Legislation Text

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Proposing the establishment of the Philadelphia Promise Trust Fund.

WHEREAS, Too many Philadelphia residents have been stuck in a cycle of generational poverty for decades, and traditionally "underserved" communities are in desperate need of direct, financial investments into their development and growth; and

WHEREAS, The economic hardships facing our most disadvantaged communities were only exacerbated by the COVID-19 pandemic, with the virus, job loss, and economic challenges impacting already "underserved" communities the hardest; and

WHEREAS, The recent announcement of the American Rescue Plan has provided unprecedented federal dollars to cities across the country, including Philadelphia, and their strategic use is paramount as the City's economy is rebuilt. The Coronavirus State & Local Fiscal Recovery Funds, which are sourced of the American Rescue Plan, provide Philadelphia with an additional $1.087 billion, which can be spent flexibly; and

WHEREAS, The Philadelphia Promise Fund would develop an endowed fund of $500 million, aiming to close the wealth gap, create employment opportunities, work to end generational poverty, encourage homeownership, and provide startup capital for entrepreneurs. It would provide grants for things like last dollar scholarships, first time homebuyer's assistance, entrepreneurial efforts, or the exploration of other career opportunities. These dollars would have an immediate impact on every young person born in eligible zip codes and census tracks; and

WHEREAS, Program dollars would be sourced solely from the fund's interest to ensure its sustainability; none of the principal balance of $500 million would be used. With an estimated return of 6-10%, the fund would earn interest of $30-50 million each year, allowing us to make an investment of up to $10,000 per person; and

WHEREAS, Strategic investments into key projects would provide several layers of effectiveness in poverty reduction. Directly investing in low-income communities, their education, homeownership, and entrepreneurial pursuits is a robust and powerful approach to tackling poverty in Philadelphia. The administrator of funds would be advised to determine the feasibility of expanding the program to allow more individuals to qualify; and

WHEREAS, It is imperative that we utilize new federal funding strategically to eliminate the descriptor of "underserved" from so many of our neighborhoods and communities. The Philadelphia Promise Fund would aim to close the wealth gap, create more employment opportunities, end generational poverty, encourage homeownership, and provide startup capital for new businesses; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That Council does hereby recommend the establishment of the Philadelphia Promise Trust Fund.