

OFFICE OF COMMUNITY EMPOWERMENT AND OPPORTUNITY (CEO)
FISCAL YEAR 2019 BUDGET TESTIMONY
APRIL 17, 2018

INTRODUCTION

Good Afternoon, President Clarke and Members of City Council. I am Mitchell Little, Executive Director of the Mayor's Office of Community Empowerment and Opportunity. I am pleased to provide testimony on CEO's Fiscal Year 2019 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Office of Community Empowerment and Opportunity (CEO) supports the economic growth of Philadelphia by alleviating the immediate impact of poverty on individuals, families and Philadelphia. CEO is the city's Community Action Agency (CAA): CAAs are private or public agencies created by the 1964 Economic Opportunity Act and federally designated to receive Community Services Block Grant (CSBG) funding.

Plans for Fiscal Year 2019: As Philadelphia's Community Action Agency, CEO allocates Community Services Block Grant (CSBG) and Temporary Aid for Needy Families (TANF) dollars to fund programs that serve upwards of 41,000 residents annually. We do this through Financial Empowerment Centers, BenePhilly Centers, Promise Corps and other initiatives housed in the West Philadelphia Promise Zone, and job training through WorkReady. We also fund services through other agencies across the administration to increase housing security, access to healthy housing, and promote community engagement. Through CEO's efforts, Philadelphia residents develop critical job skills and find work; access the public benefits for which they are eligible; reduce hazards in their homes; reduce debt and increase savings and credit, and much more.

CEO leads *Shared Prosperity Philadelphia*, the City's plan to fight poverty. The plan is centered on five key areas: Job Creation and Job Training; Access to Benefits and Essential Services; Early Learning; Housing Security; and Economic Security. Through each of these strategies, CEO coordinates the work of various City agencies, academics, and philanthropies to bring awareness around each area and to discuss strategies to signal change.

CEO's role as both a funder and as a convener is critical to the City's work towards economic prosperity for all of its residents. Through supporting interventions in communities experiencing the most severe economic disadvantage and by coordinating the work of multiple stakeholders around shared goals, efforts, and metrics, we are working to increase economic security and social inclusion and expand access to opportunity among Philadelphia's most disadvantaged communities.

Here's what we have accomplished in the past year, and where we are headed in the one to come:

Benefits Access. CEO administers the BenePhilly program which helps families and individuals complete and submit applications for more than 20 public benefits, such as Supplemental Nutrition Assistance Program (SNAP), Supplemental Security Income (SSI), and the Low Income Heating Assistance Program (LIHEAP). Program participants can access the program through three channels: the BenePhilly hotline for over-the-phone assistance; the seven BenePhilly centers across the City; and the BenePhilly Mobile Unit, which provides pop-up, targeted benefits enrollment assistance in underserved areas. In March, CEO's

Benefits Access Unit wrapped up its pilot ID Philly program. Through this program, CEO was able to provide free photo identification cards (IDs) to over 1,100 low-income Philadelphians. In FY17, BenePhilly helped Philadelphia residents complete 12,534 applications for benefits and completed 6,088 enrollments, adding to over \$24 million in benefits for program participants since 2014. In FY19, CEO will continue to explore partnerships with other agencies and community-based organizations, including the Philadelphia Department of Prisons, Community Health Centers, and other organizations to improve efficiency and expand benefits access to underserved populations across the city.

Housing Security. CEO is committed to supporting the housing needs of the city's most vulnerable households. Availability of safe, healthy, affordable housing was identified in the needs assessment in the top three concerns for low-income Philadelphians. CEO acts as the co-lead of the City's newly formulated Eviction Task Force which convenes landlords, non-profit and city leaders and residents to engage in meaningful discussion around eviction prevention and tenant protections. The work of the task force will lead to a list of recommendations for City and Council to allocate funding and act upon. CEO will continue to provide funding to support rental assistance and lead abatement and will coordinate these program strategies more closely with the work of the task force to ensure a coordinated and impactful deployment of resources, with the goal of keeping people in their homes. In calendar year 2017, CEO provided direct assistance for eviction prevention by funding the Office of Homeless Services' Homeless Prevention Program, a rental assistance program for households facing eviction. In FY17, 685 evictions were prevented through this program. CEO also continued to provide funding for the Philadelphia's Department of Public Health's Lead and Healthy Homes Program, which provides support to families with children under the age of 6 who test positive for elevated blood lead levels. In the last fiscal year, the program treated hazards in 273 homes, assisting 564 children.

Economic Security. With a poverty rate of 26% and deep poverty affecting close to half of those in poverty, increasing incomes and access to benefits that will reduce the outlay of costs is essential. Philadelphians need a spectrum of income supports, money management services and asset-building opportunities to secure their financial futures. CEO is working with partner agencies to ensure that residents have access to quality financial education and services at every stage of life. Through a three-year grant provided by Bloomberg Philanthropies, CEO and Clarifi have operated Financial Empowerment Centers (FECs) across the city. Since inception, these FECs have provided free one-on-one financial counseling to over 12,000 clients. CEO also supported efforts in the Paschalville neighborhood by providing financial empowerment services to residents seeking improved employment opportunities through the Free Library's new Job Readiness Lab. Finally, CEO worked with a Family Savings Account program. The program was similar to other Individual Development Account programs in that it provides match funds for participant's savings. The match is provided dollar-for-dollar up to \$2,000. The savings and the match funds can be used to purchase a home, start a business, or pursue higher education. The program is a 24-month program that CEO took over in month 18 from another organization. Since CEO took over the program in June 2017, \$32,000 in assets have been purchased by participants in the program. CEO plans to continue its financial empowerment work in FY19 through existing Community Services Block Grant (CSBG) funds, to serve clients with the same menu of services previously provided through the FECs. Clarifi will also seek to maintain current service levels with additional philanthropic funding sources. Additionally, CEO will work with financial institutions to roll out BankOn 2.0, a national platform that supports local efforts to connect consumers to safe, affordable bank accounts and financial services.

West Philadelphia Promise Zone. Housed in CEO, the West Philadelphia Promise Zone initiative has convened and aligned cross-sector stakeholders to connect residents to high quality education, well-paying jobs, affordable housing, health services, and safe, economically healthy places to live. Since its inception in 2013, Promise Zone partners have leveraged the initiative's preference points to garner approximately \$5.36 million in philanthropic dollars for local efforts. In 2015, CEO launched Promise Corps, a college and career readiness program. Promise Corps supported 1,063 students across four Promise Zone high schools during the 2016-2017 school year. In FY19, the Promise Zone Housing Sub-Committee intends to engage with the Division of Housing and Community Development (DHCD) to promote the use of City programs to assist residents facing tax foreclosure. Over the next year, we also intend to research expiring subsidies for affordable housing developments in the Promise Zone, with the purpose of targeting these units for preservation efforts. CEO's proposed FY19 budget consists primarily of grant funding totaling \$18,545,224 and General Fund dollars in the amount of \$590,000. Doing our work effectively does not come without its challenges, and a lack of diverse funding streams is our biggest obstacle. Our funding comes primarily from the Community Services Block Grant (CSBG), which the current federal administration would see eliminated. With these already-vulnerable CSBG funds, we are limited to serving individuals who are at or below 125% of the poverty line (less than or equal to \$31,375 per year for a family of four).

Workforce Development. With the opening of the Office of Workforce Development, CEO has transitioned the responsibilities of its Workforce Development Steering Committee to the newly-created office. Additionally, CEO's Director of Workforce Development and Americorps Workforce Development VISTA have transitioned to the new office. CEO will continue to support initiatives around workforce development that serve the most vulnerable populations, including the launch of First Step Staffing, a nationally recognized workforce development model focused on people transitioning from homelessness and the Center for Employment Opportunity's on-the-job training programs for justice-involved individuals.

Early Learning. In 2018, this important work will transition to the Mayor's Office of Education. FY19 activities will include beginning the implementation of a comprehensive, one-stop online enrollment process for early childhood education in Philadelphia. This system will streamline families' access to public funded services across multiple programs and funding sources. Other efforts will help add 3,900 new high-quality early learning slots through grants from the City's Child Care Facilities Fund and privately-supported Fund for Quality.

In partnership with all of you, we are confident that our work will continue to strengthen and expand opportunity for our city's residents. Thank you, and I would be happy to answer any questions at this time.

BUDGET SUMMARY & OTHER BUDGET DRIVERS

Staff Demographics Summary (as of December 31, 2017)				
	Total	Minority	White	Female
Number of Full-Time Staff	34	26	8	24
Number of Exempt Staff	34	26	8	24
Number of Executive Staff (deputy level and above)	3	3	0	2
Average Salary, Full-Time Staff	\$61,967	\$62,591	\$59,938	\$60,046
Average Salary, Exempt Staff	\$61,967	\$62,591	\$59,938	\$60,046
Average Salary, Executive Staff	\$111,667	\$111,667	N/A	\$102,500
Median Salary, Full-Time Staff	\$55,000	\$55,000	\$61,500	\$54,410
Median Salary, Exempt Staff	\$55,000	\$55,000	\$61,500	\$54,410
Median Salary, Executive Staff	\$105,000	\$105,000	N/A	\$102,500

Employment Levels (as of December 31, 2017)		
	Budgeted	Filled
Number of Full-Time Positions	43	34
Number of Part-Time Positions	2	0
Number of Exempt Positions	43	34
Number of Executive Positions (deputy level and above)	3	3
Average Salary of All Full-Time Positions	\$60,852	\$61,967
Median Salary of All Full-Time Positions	\$55,000	\$55,000

General Fund Financial Summary by Class						
	FY17 Original Appropriations	FY17 Actual Obligations	FY18 Original Appropriations	FY18 Estimated Obligations	FY19 Proposed Appropriations	Difference: FY19-FY18
Class 100 - Employee Compensation	\$90,000	\$90,000	\$230,000	\$228,000	\$90,000	(\$138,000)
Class 200 - Purchase of Services	\$2,435,318	\$588,847	\$1,445,000	\$1,913,500	\$500,000	(\$1,413,500)
Class 500 - Contributions	\$0	\$500	\$0	\$0	\$0	\$0
	\$2,525,318	\$679,347	\$1,675,000	\$2,141,500	\$590,000	(\$1,551,500)

Grants Revenue Fund Financial Summary by Class						
	FY17 Original Appropriations	FY17 Actual Obligations	FY18 Original Appropriations	FY18 Estimated Obligations	FY19 Proposed Appropriations	Difference: FY19-FY18
Class 100 - Employee Compensation	\$3,102,912	\$2,172,040	\$3,126,677	\$2,175,741	\$2,828,464	\$652,723
Class 200 - Purchase of Services	\$12,979,913	\$10,367,356	\$16,486,379	\$13,095,618	\$15,646,220	\$2,550,602
Class 300/400 - Materials, Supplies & Equipment	\$58,465	\$137,228	\$64,463	\$54,261	\$70,540	\$16,279
	\$16,141,290	\$12,676,624	\$19,677,519	\$15,325,620	\$18,545,224	\$3,219,604

Contracts Summary (Professional Services only)						
	FY13	FY14	FY15	FY16	FY17	FY18 YTD (Q1 & Q2) ¹
Total amount of contracts	\$60,000	\$72,045	\$130,643	\$140,319	\$114,455	\$148,436
Total amount to M/W/DSBE	\$10,000	\$50,000	\$71,072	\$64,000	\$49,798	\$32,000
Participation Rate	17%	69%	54%	46%	44%	22%

¹CEO confirmed one (1) M/W/DSBE contract in FY18 Q1 and Q2. This is reduction from the previous year by of 3 M/W/DSBE contracts. We anticipate a participation rate of 50% by the close of Q3.

Total M/W/DSBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY17	FY18	FY19
M/W/DSBE Contract Participation Goal	50%	51%	50%

PROPOSED BUDGET OVERVIEW

Proposed Funding Request:

The proposed Fiscal Year 2019 General Fund budget totals \$590,000, a decrease of \$1,551,500 from Fiscal Year 2018 estimated obligation levels. This decrease is primarily due to the reallocation of workforce staff and programs to the new Office of Workforce Development

The proposed budget includes:

- \$90,000 in Class 100, a \$138,000 decrease from FY18. This funding will be used for salaries and wages.
- \$500,000 in Class 200, a \$1,413,500 decrease from FY18. This funding will be used to encumber funds towards child care facility improvements that will be administered by the Mayor's Office of Education.

The proposed Fiscal Year 2019 Grant Revenue Fund budget totals \$18,545,224, an increase of \$3,219,604 over Fiscal Year 2018 estimated obligation levels. This increase is requested to ensure appropriations for additional grant increases, such as awards from philanthropy.

The proposed budget includes:

- \$2,828,464 in Class 100, a \$652,723 increase over FY18. This funding will be used towards the cost of salaries and fringe benefits.
- \$15,646,220 in Class 200, an \$2,550,602 increase over FY18. This funding will be used to encumber funds towards new agreements as a result of new or expanded programming in financial empowerment or benefits access.
- \$70,540 in Class 300/400, a \$16,279 increase over FY18. This funding will be used towards the purchase of materials and supplies, including office supplies and computer equipment.

STAFFING LEVELS

The department is requesting 0 General Fund budgeted positions for FY19, a decrease of 2 positions (a \$138,000 decrease in class 100 funding) from FY18. The decrease is attributed to the transfer of 2 staff positions to the new Office of Workforce development. Remaining Class 100 funds supplement salaries of existing staff.

The department is requesting 36 Grant Revenue Fund budgeted positions for FY19, a decrease from 41 positions budgeted in FY18. The increase in funds in the amount of \$652,723 is associated with filling vacant positions (3) and anticipated staffing for additional grants.

NEW HIRES

New Hires (from 7/1/2017 to December 2017)			
	Total Number of New Hires	Spanish	German
Black or African American	5	1	1
Hispanic or Latino	1	1	0
White	2	0	1
Total	8	2	2

PERFORMANCE, CHALLENGES, AND INITIATIVES

FY19 Performance Measures				
Measure	FY17 Actual	FY18 YTD (Q1 + Q2)	FY18 Target	FY19 Target
<i>Benefit Access</i>				
Total applications submitted ¹	12,534	5,230	9,000	9,000
Total confirmed enrollments ¹	6,088	1,881	4,400	4,400
<i>Economic Security</i>				
Number of people with credit score raised by at least 35 points ¹	126	22	40	40
Number of people connected to asset-building vehicles ²	45	7	20	20
Number of people who received free tax preparation and filing services ³	3,200	N/A	3,200	3,200
Number of people who obtained the Earned Income Tax Credit ⁴	1,967	N/A	1,500	1,500
<i>Housing Security</i>				
OHS EARU: number of households assisted ⁵	685	285	400	400
DPH CLPP and Healthy Homes Healthy Kids: number of households assisted ⁶	273	132	250	250

¹ Targets are based on contractual goals. In FY17, the provider exceeded the target outcomes.

² Goals have been reduced due to the end of grant funding for this project.

³ This is an annual measure. Data is not available until the end of the fiscal year, as tax season starts in the second half of the year. Targets are based on contractual goals.

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⁵ Targets are set based on providing a set number of clients with a budgeted amount, but often the amount given is less than the maximum and more clients can be served beyond the target.

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OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

President Trump's budget proposal includes the elimination of the Community Services Block Grant (CSBG), the Low Income Home Energy Assistance Program (LIHEAP), and a significant change to the way Supplemental Nutrition Assistance Program (SNAP) benefits are administered, among other impactful changes. The magnitude to which these cuts would impact Philadelphia residents is astounding. Without the federal dollars that fund these essential programs, hundreds of thousands of Philadelphians would be adversely affected. Since CEO is funded almost exclusively by CSBG dollars, full implementation of President Trump's proposal would put our agency, and other Community Action Agencies, at risk for elimination. The proposed cuts would reduce the number of households served through CSBG by close to 1,000 households annually and force the closure of service sites.

CONTRACTING EXPERIENCE

As of 3/13/18, CEO does not have any FY18 conformed professional services contracts with for-profit vendors over \$32,000.

Non-Profit Vendor Demographics		
JEVS Human Services	Minority %	Female %
Workforce	72.28%	67.61%
Executive	9.09%	45.45%
Board	4.17%	33.33%
Benefits Data Trust	Minority %	Female %
Workforce	46.36%	63.58%
Executive	33.33%	66.67%
Board	0.00%	25.00%
Public Health Management Corp.	Minority %	Female %
Workforce	68.03%	77.00%
Executive	50.75%	75.88%
Board	50.00%	35.00%
Mental Health Partnerships, Inc.	Minority %	Female %
Workforce	62.38%	66.46%
Executive	22.22%	55.56%
Board	31.58%	47.37%
Clarifi	Minority %	Female %
Workforce	43.33%	71.67%
Executive	20.00%	80.00%
Board	5.26%	36.84%

EMPLOYEE DATA

Staff Demographics (as of December 31, 2017)				
Full-Time Staff			Executive Staff	
	Male	Female	Male	Female
	African-American	African-American	African-American	African-American
<i>Total</i>	5	14	<i>Total</i>	1
<i>% of Total</i>	15%	41%	<i>% of Total</i>	33%
<i>Average Salary</i>	\$78,576	\$64,175	<i>Average Salary</i>	\$130,000
<i>Median Salary</i>	\$70,380	\$55,000	<i>Median Salary</i>	\$130,000
	White	White	White	White
<i>Total</i>	1	7	<i>Total</i>	0
<i>% of Total</i>	3%	21%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$70,000	\$58,500	<i>Average Salary</i>	N/A
<i>Median Salary</i>	\$70,000	\$60,000	<i>Median Salary</i>	N/A
	Hispanic	Hispanic	Hispanic	Hispanic
<i>Total</i>	2	3	<i>Total</i>	0
<i>% of Total</i>	6%	9%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$48,494	\$44,383	<i>Average Salary</i>	N/A
<i>Median Salary</i>	\$48,494	\$46,575	<i>Median Salary</i>	N/A
	Asian	Asian	Asian	Asian
<i>Total</i>	2	0	<i>Total</i>	0
<i>% of Total</i>	6%	0%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$52,951	N/A	<i>Average Salary</i>	N/A
<i>Median Salary</i>	\$52,951	N/A	<i>Median Salary</i>	N/A
	Other	Other	Other	Other
<i>Total</i>	0	0	<i>Total</i>	0
<i>% of Total</i>	0%	0%	<i>% of Total</i>	0%
<i>Average Salary</i>	N/A	N/A	<i>Average Salary</i>	N/A
<i>Median Salary</i>	N/A	N/A	<i>Median Salary</i>	N/A
	Bilingual	Bilingual	Bilingual	Bilingual
<i>Total</i>	4	2	<i>Total</i>	0
<i>% of Total</i>	12%	6%	<i>% of Total</i>	0%
<i>Average Salary</i>	\$50,723	\$46,575	<i>Average Salary</i>	N/A
<i>Median Salary</i>	\$49,451	\$46,575	<i>Median Salary</i>	N/A
	Male	Female	Male	Female
<i>Total</i>	10	24	<i>Total</i>	1
<i>% of Total</i>	29%	71%	<i>% of Total</i>	33%
<i>Average Salary</i>	\$66,577	\$60,046	<i>Average Salary</i>	\$130,000
<i>Median Salary</i>	\$61,250	\$54,410	<i>Median Salary</i>	\$130,000

LANGUAGE ACCESS

- 1) **Has your leadership received language access training?**
Yes. Executive staff received training provided by the Office of Immigrant Affairs.
- 2) **Do you currently have a language access coordinator?**
Yes, our Benefits Access Supervisor, Sulaiman Wood.
- 3) **Has your department written a language access plan and is it posted online?**
Yes, it is available here: <https://beta.phila.gov/documents/language-access-plans>.
- 4) **Explain what your department has done to improve language access services over the past year.**
We have translated all of our outward facing benefits access documents and trained all CEO staff in accessing language services.