treasurer	\$5.2	\$12.3	\$12.2	\$12.2	\$12.3	\$0.1	\$7.1
Finance	157.1	186.6	186.3	198.9	199.1	0.3	42.0
First Judicial District	15.4	16.1	16.1	16.1	15.1	(1.0)	(0.3)
Human Services	59.8	59.8	57.1	57.1	57.1	--	(2.8)
PICA City Account	290.9	290.9	289.8	289.7	290.5	0.8	(0.4)
Police	2.4	0.4	0.3	0.3	0.1	(0.2)	(2.3)
Public Health	58.8	58.8	60.9	60.9	60.9	--	2.1
Revenue	32.0	32.0	32.0	43.0	43.4	0.4	11.4
All Other	30.2	31.7	30.5	30.5	26.4	(4.1)	(3.7)
<b>Total</b>	<b>651.8</b>	<b>688.6</b>	<b>685.2</b>	<b>708.6</b>	<b>704.9</b>	<b>(3.7)</b>	<b>53.1</b>



# FY12 Projection: Obligations

- ▶ The QCMR for the fourth quarter projects FY12 General Fund obligations at \$3,470.4 million, a decrease of \$17.1 million from the most recent QCMR and an increase of \$0.3 million from the Plan. The most significant changes are shown below and described on the next page.

FY12 General Fund Obligations Projections (\$ in Millions)							
<u>Agency or Cost Center</u>	<u>FY12-16 Five- Year Plan</u>	<u>Q1 QCMR</u>	<u>Q2 QCMR</u>	<u>Q3 QCMR</u>	<u>Q4 QCMR</u>	<u>Change from Q3 to Q4 QCMR</u>	<u>Change from Plan to Q4 QCMR</u>
Debt Service	\$223.9	\$223.9	\$216.9	\$216.9	\$201.1	(\$15.8)	(\$22.8)
Employee Benefits	1,022.7	1,022.7	1,027.9	1,027.9	1,027.9	--	5.2
Fire	190.0	192.0	194.0	194.0	195.2	1.2	5.2
First Judicial District	110.8	110.8	110.8	117.0	117.0	--	6.2
Fleet Management	53.7	53.7	56.2	56.2	49.9	--	4.8
Human Services	111.9	109.9	110.1	110.1	110.1	--	(1.8)
Innovation and Technology	63.9	63.9	63.0	70.9	70.4	(0.5)	6.5
Law	13.1	13.1	12.9	14.9	14.9	--	1.7
Police	550.7	553.2	553.2	553.2	553.2	--	2.5
Prisons	227.2	230.2	230.2	231.3	231.3	--	4.1
Property Assessment	11.7	11.7	11.5	9.1	8.1	(1.0)	(3.6)
Revenue	19.9	19.9	19.5	19.5	19.0	(0.5)	(0.9)
Sheriff	13.1	15.1	15.6	15.6	15.6	--	2.5
Streets	121.4	121.4	119.8	115.8	115.3	(0.5)	(6.1)
Supportive Housing	36.5	38.5	38.5	38.5	38.5	--	2.0
All Other	699.6	699.6	694.1	696.7	696.7	--	(2.9)
<b>Total</b>	<b>3,470.1</b>	<b>3,479.6</b>	<b>3,474.1</b>	<b>3,487.5</b>	<b>3,470.4</b>	<b>(17.1)</b>	<b>0.3</b>

# FY12 Projection: Obligations

- ▶ Changes in obligation projections between the third and fourth quarter QCMRs include:
  - **Debt Service** (\$15.8 million decrease): Reduction due lower than anticipated costs of short-term borrowing and variable rate debt.
  - **Fire** (\$1.2 million increase): Increase in projected overtime costs.
  - **Innovation and Technology** (\$0.5 million decrease): Reduction in personal services costs.
  - **Property Assessment** (\$1.0 million decrease): Reduction in personal services costs.
  - **Revenue** (\$0.5 million decrease): Reduction in personal services costs.
  - **Streets** (\$0.5 million decrease): Reduction in personal services costs in Sanitation Division.

## FY12 Projection: Obligations

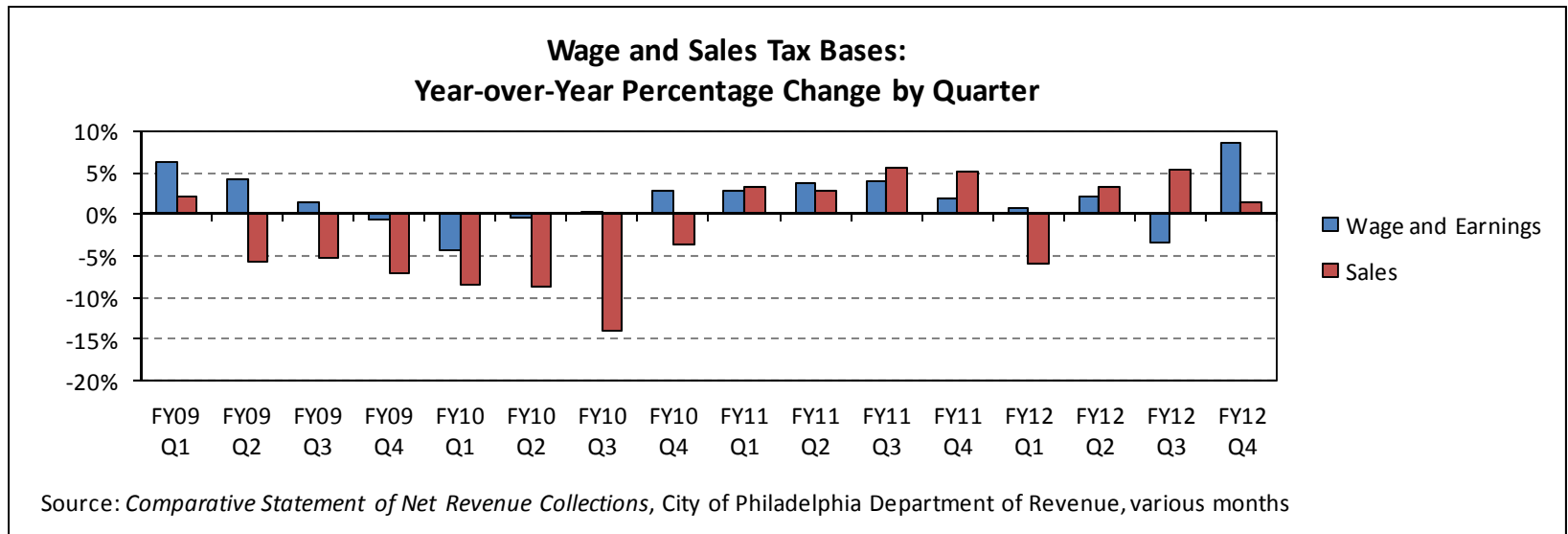
- ▶ Changes in obligation projections between the FY12-16 Plan and the fourth quarter QCMR include:
  - **Debt Service** (\$22.8 million decrease): Reduction due to lower costs for short-term borrowing and variable rate debt
  - **Employee Benefits** (\$5.2 million increase): Increase costs for payroll taxes and unemployment compensation
  - **Fire** (\$5.2 million increase): Increased overtime resulting from unfilled positions and injuries
  - **First Judicial District** (\$6.2 million increase): Increased obligations consistent with revenue sharing agreements between the City and First Judicial District
  - **Fleet Management** (\$4.8 million increase): Increased fuel costs, offset by reduced vehicle purchases
  - **Human Services** (\$1.8 million decrease): Reduction in child welfare program costs, offset by increases in juvenile justice and prevention programs.
  - **Innovation and Technology** (\$6.5 million increase): Increased costs for 911 system that are funded through user fee revenue offset by a reduction in personal services costs
  - **Law** (\$1.7 million increase): Increased costs related to real estate assessment appeals.
  - **Police** (\$2.5 million increase): Increased personnel costs
  - **Prisons** (\$4.1 million increase): Increased overtime due to a higher prison census and employee bonus payments required under arbitration award
  - **Property Assessment** (\$3.6 million reduction): Transfer of costs related to real estate assessment appeals to Law Department, and a reduction in personal services costs
  - **Revenue** (\$0.9 million reduction): Reduction in personal services costs
  - **Sheriff** (\$2.5 million increase): Higher personnel costs due to wage increases required under an arbitration award and higher overtime
  - **Streets** (\$6.1 million decrease): Reduction in snow removal and personal services costs.
  - **Supportive Housing** (\$2.0 million increase): Increased City funding to compensate for a reduction in State funding.

## Key Financial Issues

- ▶ Tax Collections
- ▶ Labor Contracts
- ▶ Pension Benefits

# Key Financial Issues: Tax Collections

- ▶ Tax revenue growth trends were relatively strong in the fourth quarter. The wage tax base increased 8.6 percent, the strongest result since the third quarter of FY07. (Some portion of this relatively high growth rate, however, reflected approximately \$11 million of delayed payments rather than economic factors.) The sales tax base increased 1.5 percent in the fourth quarter, the third consecutive quarter of increases. The real estate transfer tax base increased 5.9 percent in the fourth quarter of FY12, the second consecutive quarter of growth following five quarters of decline.
- ▶ Preliminary estimates indicate that cash collections for the twelve months of FY12 exceeded cash collections in FY11 for most major taxes. Compared to the prior year, cash collections in FY12 increased by the following amounts compared to the prior year: real estate (4.4 percent), wage and earnings (1.9 percent), business income and receipts (1.8 percent), sales (0.9 percent), real estate transfer (1.4 percent), and parking (2.1 percent). Over this period, net profits tax collections declined 3.3 percent, and amusement tax collections declined 0.4 percent.
- ▶ The current estimate of FY12 General Fund tax revenue, contained in the City's *Five-Year Financial Plan* for FY13-17, is \$2.537.1 million, an increase of \$15.5 million from the estimate in the fourth quarter QCMR.



## Key Financial Issues: Labor Contracts

- ▶ The City's financial stability depends on the outcome of ongoing labor contract arbitration with the International Association of Fire Fighters (IAFF) and Fraternal Order of Police (FOP), and collective bargaining with District Councils 33 and 47 of AFSCME. Labor contract provisions that will reduce the cost of employee health care and pensions are particularly important. The FY13-FY17 Five-Year Plan projects that new contracts will result in \$10.1 million in cost savings in FY13 and \$9.6 million in FY14 through FY17. In addition to reductions in the cost of employee benefits, other savings that could result from labor contracts include changes in work rules that result in lower personnel costs.
- ▶ In October 2010, an arbitration panel awarded a contract to the IAFF covering the FY10-FY13 period. This award, with the exception of provisions related to pensions and vacation scheduling, was appealed by the City in the Court of Common Pleas. The City's petition argued that the award violated the PICA Act because it did not accord substantial weight to the City's Five-Year Plan or ability to pay for increased wages while maintaining service levels. The City's appeal was upheld by the court in November 2011. In July 2012, the arbitration panel issued a substantially similar award which included wage increases retroactive to FY11. The City has appealed this award in the Court of Common Pleas as well.
- ▶ The most recent FOP arbitration award was issued in 2009 and covers the period through FY14. Determination of FOP wages for FY13 and FY14 under this award is subject to a reopener arbitration process which is now underway.

## Key Financial Issues: Pension Benefits

- ▶ Restructuring of employee pensions is necessary to ensure the viability of the pension program and prevent unsustainable long-term cost growth. Recent pension changes include:
  - ▶ Newly-hired court, corrections, and Register of Wills employees will be required to participate in the City's hybrid pension plan ("Plan 10") that includes a mandatory defined benefit component and a voluntary defined contribution component. The City has proposed that newly-hired non-union employees participate in Plan 10 as well.
  - ▶ Newly-hired police officers, firefighters, and Deputy Sheriffs have the option of participating in Plan 10 or making higher contributions to participate in the existing defined benefit plan ("Plan 87").
  - ▶ Effective July 1, 2013, currently-employed corrections employees have the option of participating in Plan 10 or remaining in Plan 87 while increasing their contributions to 50 percent of normal cost. Under a City proposal, currently-employed non-union employees participating in defined benefit plans ("Plan 67" or "Plan 87") will also increase their contributions.
  - ▶ Details of the status of pension changes for various employee groups are shown in the table on the next page.

## Key Financial Issues: Pension Benefits

Status of Pension Changes, City of Philadelphia Employees <sup>1</sup>		
Bargaining Unit/ Employee Category	Current Employees	Newly-Hired Employees
Fraternal Order of Police (FOP)	Plan 67/87 <sup>2</sup>	Two options: Plan 10 <sup>2</sup> ; or Plan 87 with employee contribution 6 percent of wages
International Association of Fire Fighters (IAFF)	Plan 67/87	Two options: Plan 10; or Plan 87 with employee contribution 6 percent of wages
Deputy Sheriffs (FOP)	Plan 67/87	Two options: Plan 10; or Plan 87 with employee contribution 50 percent of normal cost
Register of Wills (FOP)	Plan 67/87	Plan 10
Correctional Officers (DC 33 Local 159)	Effective July 1, 2013, two options: Plan 10; or Plan 67/87 with increased contributions <sup>3</sup>	Plan 10
Courts (DC 47 Local 810)	Plan 67/87	Plan 10
Other DC 33 and DC 47 <sup>4</sup>	Plan 67/87	Plan 87
Non-Union and DC 47 Local 2186 <sup>5</sup>	Plan 67 with employee contribution 6 percent of wages; or Plan 87 with employee contribution 50 percent of normal cost	Plan 10

<sup>1</sup> Based on arbitration awards issued in 2009 (FOP), 2010 (IAFF), 2011 (Deputy Sheriffs and Register of Wills), and 2012 (Corrections and court employees), and information provided by the City on proposed legislation for non-represented employees and DC 47 Local 2186.

<sup>2</sup> “Plan 67” and “Plan 87” refer to various defined benefit plans. “Plan 10” refers to a hybrid defined benefit/defined contribution plan.

<sup>3</sup> Contributions for Plan 87 participants will increase to 50 percent of normal cost, and contributions for Plan 67 participants will remain at 6 percent of wages.

<sup>4</sup> Pensions for members of these bargaining units are the subject of ongoing collective bargaining.

<sup>5</sup> Administration proposal announced September 26, 2012. Requires City Council legislation to implement.



## Key Management Issues

- ▶ Performance Measures
- ▶ Staffing
- ▶ Overtime
- ▶ Leave Usage

# Key Management Issues: Performance Measures

- ▶ **Police Department:** In FY12, an estimated 350 homicides occurred, an increase from 318 in FY11. Estimated Part 1 violent crime incidents were 18,107 in FY12, a 1.5 percent decline from FY11. The FY12 clearance rate for homicides was 59.3 percent, a decline from 67.9 percent in FY11 and 72.2 percent in FY10. The clearance rate for other violent crime in FY12 was 49.3 percent, a slight decline from the 49.8 percent clearance rate in FY11.
- ▶ **Fire Department:** The average fire response time in FY12 was 4:56, essentially unchanged from the prior year. The number of structural fires increased from 3,041 in FY11 to 3,108 in FY12. The number of fire deaths was 24 in FY12, a 41.5 percent decline from FY11. The response time for EMS incidents was within 9 minutes for 68 percent of all EMS incidents in FY12, compared to 68.5 percent in FY11 and 73.9 percent in FY10.
- ▶ **Prison System:** In FY12, 75 percent of sentenced inmates were given the opportunity to participate in education, training or treatment, and 100 percent of inmates were housed within 24 hours of admission.

Performance Measures: Public Safety				
<u>Agency</u>	<u>Measure</u>	<u>FY10 Total</u>	<u>FY11 Total</u>	<u>FY12 Total</u>
Police <sup>1</sup>	Homicides	305	318	350
	Part 1 Violent Crime	17,740	18,446	18,170
	Homicide Clearance Rate	72.2%	67.9%	59.3%
	Other Violent Crime Clearance Rate	51.2%	49.8%	49.3%
Fire	Fire Average Response Time	4:46	4:57	4:56
	Structural Fires <sup>2</sup>	1,362	3,041	3,108
	Fire Deaths	32	41	24
	EMS Response Time (Percent Within 9 Minutes)	73.9%	68.5%	68%
Prisons	Percent of Sentenced Inmates with Opportunity to Participate in Education, Training, or Treatment	75%	77%	75%
	Inmates Processed and Housed within 24 Hours of Admission	100%	100%	100%

<sup>1</sup> Figures for FY12 are based on actual figures through May and an estimate for June.

<sup>2</sup> FY11 and FY12 figures are based on the National Fire Incident Reporting System (NFIRS) definition of structural fires, and not comparable to the FY10 figures, which are based on a less inclusive definition.

## Key Management Issues: Performance Measures

- ▶ **Department of Human Services:** There were 12,335 reports of child abuse and neglect in FY12, a 0.1 percent decline from FY11. At the end of FY12, there were 4,049 dependent children in placement, a 3.3 percent decline from FY11. The number of delinquent placements at the end of FY12 was 1,317, a 14.4 percent decline from the prior year. DHS finalized 480 adoptions in FY12, a decline of 23.8 percent from FY11. The Youth Study Center population was above the mandated cap of 105 residents in 83 percent of the days in FY12, an increase from 81 percent in FY11 and 47 percent in FY10.
- ▶ **Department of Public Health:** District health center visits increased from 339,000 in FY11 to 348,000 in FY12. The percentage of visits by uninsured patients increased from 49.6 percent in FY11 to 51.1 percent in FY12. The number of Philadelphia Nursing Home residents at the end of FY12 was 424.

Performance Measures: Public Health and Human Services				
<u>Agency</u>	<u>Measure</u>	<u>FY10 Total</u>	<u>FY11 Total</u>	<u>FY12 Total</u>
Human Services	Abuse and Neglect Reports	12,372	12,352	12,335
	Dependent Placements as of End of Period	4,762	4,186	4,049
	Delinquent Placements as of End of Period	1,774	1,539	1,317
	Adoptions Finalized	561	630	480
	Percentage of Days Youth Study Center Population is Above Mandated Cap of 105 Residents	47%	81%	83%
Public Health	Visits to District Health Centers	350,695	339,032	348,472
	Percent of Visits from Uninsured Patients	49.6%	49.6%	51.1%
	Philadelphia Nursing Home Residents as of End of Period	429	427	424

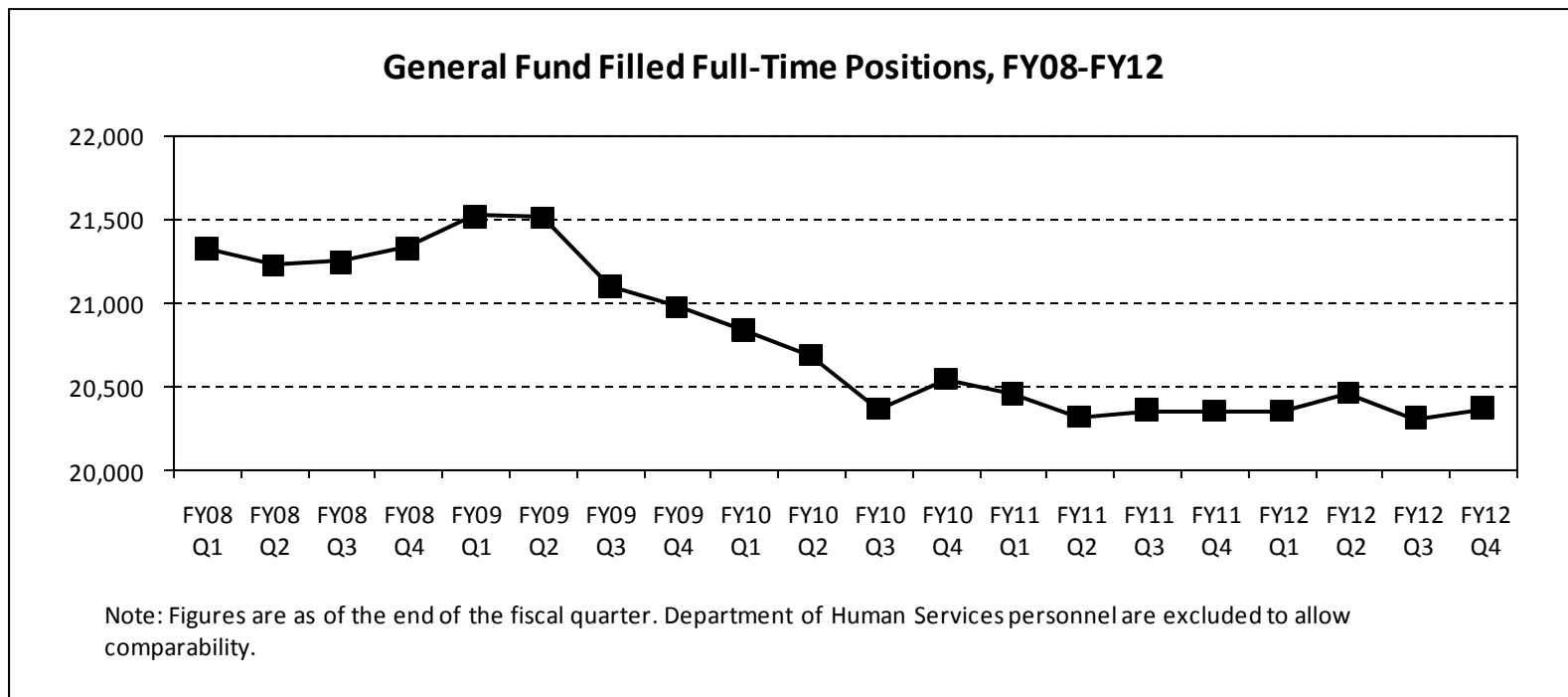
## Key Management Issues: Performance Measures

- ▶ **Streets Department:** The recycling rate in FY12 was 19 percent, unchanged from FY11. The FY12 on-time trash collection rate was 94 percent, also unchanged from the prior fiscal year. The on-time recycling collection rate was 97 percent in FY12, an increase from 96 percent in FY11.
- ▶ **Department of Licenses and Inspections:** The QCMR reports on performance with respect to twelve customer service standards relating to timeliness of service. For all but one standard, the percentage of time that the department met its standard increased or remained constant between FY11 and FY12. Data for eight standards are shown below.

Performance Measures: Streets and Licenses and Inspections				
<u>Agency</u>	<u>Measure</u>	<u>FY10 Total</u>	<u>FY11 Total</u>	<u>FY12 Total</u>
Streets	Recycling Rate	16%	19%	19%
	On-Time Trash Collection	90%	94%	94%
	On-Time Recycling Collection	94%	96%	97%
Licenses and Inspections	Service License Customers Within 30 Minutes	92%	84%	96%
	Service Zoning Customers Within 30 Minutes	NA	94%	98%
	Service Building Customers Within 30 Minutes	NA	90%	96%
	Review Residential Building Plans Within 15 Days	95%	90%	94%
	Review Commercial Building Plans Within 20 Days	96%	95%	98%
	Review Plumbing Plans Within 20 Days	NA	99%	99%
	Review Electrical Plans Within 20 Days	NA	96%	92%
	Review Zoning Plans Within 20 Days	NA	98%	98%

# Key Management Issues: Staffing

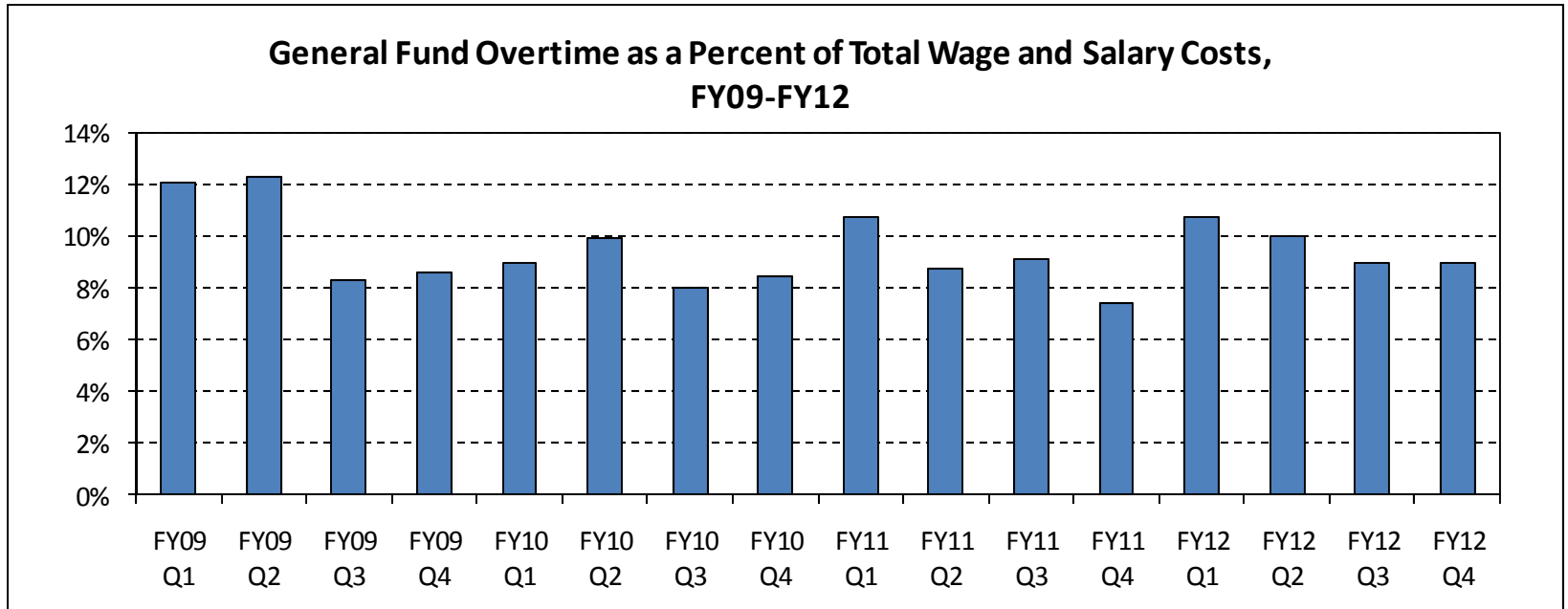
- ▶ General Fund filled full-time positions declined from 21,521 at the end of the first quarter of FY09 to 20,316 at the end of the second quarter of FY11, a reduction of 1,205 or 5.6 percent. From the end of the second quarter of FY11 to the end of the fourth quarter of FY12, filled General Fund positions have remained roughly constant, increasing from 20,316 to 20,371 (an increase of 0.3 percent).<sup>1</sup> The QCMR projects that in FY12 employee wage and benefit costs will make up 68.3 percent of General Fund expenditures.



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

# Key Management Issues: Overtime

- ▶ General Fund overtime costs declined from FY09 through FY11 as a result of management initiatives, but have increased in FY12. Overtime costs declined from \$132.9 million in FY09 (9.5 percent of payroll) to \$117.5 million in FY11 (8.6 percent of payroll). The fourth quarter QCMR projects that FY12 overtime costs will increase to \$128.9 million (9.6 percent of payroll). The increases are due primarily to projected increases in the Police Department (\$6.2 million), Fire Department (\$4.7 million), Prisons System (\$4.2 million), Office of the Sheriff (\$0.6 million), and Streets Department (\$0.6 million).<sup>1</sup>



<sup>1</sup>The FY11 amounts exclude \$3.8 million in Fire Department overtime due to an unusual legal settlement related to overtime for emergency medical services personnel.

## Key Management Issues: Leave Usage

- ▶ For the median City agency, employees were absent from work on 14.7 percent of available work days in the fourth quarter of FY12. Leave usage varied from a high of 20.6 percent in the Office of City Commissioners to 8.1 percent in the Managing Director’s Office.
- ▶ For agencies that require consistent workforce levels over the year, seasonal variability in leave use has major cost implications, since overtime is often necessary to assure consistent staffing. Contractual restrictions on the City’s ability to manage leave use compound the problem. For instance, while the 2009 Fraternal Order of Police arbitration award allows the Police Department to limit new hires to one week of vacation during the summer for the first five years of employment, departmental management cannot impose these limits for the majority of its current workforce.

