

Pennsylvania Intergovernmental Cooperation Authority

Staff Report on the City of Philadelphia's *Quarterly City Managers Report* for the Period Ending June 30, 2014

Introduction

- ▶ 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 information on personnel, leave usage, performance, and cash flow.
- ▶ This PICA staff report analyzes the most recent QCMR covering the fourth quarter of FY14.¹ It compares estimates of FY14 revenues and expenditures in the initially-approved FY14-FY18 *Five-Year Financial Plan* with the estimates in the QCMRs for each quarter of FY14.² The report also highlights finance and management issues that impact City financial results.
- ▶ Unless otherwise noted, information in this report is drawn from City Five-Year Financial Plans and QCMRs.

Notes:

¹The QCMR is available at <http://www.phila.gov/finance//reports-Quarterly.html>

²The initially-approved FY14-FY18 Plan was submitted to PICA on September 10, 2013 and approved on September 17. Subsequently, revisions to the FY14-Fy18 Plan were approved on November 15, 2013 and March 18, 2014. The revisions were required under the PICA Act due to finalization of labor contracts that were not compliant with the previously approved Plan. All references to the “FY14-FY18 Plan” in this report are to the version approved on September 17.

FY14 Projection

- ▶ Overview
- ▶ Revenue
- ▶ Obligations

FY14 Projection: Overview

- ▶ The Q4 QCMR projects FY14 General Fund revenues at \$3,818.0 million, an increase of \$88.1 million from the FY14-18 *Five-Year Financial Plan* estimate. Obligations are projected at \$3,916.6 million, an increase of \$21.9 million from the Plan. The operating deficit is projected at \$98.6 million, a decrease from the \$164.8 million deficit projected in the Plan. The Plan projected the FY13 year-end fund balance at \$223.9 million, while the actual fund balance was \$256.9 million, an increase of \$33.1 million.
- ▶ The sum of the projected operating deficit, prior year adjustments, and prior year fund balance is the currently projected FY14 fund balance of \$184.7 million. The Q4 QCMR projection of the fund balance is \$106.2 million higher than the Plan projection.

FY14 General Fund Projections (\$ in Millions)						
Category	FY14-18 Plan	Q1 QCMR	Q2 QCMR	Q3 QCMR	Q4 QCMR	Change from Plan to Q4 QCMR
Revenues	\$3,729.9	\$3,778.5	\$3,822.8	\$3,837.0	\$3,818.0	\$88.1
Obligations	3,894.7	3,940.5	3,997.6	3,993.5	3,916.6	21.9
Operating Surplus/(Deficit)	(164.8)	(162.0)	(174.8)	(156.5)	(98.6)	66.2
Prior Year Adjustments	19.4	19.4	19.4	19.4	26.4	7.0
Prior Year Fund Balance/(Deficit)	223.9	256.9	256.9	256.9	256.9	33.1
Year-End Fund Balance	78.4	114.3	101.5	119.8	184.7	106.2

FY14 Projection: Revenue

- ▶ The Q4 QCMR projects FY14 General Fund revenue of \$3,818.0 million, an increase of \$88.1 million from the FY14-18 Plan estimate.
- ▶ The increase reflects higher than projected tax revenue (\$40.7 million), locally-generated non-tax revenue (\$27.5 million), and revenue from other governments (\$40.9 million), offset by a \$21.0 million decline in revenue from other funds.

FY14 General Fund Revenue Projections (\$ in Millions)						
<u>Category</u>	<u>FY14-18 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	\$2,760.8	\$2,760.8	\$2,777.3	\$2,788.7	\$2,801.4	\$40.7
Locally-Generated Non-Tax	273.3	273.3	309.0	308.0	300.8	27.5
Revenue from Other Governments	628.6	677.1	669.6	673.3	669.5	40.9
Revenue from Other Funds	67.2	67.2	66.9	66.9	46.3	(21.0)
Total	3,729.9	3,778.5	3,822.8	3,837.0	3,818.0	88.1

FY14 Projection: Tax Revenue

- ▶ FY14 General Fund tax revenue is projected at \$2,801.4 million, an increase of \$40.7 million from the FY14-18 *Five-Year Financial Plan* estimate.
- ▶ The overall increase compared to the Plan reflects current estimates increases in projected revenue from the business income and receipts (BIRT) tax, net profits tax, and real estate transfer tax. These increases are offset by reductions in estimated revenue from wage and earnings, real estate, sales, and amusement taxes.
- ▶ The most significant deviation from Plan is the BIRT, which is projected at \$458.3 million, an increase of \$48.3 million from Plan. This increase reflects stronger-than-anticipated FY13 collections. Actual FY13 BIRT revenue was \$51.0 million above the initial FY13 estimate which formed the basis of the FY14 estimate in the FY14-18 Plan. The FY14 estimate was later increased in light of actual FY13 collections.

FY14 General Fund Tax Revenue Projections (\$ in Millions)						
<u>Tax</u>	<u>FY14-18 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>
Wage and Earnings	\$1,274.1	\$1,274.1	\$1,238.1	\$1,250.5	\$1,265.5	(\$8.6)
Real Estate	536.6	536.6	533.2	533.2	530.2	(\$6.4)
Business Income and Receipts	410.0	410.0	461.3	461.3	458.3	48.3
Net Profits	12.8	12.8	19.4	19.4	18.4	5.7
Sales	270.8	270.8	265.9	264.9	263.1	(7.7)
Real Estate Transfer	157.6	157.6	160.5	160.5	167.5	9.9
Parking	75.0	75.0	75.0	75.0	75.0	--
Amusement	20.5	20.5	20.5	20.5	20.0	(0.5)
Other	3.4	3.4	3.4	3.4	3.4	--
Total	2,760.8	2,760.8	2,777.3	2,788.7	2,801.4	40.7

FY14 Projection: Locally-Generated Non-Tax Revenue

- Locally-generated non-tax revenue is projected at \$300.8 million, an increase of \$27.5 million from Plan. The overall increase reflects: a \$26.4 million increase in Public Property due to \$28.1 million in unanticipated revenue from the sale of the Love Park garage; a \$5.6 million increase in Streets due to higher commercial property collection fees and revenue from street permits, offset by lower recycling revenue; an increase of \$3.0 million in License and Inspections due to higher fee revenue; a decline of \$6.6 million in First Judicial District due to lower court and bail fees; a \$2.9 million increase in Finance due to higher employee health benefit charges and medical reimbursements; and an increase of \$1.9 million in Innovation and Technology due to higher cable TV franchise fees.

FY14 General Fund Locally-Generated Non-Tax Revenue Projections						
(\$ in Millions)						
<u>Agency Source</u>	<u>FY14-18 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	\$20.3	\$20.3	\$21.0	\$22.2	\$23.2	\$2.9
Fire	37.9	37.9	36.9	36.9	36.9	(1.0)
Innovation and Technology	21.3	21.3	22.6	22.6	23.1	1.9
Licenses and Inspections	48.2	48.2	48.2	48.2	51.2	3.0
Public Property	9.6	9.6	37.5	37.2	36.0	26.4
Records	17.4	17.4	17.8	16.8	15.9	(1.5)
Sheriff	8.0	8.0	9.5	9.5	9.3	1.3
Streets	23.4	23.4	29.1	29.1	29.1	5.6
First Judicial District – Traffic Court	7.8	7.8	7.8	7.3	7.3	(0.5)
First Judicial District	32.8	32.8	32.8	32.8	26.2	(6.6)
Other	46.7	46.7	45.8	45.3	42.6	(4.0)
Total	273.3	273.3	309.0	308.0	300.8	27.5

FY14 Projection: Revenue from Other Governments

- ▶ Revenue from other governments is projected at \$669.5 million, an increase of \$40.9 million from the FY14-18 Plan estimate.
- ▶ The most significant change from Plan is a \$47.9 million increase in Finance due to higher than projected state pension aid and an unanticipated \$45 million State grant to the School District of Philadelphia (SDP) that was received by the City and transferred to SDP. Revenue from the PICA City Account is projected to decline \$7.1 million from Plan due to a reduction in PICA tax revenue that reflects a revised estimate of the proportion of income earned by city residents. Revenue Department collections are projected \$200,000 below Plan due to a \$1.5 million decline in Philadelphia Parking Authority (PPA) on-street parking revenue offset by a \$1.3 million increase in PPA revenue from the Love Park garage.

FY14 General Fund Revenue from Other Governments Projections (\$ in Millions)						
<u>Agency Source</u>	<u>FY14-18 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	\$160.0	\$208.6	\$207.9	\$207.9	\$207.9	\$47.9
PICA City Account	325.1	325.1	319.7	323.4	318.1	(7.1)
Revenue	39.2	39.2	37.5	37.5	39.0	(0.2)
Other	104.2	104.2	104.4	104.5	104.5	0.3
Total	628.6	677.1	669.6	673.3	669.5	40.9

FY14 Projection: Obligations

- General Fund obligations are projected at \$3,916.6 million, an increase of \$21.9 million from the Plan estimate. The most significant changes are shown below and described on the next page.

FY14 General Fund Obligations Projections						
(\$ in Millions)						
<u>Agency or Cost Center</u>	<u>FY14-18 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	\$15.8	\$15.8	\$16.2	\$16.2	\$14.8	(\$1.1)
Civil Service Commission	84.9	37.4	37.4	38.9	0.2	(84.7)
Contribution to School District	69.1	114.1	114.1	114.1	114.1	45.0
Debt Service	226.3	226.3	222.8	216.8	216.0	(10.3)
Division of Technology	85.0	85.0	84.6	84.6	65.1	(19.9)
Employee Benefits	1,226.6	1,226.6	1,226.6	1,226.6	1,215.9	(10.7)
Fire	197.2	244.7	244.7	246.7	247.3	50.1
Fleet Management	56.4	56.4	62.3	62.3	62.4	5.9
Housing and Community Development	3.0	3.0	3.0	4.0	4.0	1.0
Indemnities	32.5	32.5	41.0	41.0	41.0	8.5
Licenses and Inspections	22.6	22.6	25.6	25.6	25.4	2.8
Supportive Housing	43.6	43.6	45.1	45.1	45.2	1.6
Police	595.6	595.6	595.6	585.6	588.3	(7.3)
Prisons	238.8	238.8	243.5	245.2	245.0	6.2
Public Property	57.5	57.5	87.3	87.3	76.6	19.2
Sheriff	14.7	15.5	17.2	18.0	18.0	3.3
Streets	30.3	30.3	31.8	36.6	39.2	9.0
Other	895.0	895.0	898.9	899.0	898.2	3.2
Total	3,894.7	3,940.5	3,997.6	3,993.5	3,916.6	21.9

FY14 Projection: Obligations

- ▶ Changes in FY14 obligation projections between the FY14-18 Plan and Q4 QCMR estimate include:
 - ▶ **Civil Service Commission** (\$84.7 million decrease): The Plan included within the Civil Service Commission line item \$84.7 million to cover the costs of potential future labor contracts. This amount included amounts to cover costs related to contracts with DC33 (\$20.8 million), DC47 (\$12.3 million), and IAFF (\$51.7 million). The IAFF amount included \$47.5 million to cover retroactive and current costs related to the FY10-13 arbitration award, and \$4.2 million related to a future award. These costs have been allocated to various departments, reflecting the City's decision in September 2013 to withdraw its appeal of the FY10-13 IAFF award, and the February 2014 contract agreement between the City and DC47 covering FY10 through FY16. Each of these contracts resulted in FY14 costs which have been allocated to appropriate departments in the QCMR projection. Costs related to the July FOP arbitration award and the August 2014 agreement between the City and DC33 did not impact FY14 obligations.
 - ▶ **School District Contribution** (\$45.0 million increase): Pass through of an unanticipated State grant to the School District of Philadelphia.
 - ▶ **Debt Service** (\$10.3 million decrease): Lower borrowing costs
 - ▶ **Division of Technology** (\$19.9 million decrease): Lower 911 system and payroll costs
 - ▶ **Fire** (\$50.1 million increase): Reflects increased overtime and the transfer of wage costs required under the FY10-FY13 IAFF arbitration award from Civil Service Commission line item
 - ▶ **Indemnities** (\$8.5 million increase): Increased case settlement costs
 - ▶ **Police** (\$7.3 million decrease): Reduction in payroll due to lower than expected hiring and overtime
 - ▶ **Public Property** (\$19.2 million increase): Distribution of proceeds from sale of Love Park garage
 - ▶ **Streets** (\$9.0 million increase): Increased costs related to severe weather

FY14 Projection: Employee Benefit Obligations

- ▶ The Q4 QCMR projects total FY14 employee benefit obligations of \$1,215.9 million, a decline of \$10.7 million from the Plan.
- ▶ Pension-related debt service is projected at \$211.5 million, an increase of \$106.2 million from Plan, while the City's Pension Fund contribution is projected at \$456.0 million, a decline of \$106.2 million. These changes reflect debt service on bonds by the Philadelphia Authority for Industrial Development (PAID) to finance the City's repayment of deferred FY10 and FY11 Pension Fund contributions. This transaction resulted in net savings to the General Fund of \$9.7 million in FY13 and FY14.
- ▶ Other categories of employee benefits are currently projected to be below the Plan projection, with the exception of FICA costs, which are projected at \$67.5 million, an increase of \$2.5 million from Plan. The increase in FICA costs reflects unanticipated costs associated with the FY10-FY13 IAFF arbitration award and the FY10-FY17 DC47 contract.

FY14 General Fund Employee Benefits Obligations Projections (\$ in Millions)						
Category	FY14-18 Plan	Q1 QCMR	Q2 QCMR	Q3 QCMR	Q4 QCMR	Change from Plan to Q4 QCMR
Pension Fund Contribution	562.2	562.2	562.2	452.2	456.0	(106.2)
Pension-Related Debt Service	105.4	105.4	105.4	215.3	211.5	106.2
Health Benefits	411.9	411.9	411.9	411.9	408.4	(3.5)
Employee Disability	63.3	63.3	63.3	63.3	57.5	(5.8)
FICA	65.0	65.0	65.0	65.0	67.5	2.5
Unemployment Compensation	5.6	5.6	5.6	5.6	2.9	(2.7)
Group Life	7.8	7.8	7.8	7.8	7.2	(0.6)
Group Legal	4.4	4.4	4.4	4.4	4.2	(0.2)
Flex Cash/Tool Allowance	1.1	1.1	1.1	1.1	0.7	(0.4)
Total	1,226.6	1,226.6	1,226.6	1,226.6	1,215.9	(10.7)

Key Financial and Management Issues

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

Labor Contracts: FOP and IAFF

- ▶ The City's financial stability depends on its ability to manage the cost of labor contracts with its unions. The following is a description of the status of contracts with its 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, increases the City's contributions to the union legal services fund, and increases the annual clothing allowance by \$100 per member. The contract also makes other important non-economic changes. The City estimates the General Fund cost impact of the contract at \$218.6 million over the FY15-FY19 period, \$97.5 million higher than the amount reserved in the approved FY15-FY19 Plan. These additional costs, along with costs for new contracts with DC33 and DC47 Local 810, will be included in a revised *Five-Year Financial Plan* that the City will submit to PICA by September 25.
 - ▶ **International Association of Firefighters (IAFF):** The most recent IAFF contract expired at the end of FY13. IAFF employees are currently working without a contract. An ongoing arbitration process will determine a new IAFF contract covering the period beginning July 1, 2013. The approved FY15-FY19 Plan incorporates the cost of a 2.5 percent IAFF wage increase in FY14 and FY15. The Plan does not assume additional costs for IAFF wage increases after FY15 or health benefit cost increases after FY14. If the actual costs of a new IAFF contract exceed the level included in the approved Plan, the City will be required under the PICA Act to submit a Plan revision to PICA that includes the additional costs.

Labor Contracts: DC33 and DC47

- ▶ The following is a description of the status of contracts with the City's major non-uniformed unions:
 - ▶ **District Council 33 (DC33):** In August 2014, the City announced a tentative contract agreement with DC33 covering the period FY10 through FY16. The contract was ratified by DC33 members on September 9. Major economic provisions of the new contract include: a lump sum ratification bonus of \$2,800; wage increases of 3.5 percent effective September 2014 and 2.5 percent effective July 2015; prospective restoration of step and longevity wage increases that were frozen in July 2009; a \$20 million lump sum payment to the union health care fund; an increase in the City's ongoing contribution to the health fund, from \$976 to \$1,194 per member per month, effective September 2014, and \$1,194 per member per month, effective July 2015; increased employee pension contributions; and optional enrollment in the City's hybrid defined benefit, defined contribution pension plan, known as Plan 10, for new employees. The City estimates that the cost of the new contract will exceed the amount reserved in the approved FY15-FY19 *Five-Year Financial Plan* by \$127 million. The City will submit to PICA a revised Plan by September 25 that includes these additional costs.
 - ▶ **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 new 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 costs of the new contract are reflected in the FY15-FY19 *Five-Year Financial Plan* approved by PICA on July 28.
- ▶ 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.

Pension Benefits

- ▶ The City has sought changes to its pension program to reduce costs and promote fiscal sustainability. The most significant changes that have been achieved to date include increased employee contributions and creation of a hybrid defined benefit-defined contribution pension plan, known as Plan 10. This plan is voluntary for new employees represented by most City bargaining units. 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, with employee contributions equal to 5.5 percent of earnings, or in Plan 87 (a defined benefit plan) with employee contributions equal to 6 percent of earnings.
 - ▶ **DC33 (Other than Local 159), DC47 and Non-Union.** Current employee contributions will increase by 1 percent, and newly-hired employees are required to participate in Plan 10 or in Plan 87 with contributions 1 percent higher than current employees. The changes for DC33 and non-union employees who are not part of the civil service system require legislation to implement.
 - ▶ **Register of Wills.** 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 with contributions equal to 50 percent of normal costs.
 - ▶ **Correctional Officers (DC33 Local 159).** Current employees are required to participate in Plan 10 or increase contributions to their current plan, and newly-hired employees are required to participate in Plan 10. Implementation of these changes requires City Council legislation.
- ▶ The current status of pension plan participation and employee contributions is summarized on the next page.

Pension Benefits

Status of City Pension Plan Participation and Employee Contribution Requirements		
Bargaining Unit/ Employee Category	Current 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%)
DC 33 (Other than Local 159), DC47 and Non-Union ²	Plan 67 (3.75%, 4.25% January 2015, 4.75% January 2016) or Plan 87 (30% of normal cost, with additional 0.5% January 2015, and additional 0.5% January 2015)	Plan 87 (current employee contribution plus 1.0%) or Plan 10 (50% of normal cost)
Deputy Sheriffs (FOP)	Plan 67 (3.75%) 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 (3.75%) or Plan 87 (30% of normal cost).	Plan 10 (50% of normal cost)
Correctional Officers (DC33 Local 159) ³	Plan 67 (6% or 50% of normal cost, whichever is higher), Plan 87 (50% of normal cost), or Plan 10.	Plan 10 (50% of normal cost)

Notes:

¹Definition of newly-hired is employees hired on or after the following dates: police, January 1, 2010; firefighters, October 15, 2010; Deputy Sheriffs and Register of Wills employees, January 1, 2012; DC47, March 5, 2014; DC33 (Other than Local 159), September 9, 2014; non-union civil service, May 14, 2014.

²To date, changes for DC47 and non-union civil service employees have been legislated. Legislation covering DC33 (other than Local 159) and non-union employees who are exempt from civil service has not yet been enacted.

³ Changes were included in a arbitration award issued on March 12, 2012. City Council legislation is required to implement.

Performance Measures: Public Safety

- ▶ **Police Department:** Preliminary data for FY14 suggest that homicide and total Part 1 violent crime declined from FY13 to FY14. Homicides declined 30 percent from FY12 to FY14, while Part 1 violent crime declined 11 percent from FY11 to FY14. The clearance rate for homicide declined substantially between FY13 and FY14, while it increased for other violent crime.
- ▶ **Fire Department:** Sixty-four percent of EMS calls achieved a response time of 9 minutes or less in FY14. This proportion has declined since FY10. The QCMR notes that the Department is increasing staff and developing a EMS Community Risk Reduction Plan. This plan will involve public education on use of the 911 system and development of alternative medical resources for non-emergency incidents. In May, the Department instituted a new priority dispatch system.

Performance Measures: Public Safety						
Agency	Measure	FY10	FY11	FY12	FY13	FY14
Police ¹	Homicides	305	318	350	263	246
	Part 1 Violent Crime	17,740	18,446	18,224	17,384	16,502
	Homicide Clearance Rate	72.2%	67.9%	64.0%	73.0%	58.4%
	Other Violent Crime Clearance Rate	51.2%	49.8%	48.5%	50.4%	51.7%
Fire	Fire Engine Average Response Time ²	4:46	4:57	4:57	4:54	4:57
	Structural Fires ^{1, 3}	1,362	3,041	3,108	2,882	3,019
	Fire Deaths	32	41	24	25	23
	EMS Response Time (Percent Within 9 Minutes)	73.9%	68.5%	68.0%	66.0%	64.0%

¹ Figures for FY14 are estimates.

² Includes responses for fire and EMS incidents.

³ Beginning in FY11, figures are based on the National Fire Incident Reporting System (NFIRS) definition, and not comparable to figures for FY10, which are based on a less inclusive definition.

Performance Measures: Public Health and Human Services

- ▶ **Department of Human Services:** Dependent placements increased from 4,179 at the end of FY13 to 4,601 at the end of FY14. The increase reflects in part a more expansive definition of child abuse as well as new reporting requirements. Delinquent placements declined over the past 12 months, indicating the success of diversion and prevention programs.
- ▶ **Department of Public Health:** The number of newly diagnosed HIV case reports declined from 704 in FY13 to 585 in FY14. In FY13, the Department began reporting on immunization rates. Child immunization increased from 75 percent in FY13 to 78 percent in FY14.

Performance Measures: Public Health and Human Services					
<u>Agency</u>	<u>Measure</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Human Services	Permanency Discharges	2,130	1,633	1,229	1,221
	Adoptions as Percent of Permanency Discharges	31%	29%	29%	32%
	Dependent Placements as of End of Period	4,182	4,030	4,179	4,601
	Delinquent Placements as of End of Period	1,413	1,198	1,155	878
	Juvenile Justice Services Center Average Daily Population	118	119	105	106
Public Health	Visits to District Health Centers	339,032	348,472	NA	NA
	Percent of Visits from Uninsured Patients	49.6%	51.1%	52.9%	50%
	Newly Diagnosed HIV Case Reports	NA	792	704	585
	Children with Complete Immunizations ¹	NA	NA	75%	78%

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

Performance Measures: Housing

- ▶ **Office of Supportive Housing:** Homeless prevention service levels have declined in recent years due to the 2012 expiration of the Homeless Prevention and Rapid Re-Housing program funded through the federal American Reinvestment and Recovery Act. Prevention programs in FY14 have been funded through the Housing Trust Fund and the Community Services Block Grant. New permanent supportive housing units declined from 180 in FY13 to 59 in FY14 due to delays in grant and development funding.
- ▶ **Office of Housing and Community Development:** Mortgage foreclosures diverted has declined in FY14 in part due to a reduction in foreclosure filings. In addition, the measure has been redefined to exclude forbearances. Trends in the number of owner-occupied homes repaired reflect the availability of funding. In FY13, the agency began reporting on the number of clients receiving counseling. This measure includes counseling for current and prospective homeowners.

Performance Measures: Housing					
<u>Agency</u>	<u>Measure</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Supportive Housing	Households Receiving Financial Assistance For Homelessness Prevention	1,898	809	610	676
	For Ending Homelessness	NA	NA	291	135
	New Permanent Supportive Housing Units ¹	120	179	180	59
	Transitional Housing Placements	510	558	539	509
Housing and Community Development	Mortgage Foreclosures Diverted	1,647	1,423	1,754	1,232
	Owner-Occupied Homes Repaired ²	8,232	7,129	5,409	5,689
	City Lots Greened and Cleaned ³	8,417	8,500	9,238	8,766
	Clients Receiving Counseling	NA	NA	12,463	12,398

Notes

¹ Excludes Philadelphia Housing Authority units.

² Through Basic System Repair Program, Weatherization, or Heater Hotline.

³ This measure represents the number of lots as of a point in time. Includes land stabilization and land maintenance.

Performance Measures: Parks and Recreation and Free Library

- ▶ **Department of Parks and Recreation:** Visits to departmental sites declined in FY14 in part due to a mild summer that reduced the number of pool visits in early summer 2014. The number of acres mowed has increased in recent years due to weather and increased frequency of mowing at athletic fields. The number of trees planted increased from FY11 to FY13, but has declined in FY14 due to lower than expected contractor tree planting and the implementation of a new planning process.
- ▶ **Free Library of Philadelphia:** Circulation declined by nearly one million from FY12 to FY13, in part due to the transfer of responsibility for audio tapes from the Library for the Blind to a Pittsburgh library. The number of visits declined in FY14 in part due to the closing of the South Philadelphia branch for renovations and weather-related closings. Visits to the Free Library website increased from 7.3 million in FY13 to 8.2 million in FY14.

Performance Measures: Parks and Recreation and Free Library					
<u>Agency</u>	<u>Measure</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
Parks and Recreation	Programs Offered ¹	3,824	4,050	3,742	3,603
	Visits to Departmental Facilities and Sites ² (Millions)	6.57	6.60	7.30	6.24
	Acres Mowed ³ (Thousands)	37.5	36.0	40.3	40.3
	Trees Planted ⁴ (Thousands)	18.3	20.3	26.0	18.3
Free Library	Circulation of Materials (Millions)	7.21	7.50	6.58	6.51
	Visits (Millions)	6.10	5.96	5.85	4.17
	Website Visits (Millions)	NA	NA	7.3	8.2
	Hours Open (Thousands)	100.0	97.8	95.8	99.8

Notes

¹ Beginning in FY13, data reflect number of unique programs in the period in which the program first occurs.

² FY14 figure is preliminary.

³ Includes athletic fields and neighborhood parks.

⁴ Includes trees planted by the Department along streets and on Department sites and public land, and trees planted in partnership with other organizations.

Performance Measures: Transportation and Regulation

- ▶ **Streets Department:** On-time trash and recycling collection declined in FY14 due to severe winter weather, and fleet and staffing challenges.
- ▶ **Department of Licenses and Inspections:** The number of properties classified as imminently dangerous increased from 375 at the end of FY13 to 521 at the end of FY14. This in part reflected an increased number of complaints.
- ▶ **Mayor’s Office of Transportation and Utilities:** Through the first three quarters of FY14, energy use at City facilities was 1.52 million BTUs. The City is working to improve operational practices and capital planning to reduce utilities expense.

Performance Measures: Transportation and Regulation					
Agency	Measure	FY11	FY12	FY13	FY14
Streets	Recycling Rate	19%	19%	20%	21%
	On-Time Trash Collection ¹	94%	94%	96%	85%
	On-Time Recycling Collection ¹	96%	97%	97%	93%
Licenses and Inspections	Residential Buildings Demolished	567	543	521	522
	Imminently Dangerous Properties ²	NA	NA	375	521
	Permits Issued ³ (Thousands)	NA	NA	35.7	35.4
Transportation and Utilities	Energy Consumption (Million BTUs) ⁴	NA	NA	1.84	1.52

Notes

¹ Percentage of collections completed by 3:00 PM.

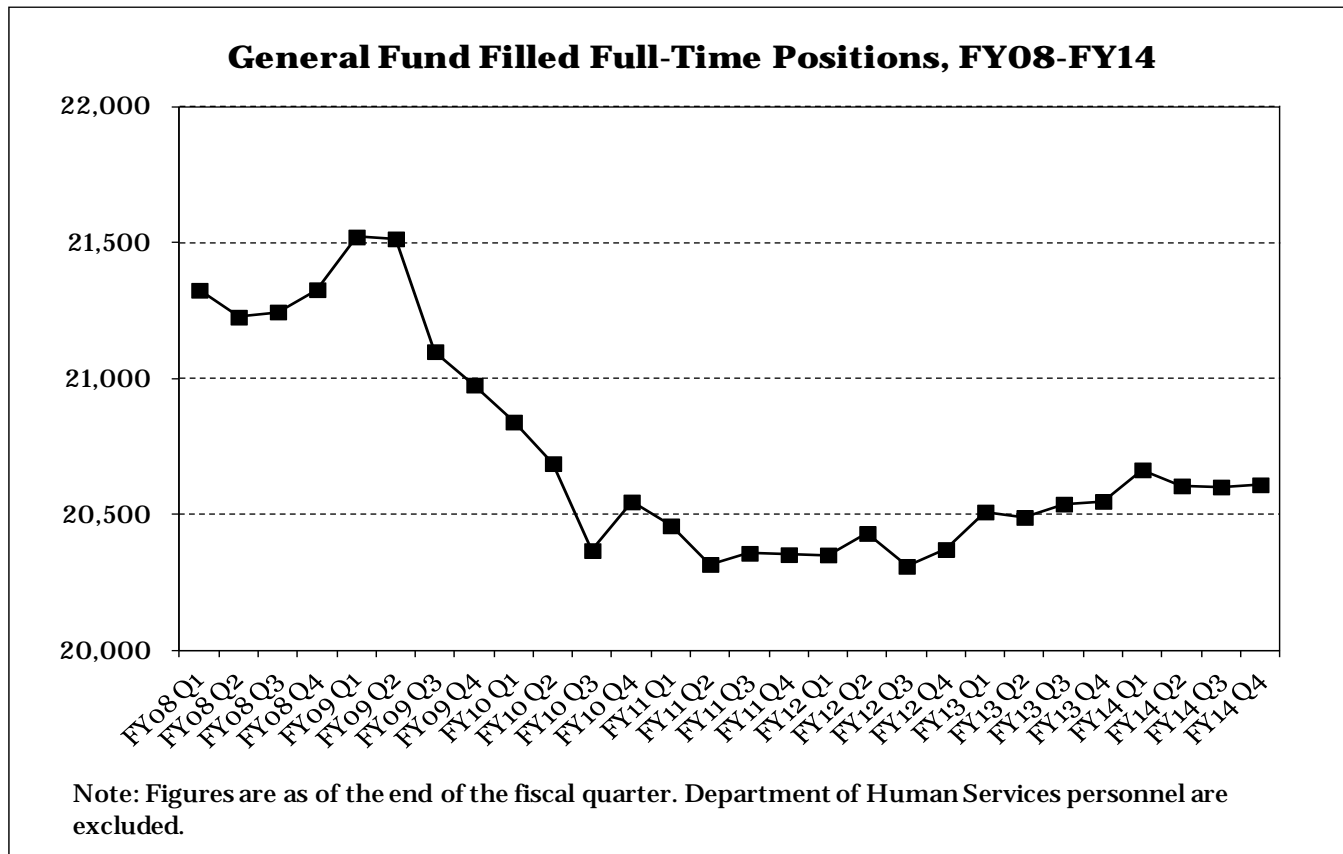
² As of the end of the fiscal year.

³ Includes building, electrical, and plumbing permits.

⁴ The FY14 amount includes only the first three quarters of the fiscal year. Includes natural gas, electricity, steam, and fuel oil from General Fund funded City facilities and street lights. Vehicle fuel is excluded.

Staffing

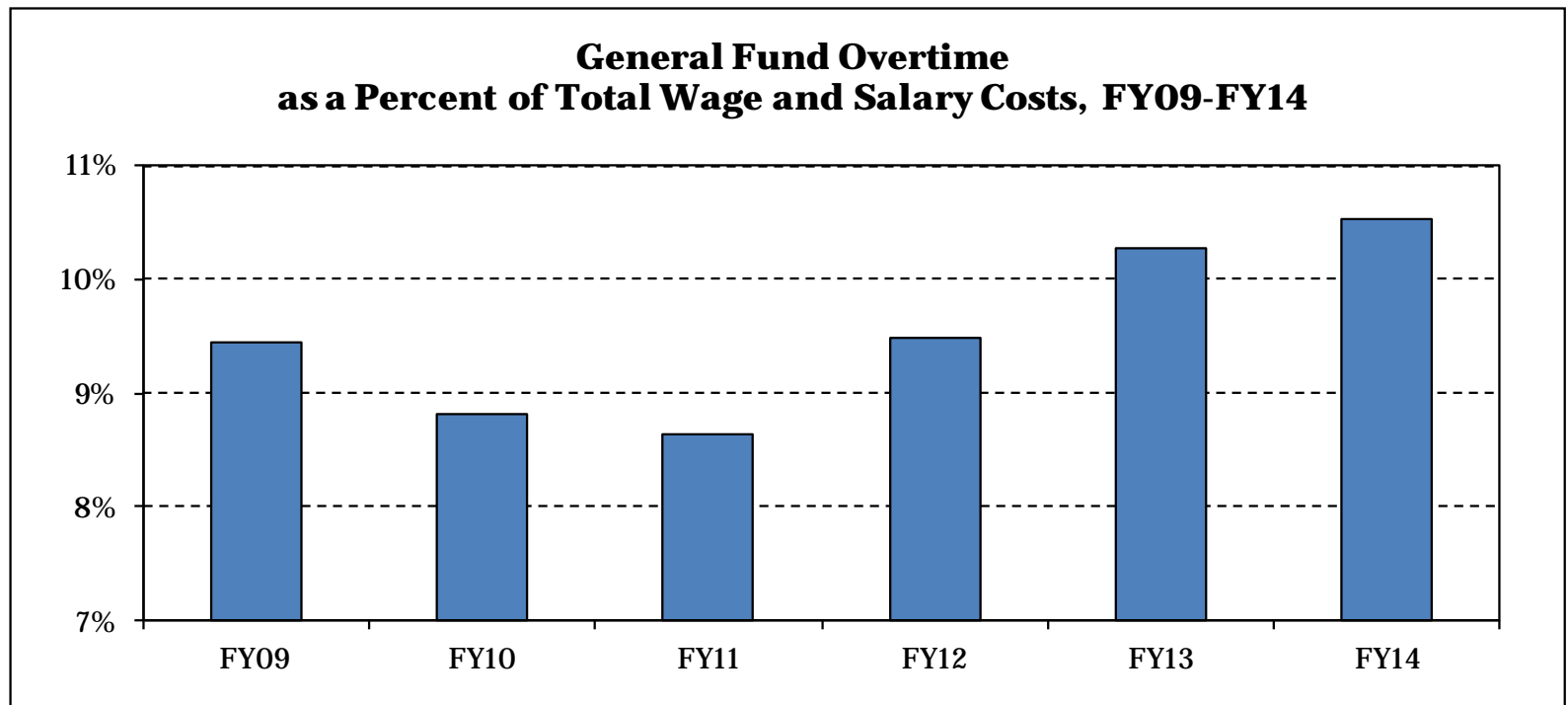
- ▶ After declining by more than 1,100 from December 2008 through March 2010, General Fund employment levels stabilized through March 2012. Since March 2012, there has been a gradual increase of 300 positions.¹



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

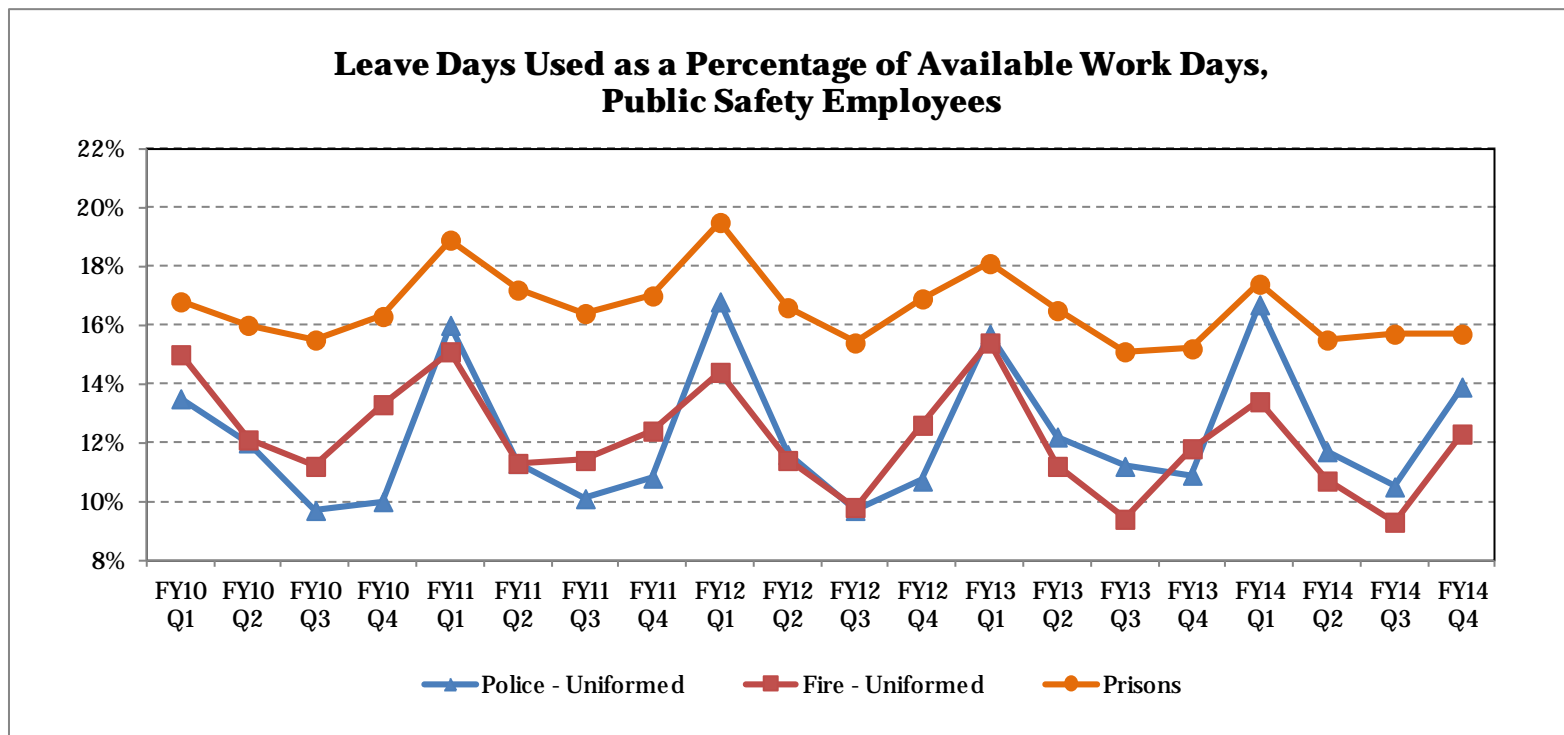
- ▶ FY14 General Fund overtime costs were \$153.7 million, or 10.3 percent of total wages and salaries. Overtime as a percentage of wages and salaries declined from 9.5 percent in FY09 to 8.6 percent in FY11, and has increased to 10.5 percent in FY14.¹ With total FY14 General Fund wages at \$1.46 billion, a difference of one percentage point represents \$14.6 million. The decline in overtime costs during the City's greatest period of fiscal constraint after the recession and the increase since FY11 suggests that greater overtime control is possible.



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

- ▶ For the median City agency, employees were absent from work on 14.4 percent of available work days in the fourth quarter of FY14.¹ Leave usage varied from a high of 23.6 percent among civilians in the Police Department to a low of 7.0 percent in the Mayor’s Office. 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.



Note

¹ The calculation includes vacation, annual, sick, funeral, and unpaid leave, and absences due to comp time and “AWOL.”