



Legislation Details

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| Title: | Thank you, Council President Clarke and members of City Council, for inviting me to speak today. | | | | |

I am pleased to present our seventh proposed Five Year Financial Plan, covering Fiscal Years 2023-2027.

As we all know, the past two years have not been easy.

The challenges we've faced as a city, including a global pandemic, political turmoil at the national level, and intensified violence, have tested our collective resolve. But, with our trademark resilience and determination, we are facing those challenges together.

I remember the uncertainty we all felt in the early days of the pandemic, when our city shut down and we focused all of our efforts on stopping the spread of the virus.

Each of us has had to make sacrifices while bracing for every worst-case scenario, and we've seen the impacts continue to ripple out into our communities ever since.

Here and across the world, we have lost friends and loved ones. People faced uncertain economic futures and isolation, children and families endured school closures, and business owners everywhere were forced to navigate restrictions and shutdowns.

We faced those seismic changes together, and now - thanks to the collective hope and determination our city never lost, and bolstered by critical federal financial support- we are well-positioned for recovery in the wake of the pandemic.

As I've said before, I never lost hope - hope that our City could and would rebound - and that hope is stronger than ever today.

The strength and dedication I witnessed from the thousands of first responders and City of Philadelphia employees over the past two years has been nothing short of remarkable.

And I am proud that the City, along with all of our partner organizations across the region, stepped up to provide unprecedented support for our people in a time of great need.

We got vaccinated. Since the life-saving vaccines started rolling out, Philadelphia has become one of the most vaccinated cities in the country. This is thanks to the Department of Public Health's tireless efforts and our incredible healthcare partners. More than 76 percent of Philadelphia adults are now fully vaccinated, and 93 percent of residents 12 and older have received at least one dose.

We supported families and children. Over the past two years, we've distributed over 23 million meals and over 41 million pounds of food. The City also established Access Centers at libraries, recreation centers, and community sites. And this year we helped more than 1,500 families access \$6 million in direct cash aid, through the Child Tax Credit and other federal programs.

We helped Philadelphians stay in their homes. Since May 2020, we've helped nearly 40,000 households stay in their homes through PHL Rent Assist, which has disbursed more than \$253 million in federal, state and local funds to support families and individuals. While many municipalities across

the country struggled to get this funding to those who needed it most, Philadelphia became a nationally-recognized leader in doing just that.

We supported local businesses and workers. Since March 2020, more than \$140 million in government, philanthropic, and private funding has gone to Philadelphia's small businesses and nonprofits - including four grant programs stood up by our Department of Commerce, PIDC, and the Commonwealth. Those funds have been lifelines for thousands of local businesses - especially hard-hit minority-owned businesses. Our Worker Relief Fund also provided more than \$2.2 million in emergency cash assistance to over 2,800 workers left out of federal and state relief programs.

We worked to bridge the digital divide. The City worked with a number of partners to launch PHLConnectED - a program that has provided over 21,000 free internet connections for student households.

I remind everyone of these achievements because each one tells a story about dozens if not hundreds of dedicated public servants working around the clock to support our residents during a time of ever-changing needs.

And they tell the story of the remarkable resilience of our residents, and what is possible when we all work together to address those needs.

That same resilience is what will propel us into the future.

Our FY23 Budget and Five Year Plan proposed today builds on all of these efforts so that Philadelphians in every neighborhood can benefit from a strong, inclusive recovery.

As we prepared this year's budget proposal, I'm proud that we initiated a comprehensive, inclusive public engagement process regarding City spending.

We held over 20 community engagement sessions with more than 500 residents, business owners, non-profits, arts and culture organizations, and more. This budget was written by Philadelphians, for Philadelphians.

Building off of that input, over the next five years, this budget plan will move Philadelphia forward by:

- Enhancing core services that residents depend on,
- Accelerating inclusive economic growth across the city,
- Maintaining the City's long-term fiscal health,
- And continuing to reduce racial disparities so that race is not a determinant of success, and every single person that calls Philadelphia home can thrive.

An integral part of our Five Year Plan is the roughly \$1.4 billion we're receiving from the American Rescue Plan (ARP).

The support from the ARP represented a significant turning point for Philadelphia, not just in the fight against the pandemic but for the future of our great city.

This one-time federal relief helps ease the effects of projected revenue declines stemming from the pandemic.

Our communities would have absolutely no path to a fair, inclusive and equitable recovery from the pandemic without this support. In fact, we were looking at a \$1.5 billion shortfall over five years without the ARP.

The American Rescue Plan has helped fill a gap this current fiscal year, and fills projected deficits resulting from the pandemic through FY25.

However, the funding we're receiving from the ARP is less than the actual need over five years in order to fully fund service needs and priorities and keep city finances on a stable, sustainable path.

We have to make difficult and strategic choices. We will be prudent and intentional to ensure our resources are best directed to the pressing issues facing Philadelphians today, while at the same time investing in resources that will set our city up for success in the years ahead - and all with an racial equity lens so that every Philadelphian is part of that success.

This Five Year Plan embodies hope, expanding on our vision of how Philadelphia can grow and prosper as we move past the worst of the pandemic.

This virus will be with us for the foreseeable future, but we now have knowledge, data, and proven tools to manage it and are learning to move forward together in ways that promote public health and reflect the realities of life and society.

I am more confident than ever of the City's ability to meet this challenge.

As we continue to navigate the ongoing pandemic, we must continue to advance equitable economic recovery strategies, support business growth and create economic security for all Philadelphians, ensuring that our city stays competitive in an ever-changing economy.

We've made meaningful reforms to City business taxes, which have helped to grow small businesses and jobs, reduce barriers, and make Philadelphia a better place to do business.

Since the beginning of the City's tax reduction program, we've decreased the Wage Tax by just over 20 percent. And since the beginning of our Administration, the value of Wage Tax cuts has totaled nearly \$100 million, and Wage Tax rates overall are at their lowest level since the 1970s.

We've lowered the Business Income and Receipts Tax (BIRT), and before 2016, about 130,000 businesses filed a BIRT return each year. With the City's new \$100,000 BIRT exclusion and changes to filing rules, over 95,000 businesses with Philadelphia sales no longer have a liability or a filing requirement.

I'm pleased to report that this Plan proposes no tax rate increases. We are anticipating new property assessments that reflect significant growth and may affect homeowners, other property owners, and tenants. Growing property values reflect well on Philadelphia being a place of choice and represent an opportunity to build wealth for some.

As we navigate the impacts of potentially increased real estate values, our Administration will continue to work closely with City Council on tax relief and reforms that are scaled to the magnitude of the changes as the data becomes available during the budget process.

It's also worth noting that despite the pandemic's impact on the budget, we have been able to put our pension fund on a course to fiscal health through our partnership with unions, legislators, and the pension board.

Our plan has us getting to 80 percent funded by the end of the decade and 100 percent shortly thereafter. I'm happy to report that we are ahead of the original schedule.

The fund is now at its highest funding percent since before the Great Recession.

Now, I understand that, to raise more revenue and fund more services, people may want us to tax wealthy corporations, or wealthy individuals.

But as we're all aware, because of the Uniformity clause of the Pennsylvania Constitution, we're required to have the same tax rate for our small businesses as our largest corporations, and the same wage tax rate for all workers - whether they are lawyers, teachers, or janitors.

One way we can help our residents is by ensuring they are aware of any and all tax benefits they may be eligible for, as millions of dollars in tax benefits are left on the table every year. I want to thank Councilmember Domb for his leadership trying to get these much needed resources in the hands of residents who need it most.

We will continue working together to lobby Harrisburg for changes, while doing what we can at the local level to support our business community, create jobs, and build wealth for all Philadelphians.

Our commercial corridors, which are the backbone of our neighborhoods, need continued support as they recover from the pandemic. That's why this plan will provide more than \$13 million for economic stimulus programs, including \$500,000 for a new Emergency Grant Program and \$7 million for the PHL Taking Care of Business Corridor Cleaning Program.

This initiative, championed by Councilmember Parker, maintains neighborhood corridors as welcoming and attractive places, while providing accessible job opportunities. In 2021, the PHL TCB program collected more than 170,000 bags of trash from commercial corridors.

Support for neighborhood commercial corridors, housing, infrastructure, and public spaces is essential to driving economic growth.

Through Rebuild - made possible because of the Beverage Tax - we've committed hundreds of millions of dollars to improve our parks, recreation centers, playgrounds, and libraries.

Rebuild has cut the ribbon on 9 projects, with another 11 preparing for or in construction, and 40 sites have started community engagement and design.

And true to our commitment, 66 percent of Rebuild's contract dollars are going to minority or women-owned businesses.

I'm proud that Rebuild will help transform neighborhoods with physical amenities for residents to enjoy for years to come.

And with hundreds of millions of dollars going to these projects, Rebuild also represents one of the City's most intentional efforts to promote diversity and economic inclusion in the construction industry - ever.

Our vision of a thriving economy that provides opportunities to all its residents and neighborhoods will be further propelled by the implementation of the federal Bipartisan Infrastructure Law.

This once in a generation infusion of federal funding should bring more than \$1 billion in funds for roads, bridges, transit, water infrastructure and broadband access to the City, and thousands of new jobs. I want to thank Councilmember Green and Councilmember O'Neill for using their positions with the National League of Cities, and National Association of Counties to continually press Philadelphia's interest within those organizations and ensure we get our fair share of resources from Congress.

This infrastructure spending gives us an enormous opportunity to mobilize these investments in service of dismantling the structural barriers that have excluded Black and brown business owners and workers from public works projects.

Our Plan includes a \$20 million investment, and \$116 million over the five year plan, to prepare for the Bipartisan Infrastructure Law so that Philadelphia can compete successfully for federal dollars and deliver high-quality infrastructure projects. In addition to those operating funds, the FY23 Capital Program includes \$60 million in funding for local matching grants.

For too long in our country, government infrastructure projects destroyed or devalued Black and Brown neighborhoods. In partnership with the Biden-Harris Administration we will turn that history around by using this opportunity to positively transform communities and make real the commitment to improving racial equity and growing wealth in Black and brown neighborhoods, priorities I know are shared by Council, especially Councilmembers Brooks, Gauthier and Gym.

Over the past six years as mayor, in the face of so many challenges, one thing has been constant: this administration's laser focus on investing in and delivering quality education for all Philadelphians.

This plan doubles down on our historic support for education, investing almost \$1.4 billion from the General Fund into the School District of Philadelphia over five years. We'll also invest more than \$50 million dollars in the Community College of Philadelphia this year, with \$10.8 million dedicated to the Octavius Catto Scholarship. This program enables first-time students to attend college tuition-free, and with the supports they need like food, books, and transportation stipends to successfully earn their degree.

It's been two years since we first announced the Catto program. Today, over 500 students have enrolled through this opportunity, and CCP and the City recently celebrated Idris Washington, who is the very first Octavius Catto Scholar to graduate.

We'll also continue the expansion of the PHLpreK program, supported by revenue from the Philadelphia Beverage Tax. Since launching in 2017 PHLpreK has benefited more than 10,000 children and counting. We propose funding 300 new slots to be funded this year, for a total of 4,300 slots, providing free and high-quality early learning services that lay a critical foundation for children and families.

And we'll continue to expand our Community Schools program. Three new Community Schools in FY23 will bring the total number to 20 schools providing community-based wraparound supports serving a wide range of needs for students, families, and communities.

The Free Library of Philadelphia also supports learning opportunities for residents across the city, from young to old. Libraries are essential community assets offering information, connection, and educational programs to all residents. This plan adds \$48 million over five years to our investment in the Free Library, bringing the total five year investment to \$285 million. As you know, we recently welcomed Kelly Richards as the new director of the Free Library, and we are excited to work with him to chart an equitable and inclusive path forward for Philadelphians and visitors.

And as we continue to navigate the inequities that have been laid bare by the pandemic, we remain committed to expanding digital access, and closing the digital divide that can hamper our recovery.

That's why we'll build on the success of the PHLConnectED initiative, a true collaboration between many partners, including Councilmember Squilla. Earlier this year, we released a 5-year Digital Equity Plan, which lays out our strategies to build on our successes and further improve access and affordability of broadband internet and devices.

Together, these investments prioritize the quality education of children, youth, and adults to support a more rapid and equitable recovery, and to break the intergenerational cycle of poverty.

As mayor, my number one priority is to keep people safe and protect our residents. The surge in gun violence that we've seen across the nation and here in Philadelphia is heartbreaking, it's maddening, and it makes me as outraged as everyone else.

We must keep working together to stop it, save lives, and create a safer city for us all - throughout every neighborhood.

Our Administration, in partnership with all of our local and federal law enforcement agencies and community organizations across the city, continues to work tirelessly in response to this national crisis.

The City has acted swiftly, investing in anti-violence initiatives that address the immediate crisis while we also tackle the systemic, root causes of violence. This Plan makes critical investments in the Roadmap for Safer Communities, the City's Violence Prevention Plan.

We'll dedicate an additional \$12 million for the Anti-Violence Community Expansion Grant Program, which directly funds and supports community-based organizations that are focused on reducing violence through trauma-informed healing and restorative practices in the neighborhoods most affected by violence, and championed by Councilmembers Jones, Johnson and Thomas.

That brings our total investment in this program alone to more than \$32 million over the last two years.

We'll invest an additional \$6 million to expand evidence-based programs that target those most at risk of being a victim or a perpetrator of gun violence and provide connections to services, treatment, and employment. This includes investments for our Group Violence Intervention program, the Community Crisis Intervention Program, and the implementation of a local version of READI (Rapid Employment and Development Initiative) that will help decrease shootings among those at highest risk of gun violence.

These investments, designed to address the violence in the short- and medium-term, join the larger set of investments to address the poverty-driven root causes of violence that we've worked to address during the course of our administration. With the full set of violence prevention investments - including long term investments - we're directing more than \$184 million dollars to help make our communities safer. This is an 18.5 percent increase over FY22.

And while preventing violence is not a job for police alone, this Plan makes strategic investments to strengthen the Police Department's ability to solve violent crime and modernize police tools. It includes more than \$3 million in forensic upgrades and policy mobility, which will facilitate the use of enhanced forensic analysis in every homicide.

Last fiscal year, we funded a new crisis response tool - known as co-responders or CIRT Teams - for 9-1-1 callers with behavioral health needs. Building on this work, the Five Year plan continues to fund this city-wide police-behavioral health co-response and significantly invests in additional non-police Behavioral Health Crisis response services. FY23 sustains behavioral health crisis teams that are available to respond to residents with mental health crises citywide 24/7.

Until we address the availability and ease of access to firearms, we will always be fighting an uphill battle. We need the ability to adopt proven gun policies that will save lives, and we will continue to call on the Pennsylvania legislature to let us meet Philadelphia's unique needs.

I can't help but think of all the incredible potential that has been extinguished by this crisis and the loss of life over the past several years. Because our young people can do anything. I see it every time I visit a school, a rec center, or one of our pre-K centers.

We as a city and a society must value that life, and do everything we can to remind our young people - through our words and our actions - that they are valued, that they are important, and that their lives matter. We must work together to keep them safe and to give them the supports and opportunities they deserve.

We know now more than ever that creating a thriving city truly depends on the health of all communities.

We must continue to work to eliminate health disparities and safeguard residents from threats that cause disease and injury.

On this front, we're committed to ensuring that COVID-19 prevention and treatment options are available to ALL city residents regardless of insurance status or ability to pay.

Because we know that the impact of the pandemic has fallen disproportionately on people of color and communities with low-wealth, we have and will continue to focus on providing resources to those at highest risk.

In FY22, the Office of Sustainability launched the City's first Environmental Justice Advisory Commission (EJAC), a historic step in the City's commitment to addressing environmental harms in our communities. In FY23, this Commission will steer a community resilience and environmental justice grant program and develop processes to make recommendations to policymakers. This work wouldn't be possible without the tremendous partnership of Councilmember Gilmore Richardson.

Finally, we know that safe and stable housing is a critical foundation for health. The Plan makes a

major investment - \$103 million over 5 years - in the Housing Trust Fund and continues support for the Neighborhood Preservation Initiative. NPI is a \$400 million dollar program investing in affordable housing and neighborhood services, thanks in large part to the guidance and leadership of Council President Clarke and Councilmember Quinones Sanchez.

In FY23 we will build on innovations we adopted because of the pandemic and invest \$3.2 million to sustain shelter services for seniors and invest \$5.7 million over the Five Year Plan to support our homeless services providers, including wage increases for the staff providing critical services.

For all neighborhoods to thrive, resources are needed to help some of our most vulnerable: those experiencing street homelessness and those affected by the opioid crisis.

That's why this budget includes expansion of successful low-barrier employment programs, like Same Day Pay, which supports those experiencing homelessness or who are disconnected from the labor market.

These investments at the Office of Community Empowerment and Opportunity, the Managing Director's Office, and the Mural Arts Program, total more than \$2 million, and \$10 million over 5 years. This will allow the programs to form a system of accessible employment opportunities with pathways to more permanent employment.

We will invest \$5.5 million to maintain low-barrier emergency and permanent housing services for people who have been chronically homeless and have Opioid Use Disorder, and an additional \$5.1 million to support services and safety in Kensington.

This Plan represents our vision to move Philadelphia forward. And we will do that in part by creating a diverse, efficient, and effective government while driving change for our residents.

Across every investment in this Plan, we will target our dollars and our efforts to reverse the impacts of structural racism on our communities and our workforce, and to make concrete improvements in the lives of all residents while also paying close attention to those most marginalized in the past, in their safety, their health, and their economic well-being.

By the end of FY23 every Department will have produced a racial equity action plan to improve equity through their budget, procurement, and core services or programs. This work is critical to reduce racial disparities across many indicators for success - education, criminal justice, jobs, housing, health, and more.

And we will redouble our efforts to use data to address the most challenging problems we face, from poverty to gun violence to substance abuse disorder. The Plan includes additional resources to increase the use of data to drive better outcomes for Philadelphians.

That's why, this week, I signed an Executive Order elevating an Office of Integrated Data for Evidence and Action within the Managing Director's Office.

And we've continued our work to reform fines and fees that disproportionately burden Black, Brown and low-income Philadelphians. The FY23 Budget commits \$600,000 to remove the cost to participate in the Accelerated Misdemeanor Program so that ability to pay does not determine who gets a chance to be diverted out from the criminal justice system.

And we're making investments to create an inclusive workplace: we're investing in hiring, training, professional development, and capacity building for one of our most important assets: our employees. We are committed to ensuring that the City's workforce and culture is diverse, inclusive and that ALL City employees are supported and empowered to work to make positive changes in our city.

The Fiscal Year 2023 Budget represents \$5.51 billion General Fund Revenues, and \$5.61 billion in General Fund Expenditures.

This leaves us with a low General Fund Balance of 153 million dollars, which is lower than we are

projecting for this current year and is not enough to cover city finances in the event of another emergency or unforeseen economic downturn. Philadelphia must build back toward fiscal resilience to be able to support and serve our residents through the next disruption, whatever that may be.

As you review the plan, know that every program, policy and funding priority was made with one thing in mind: how can we move all of Philadelphia forward and spur a fast, equitable recovery in every zip code and neighborhood of our great city.

This budget is the embodiment of hope, and demonstrates the determination to make our city a better place to live, work, and visit.

Six years ago, after I was sworn in as mayor, we embarked on a mission to tackle some of Philadelphia's biggest challenges - a struggling public education system, intergenerational poverty, public health crises, gun violence, an inequitable criminal justice system, and much more.

The progress we've made since would not have been possible without the support of our City Council members and administration staff.

With more jobs coming back, children learning in person again, local unemployment continuing to decrease, construction booming, tourism on the upswing, and a vaccination rate among the highest in the country, I remain confident that Philadelphia's best days are ahead of us and the investments laid out in this plan will help us reach our full potential.

COVID is by no means over, and we know unforeseen challenges lay ahead of us.

But I am so optimistic about the future of Philadelphia, because I know that Philadelphians are strong and resilient.

The resiliency of our city and our people never ceases to amaze me.

I see it when our school teachers inspire students from all walks of life to reach for their dreams.

I see it when our doctors, nurses, and front-line medical workers helped vaccinate more than a million people, and counting.

I see it when immigrants, families, and businesses choose to forge their future here in our great City of Brotherly Love and Sisterly Affection. Because after all, for Philadelphia to achieve the promise of its future, it will take our collective will to build the foundation that future generations of Philadelphians deserve.

The coming year will be a big moment of challenge and opportunity for our city and region, and the Plan laid out today will help us reach that moment.

Let's rise to the challenge, because all Philadelphians are counting on us.

Let's show the world that our city never backs down, never gives in, and that we are, and always will be, stronger together.

Thank you.

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