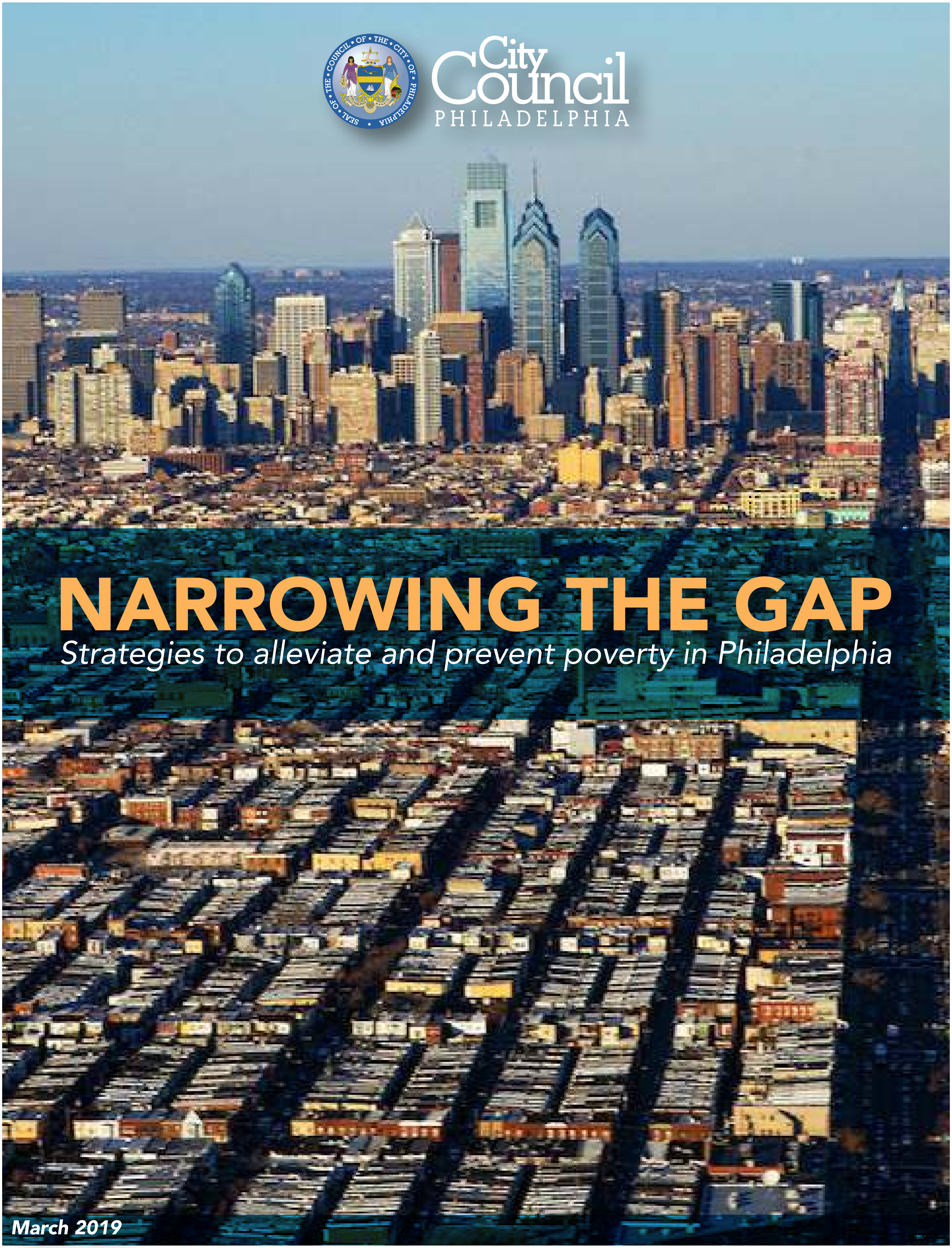
City Council
PHILADELPHIA

NARROWING THE GAP

Strategies to alleviate and prevent poverty in Philadelphia



March 2019

A LETTER FROM PHILADELPHIA CITY COUNCIL

For far too long, the poverty rate among Philadelphians has remained stubbornly high. At current levels, the persistent challenges of poverty are a daily reality for over a quarter of our neighbors, friends, and family. While we have always viewed poverty as Philadelphia's most significant challenge, in the past the City of Philadelphia has taken an incremental approach to an issue that urgently demands a far more aggressive, comprehensive, and unified policy approach. Now is not the time for studying the issue further; now is the time for bold, decisive action.

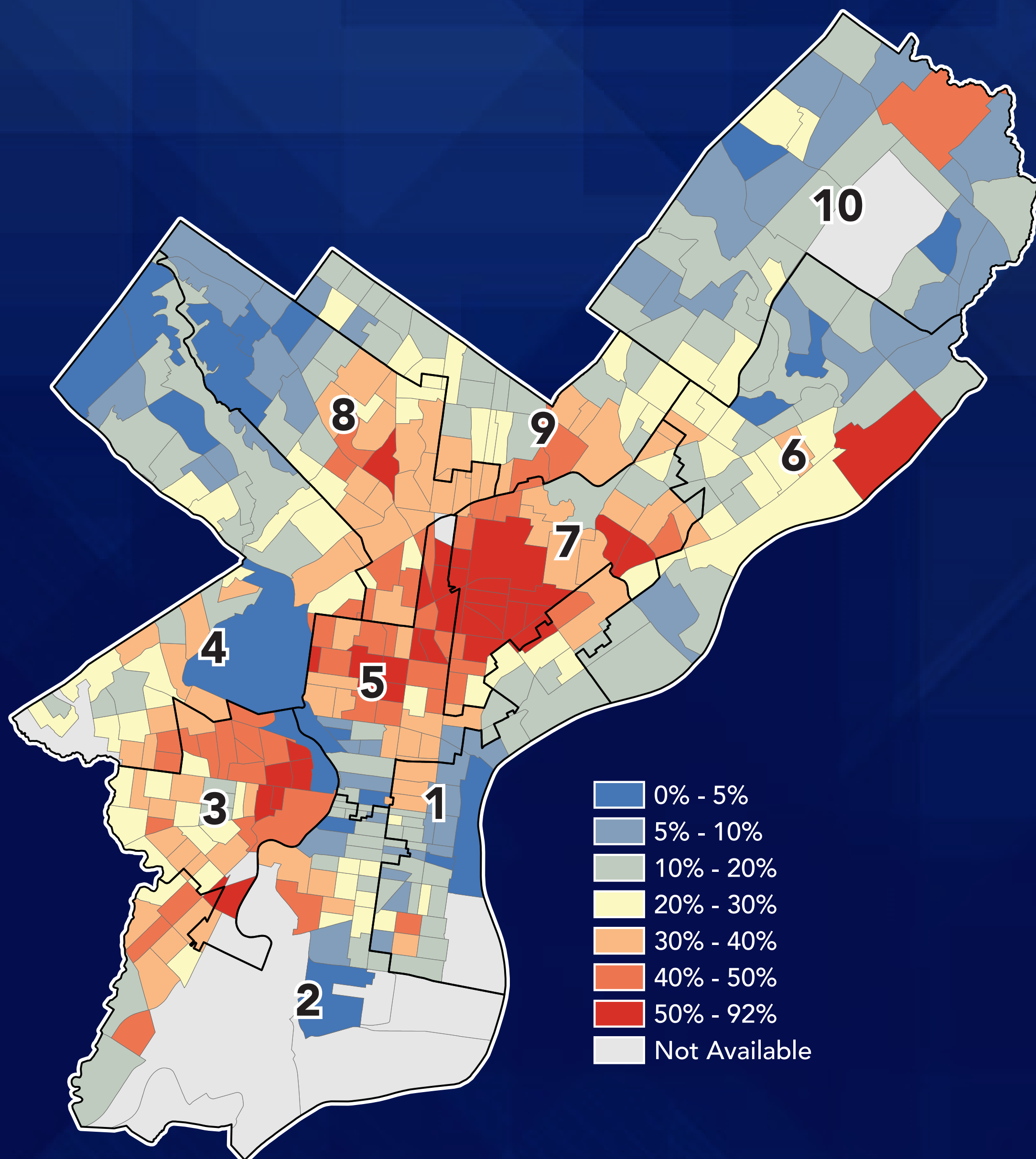
In 2018, Philadelphia City Council set out to create "Narrowing the Gap," a series of actionable strategies for preventing and alleviating poverty through identifying successful policies and programs from across the country, some of which are already underway here in Philadelphia.

The list of strategies represented here was drawn up over a six-month timeframe in collaboration with City Council and HR&A Advisors, Inc. We focused on three policy areas: housing, jobs and education, and the social safety net—ultimately condensing the list to the set of 27 strategies contained in this document. As we worked, we imagined poverty at its most fundamental level to be a gap between the income needed to live a dignified, stable life and the income earned by many Philadelphians. Each solution proposed here works to narrow this gap either by raising household incomes, by cutting burdensome costs such as the cost of housing, or by bolstering the City's commitment to protect its vulnerable residents from financial dislocation. The strategies proposed here are diverse in subject matter as well as in terms of their timeline and complexity. Some represent changes to existing policies that could be accomplished in a matter of months, while others recommend entirely new programs.

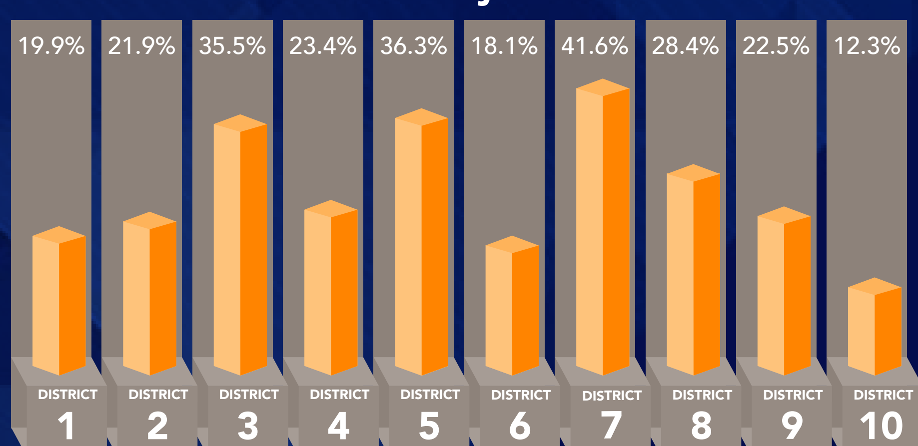
What has emerged from this process is a set of fresh ideas for preventing and alleviating poverty across Philadelphia. We do not presume that these ideas are a comprehensive solution to poverty, nor do we believe they are the only solutions. Rather, they are limited in their focus to areas where we believe Philadelphia City Council can directly make a difference. Through a series of upcoming legislative packages, and by prioritizing poverty in future City budgets, we plan to work in close partnership with our colleagues in Federal and State government, the Office of the Mayor of Philadelphia, key community institutions, philanthropic investors, and the private sector to begin a dynamic, new approach to addressing our city's greatest challenge.

-The City Council of Philadelphia

POVERTY RATE BY COUNCIL DISTRICT: ACS ESTIMATES (2017)



Poverty Rate
2017 ACS five-year estimate



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CREATE A DYNAMIC LINKAGE FEE TO PROVIDE RESOURCES FOR AFFORDABLE HOUSING

Though the recovery of Philadelphia's real estate market has created jobs throughout the city and expanded its tax base, rapid growth has also depleted the city's supply of affordable housing—exacerbating an acute need for new affordable development. Between 2000 and 2016, the number of naturally-occurring or federally-subsidized affordable units fell by over 20% and 90% of the City's census tracts experienced a net loss of low-cost units.[1] Today, Philadelphia stands out for its high housing-cost burden among peer cities: in 2016, 53% of renters spent one-third or more of their income on housing; a rate higher than in Chicago (36%), Los Angeles (41%), and Washington, DC (48%), and nearly as high as in New York City (54%).[2]

Linkage fees, also known as development impact fees, attempt to compensate for the negative impact of development on housing prices by charging a fee for certain types of development that is used to build more affordable housing. Developers that engage in activities that are "linked" with the depletion of affordable housing such as construction of housing above a certain price point or the conversion of residential square footage into offices must pay to offset the deleterious effects of this activity. Funds from this fee go to replenish the city's affordable housing supply.

To implement a linkage fee, cities must first conduct a nexus study,[3] which establishes a linkage between an economic activity and increased demand for and/or decreased supply of affordable housing. If a link is established, the city sets a proportionate per-square-foot fee on new developments through a change to the tax code.

Linkage fees are common throughout the United States with prominent examples in San Diego, San Francisco, Santa Monica, Los Angeles, Denver, Boston, and Cambridge. The most successful linkage fees require regular recalculation of fees to update for new economic conditions. Without doing so, the City runs the risk of under- or overcharging for the linkage as economic conditions change, which can leave money on the table or disincentivize any development. In 2018, the City Council explored a linkage fee but did not vote on the proposal.[4]

PRECEDENTS:

Los Angeles, CA
In 2017, Los Angeles passed a per-square foot linkage fee on new development with the intention of plowing the proceeds into affordable housing and homelessness services. The fee, which ranges from $8 to $15 per square foot, is estimated to raise up to $100M per year.[5]

Denver, CO
Similarly, Denver passed a universal Affordable Housing Linkage Fee in late 2016. The bill creates a dedicated affordable housing fund to help create or preserve thousands of affordable homes for low- to moderate-income families in Denver. The fee ranges from $1.55 per-square-foot for multi-unit market-rate housing to $0.41 for agricultural land.[6]

REQUIRE PRESERVATION OR CREATION OF AFFORDABLE HOUSING FOR TAX INCENTIVE RECIPIENTS

Philadelphia currently has three ways of supporting development projects. It can provide direct funding to the project, offer tax incentives, or provide publicly-owned land tax incentives, which are currently the most prominent of these vehicles. The City's current abatement programs are broad and can last from 30 months to 10 years and apply to rehabilitation or construction of residential or commercial properties.[7] However, few of these programs are tied to an "ask" for the recipient. In terms of affordable housing, they neither require it for program participation nor provide a bonus for including it. As a result, the City is effectively leaving money on the table, especially in neighborhoods where market housing prices are growing and demand for affordable housing is acute.

By requiring the preservation of affordability for housing receiving development or rehabilitation incentives, the City can encourage developers to include it in their plans, stemming the depletion of affordable housing and introducing new supply. Cities have taken many approaches to this process in the past, requiring affordable housing for program eligibility or offering bonuses for its inclusion. As with a linkage fee, local development economics and the potential impact of the policy should be considered prior to implementation.

PRECEDENT:

New York, NY | J-51 Tax Abatement

The J-51 program in New York City allows landlords that rehabilitate rental properties to abate their taxes so long as rehabilitated properties remain rent stabilized. The J-51 program was among the largest and most successful affordable housing programs ever undertaken by the City. The program has been one of the largest creators of rent-stabilized properties in the City's history. At the time of its implementation, New York's housing stock was in poor condition, but broadly affordable, a status which resembles Philadelphia today.[8]

REQUIRE THAT HOUSING BUILT ON PUBLIC LAND CONTAIN AFFORDABLE UNITS

Philadelphia currently has three ways of supporting development projects. It can provide direct funding to the project, offer tax incentives, or provide publicly-owned land. Given the City's widespread ownership of land across neighborhoods—of Philadelphia's 40,000 vacant lots, for instance, about 25% or 10,000 are publicly owned[9]—land is an increasingly important tool in generating development. However, land is often offered without a guarantee that it will be used for affordable housing production. As a result, the land that Philadelphia has committed to major development projects has a mixed record of promoting affordable housing despite the likely effect of these projects of raising nearby rents and exacerbating affordability challenges.

One potential solution is to require that all housing developments built using public land maintain a set percentage of affordable units. This percentage, like a linkage fee, could be regularly recalculated to account for changing development economics and variation between neighborhoods. In cases where developers are unable to contribute this set amount of housing, they could be required to contribute to the City's affordable housing trust fund which could be used to support development elsewhere. Prior to passage of such a requirement, the City should thoroughly study potential impacts on development economics which will inform the sizing of affordability requirements and/or fees.

PRECEDENT:

Washington, DC

In 2014, the District of Columbia passed the Disposition of District Land for Affordable Housing Amendment Act, which requires all new multifamily residential projects developed on City-owned surplus land include at least 20% affordable housing. The requirement is increased to 30% in areas with transit access. The Act allows the District to dispose of land for below market value, so that developers can use the cost savings to subsidize affordable housing units and allows the District to provide additional subsidies to ensure that affordability requirements are met.

The affordability requirements can be waived or reduced under specific conditions, such as a subsidy being provided by the difference between the appraised market value and the free or discounted value at which the developer receives the land. The waiver system is designed to respond to differences in development economics across the city.

FULLY LEVERAGE THE BENEFITS OF THE NEW FEDERAL QUALIFIED OPPORTUNITY ZONES PROGRAM

The Federal Qualified Opportunity Zones (QOZ) Program was created by the Tax Cuts and Jobs Act of 2017 as an innovative approach to unlocking long-term private investment to support low-income urban and rural communities in every U.S. state and territory. The Qualified Opportunity Zones Program provides an incentive for investors to reinvest unrealized capital gains into Qualified Opportunity Funds (QOFs) —the emerging financial entities that will invest in QOZs—in exchange for a temporary tax deferral and other benefits and profits tied to long-term holdings. With trillions of dollars in unrealized capital gains sitting on the sidelines in stocks and mutual funds, U.S. investors can now roll passive holdings of capital into investments in distressed communities.

While federal regulations are still being finalized, the City of Philadelphia must take a leadership role in ensuring that inclusive projects which aid community development are attractive and sound investments for the QOFs. The Program itself restricts investments to higher need geographic areas of Philadelphia but was not designed to guarantee the investments are inclusive of those communities. Building capacity among inclusive, local businesses which strengthen Philadelphia's neighborhoods is essential if these investment opportunities are going to have a positive economic impact on all Philadelphians.

Examples of businesses and development projects eligible for investments from QOFs include: affordable and market rate housing, mixed-use developments, retail-grocery stores, health clinics, office buildings, manufacturing businesses, restaurants, and hotels.

Eighty-two Qualified Opportunity Zones in Philadelphia have already been designated by the Governor of Pennsylvania. The program is designed to minimize cost and risk to the taxpayer. Investors bear the risk on all their originally deferred capital gains, minus a modest reduction for long-term holdings, regardless of whether subsequent investments have increased or decreased in value. Neither tax credits nor public-sector financing is involved.

No upfront subsidy is provided to investors; all incentives are linked to the duration of the qualified investment. The provision has two main tax incentives to encourage investment:

- Allows for the temporary deferral of inclusion in gross income for capital gains that are reinvested into Opportunity Funds.
- Excludes from taxable income capital gains on Opportunity Fund investments held for at least 10 years. In other words, after settling their original tax bill, patient investors in Opportunity Funds will face no capital gains taxes on their Opportunity Zone investments.

PARTNER WITH HEALTH CARE INSTITUTIONS TO SUPPORT POSITIVE AFFORDABLE HOUSING OUTCOMES FOR LOW-INCOME PHILADELPHIANS

Building off the leadership of the Philadelphia Association for Community Development Corporations (PACDC), there is growing research further demonstrating the link between housing and health outcomes at the individual and the community levels. As PACDC writes in a 2018 grant application, "There is considerable interest in leveraging this linkage to generate new resources from healthcare providers to address unmet housing needs in the communities they serve. Indeed, managed care organizations (MCOs), which run state Medicaid and Medicare programs, have begun addressing housing needs to reduce medical utilization and expenditures. Initiatives and partnerships with housing providers can be beneficial all around, as hospitals could contain major drivers of healthcare costs, meet regulatory requirements, and reduce chaos in their emergency rooms from high-utilization by chronically homeless patients, among other benefits. At the same time, housing providers and funders of affordable housing benefit from additional financial investment and land. Moreover, low-income individuals and families will benefit from more stable and affordable homes."[10]

Philadelphia's aging housing stock is deteriorating, as low-income owners cannot afford basic maintenance (i.e. 27% of Philadelphia seniors live in a home with damage to the roof, plumbing or heating). This deterioration leads to: unhealthy conditions including lead exposure, asthma triggers (39% of asthma diagnoses in children are attributable to residential risk factors), and electrical and plumbing malfunctions. The opioid crisis is straining our housing and social service systems, leading to a rise in street homelessness as well. These and other forms of lack of access to safe, affordable homes are among the most important factors influencing health outcomes.

In Maryland, California, Phoenix, Vermont, and elsewhere, "hospitals and health systems have committed significant resources to address housing needs in the communities they serve. This has included support for Low Income Housing Tax Credit (LIHTC) deals to create new units of affordable housing, preservation of existing LIHTC units, home repairs and modifications, and rental assistance for the chronically homeless."[11]

PRECEDENTS:

Baltimore, MD
Bon Secours Baltimore Health System has taken a broad approach to community investment, including developing more than 700 safe, quality affordable rental housing units for nearly 1,200 individuals. Their support extends to residential case management, trauma informed care, and even career development.

Cook County, IL

University of Illinois Hospital (UI Health) partnered with the Center for Housing and Health to provide nearly 500 beds to chronically homeless individuals with stable housing and supportive services; the ultimate goal is to help individuals eventually move into fully independent and permanent living situations. UI Health has been studying patients' health conditions and health care utilization since the Better Health Through Housing program began in 2015, and early results are encouraging. The system saw a 67% drop in participants' health care costs. [12]

Philadelphia, PA
Despite many innovative partnerships nationwide, this is still new territory in Pennsylvania. In Philadelphia, however, there are currently two partnerships with the Children's Hospital of Philadelphia that connect patients to home repair services: 1) Rebuilding Together Philadelphia, and 2) Philadelphia Housing Development Corporation.

HOUSING

PRESERVE HOUSING AFFORDABILITY AND PROTECT EXISTING HOMEOWNERS

EXPAND EXISTING HOUSING PRESERVATION AND HOMEOWNER RELIEF PROGRAMS

The City of Philadelphia's efforts to provide property tax relief, for residents in gentrifying neighborhoods and those who have experienced unaffordable increases in their real estate tax bills, have been largely successful. However, more can be done to keep Philadelphians in their homes and prevent middle-income families from slipping into poverty.

One prominent example of these efforts is the City's Owner-Occupied Payment Agreement (OOPA) program, which allows owner-occupied homeowners to make affordable monthly payments on property taxes that are past due through negotiated agreements with the Department of Revenue. Much more could be done to promote this program and ensure that we reduce tax delinquency and housing vulnerability.

In December 2018, Philadelphia City Council introduced legislation expanding eligibility requirements for the Longtime Owner Occupants Program (LOOP), which provides tax relief to homeowners experiencing sudden, sharp increases in property assessments. Implemented in conjunction with the Actual Value Initiative (AVI) in 2014, LOOP offers tax relief to modest-income owner-occupants of 10 years or more who see a year-on-year tax bill increase of at least 200 percent. The amendment, recently signed into law by the Mayor, expanded LOOP relief to protect qualifying homeowners who see a year-on-year tax increase of at least 50 percent. Homeowners who are found to qualify for LOOP in tax year 2019 will see a credit applied to their tax year 2020 bill.

INCREASE TENANT ACCESS TO AFFORDABLE COUNSEL IN HOUSING COURT

Despite the recent passage of Philadelphia's just cause eviction law, the eviction process in the city is relatively burdensome on tenants. Landlords must only provide tenants with a notice of eviction, which is their responsibility to contest and which becomes the City's duty to enforce in the event of non-compliance. Furthermore, 55% of evicted households who contest their evictions receive default judgements because of inability to pay for counsel.[13] Landlords can outmatch tenants in hiring counsel, which effectively means that most victims decide not to contest.

There is currently no right-to-counsel law in Philadelphia, though $500,000 was appropriated last year in the City budget to help eviction victims in court. Passing this law and providing resources for its implementation would help tenants contest their evictions and prevent destabilization.

PRECEDENT: **New York, NY**
New York City has committed to providing counsel to every case in housing courts by 2022, funded by city appropriations.[14]

CREATE A DATA COLLECTION AND ADVANCED NOTIFICATION FRAMEWORK FOR RENTALS AND EVICTIONS

Housing security and housing quality is a major issue in Philadelphia. However, data on the City's rental properties including evictions is incomplete, limiting efforts to address these issues. Two issues drive the lack of data. First, there is currently no financial penalty for failing to license a rental property in Philadelphia. Indeed, troubled landlords often apply for a rental license only prior to initiating eviction proceedings. Second, Philadelphia does not require landlords to notify the City in advance of eviction or collect any data about eviction. Landlords must only provide tenants with a notice of eviction, which is their responsibility to contest and which becomes the City's duty to enforce in the event of non-compliance.

Furthermore, any data that is collected is not fully utilized by the wide range of service providers who could benefit from knowing whether an individual is: at immediate risk for eviction, living in substandard housing, or housing insecure. These stakeholders include: schools, healthcare providers, parole boards, and other case managers.

A robust database of rental housing combined with a real-time stream of eviction data, shared in advance with critical agencies, would enable the City to efficiently target services to at-risk individuals and effectively build programs to combat housing insecurity.

To make this data available, the City should make rental licensure compulsory with substantial fees for noncompliance. Furthermore, the City should empower departments to use this data to track at-risk households and respond to it. Relevant case managers should be empowered to investigate the cause of eviction, target resources to members of the household, and if eviction cannot be prevented, help create a plan for relocation.

PRECEDENTS:

Los Angeles, CA | Compulsory Rental Licensure
In Los Angeles, rental licensing is compulsory for all properties with three or more units since owners must register for and pay city business taxes. If a property owner fails to register and/or to pay their annual registration fee of $43 per unit, a 200% penalty is assessed on the fee and all business taxes. The program has led to near-universal rental licensure in the city, which means that Los Angeles can work with a comprehensive set of data on rental housing.[15]

Boston, MA | Breathe Easy Boston
Boston has developed a program called "Breathe Easy Boston" that has become a well-known case study in inter-organizational collaboration through data sharing. The policy asks that hospitals inquire as to any child's housing condition if he or she presents with asthma or respiratory issues. Providers can then refer the case to the City's housing department, which may inspect the home both physically and through an integrated database of air quality and housing code violations.[16]

EXPLORE OPPORTUNITIES TO SUPPORT RELOCATION ASSISTANCE FOR DISPLACED TENANTS

Housing insecurity is a leading cause of short-term destabilization for poor households in Philadelphia as well as households at risk of falling into poverty. Though most tenant displacements result from a failure by tenants to pay the agreed upon rent, a substantial share are "no-fault" displacements. How "no-fault" displacements are defined varies broadly, but definitions usually include instances in which, despite the tenant being in good standing, there are circumstances which prevent the tenant from continuing to reside in that unit (i.e. unsafe or substandard living conditions, and mandatory evacuation orders due to incidents like fire).

A number of cities have passed legislation which provides relocation assistance to the neediest tenants displaced due to circumstances outside of their control. In doing so, this type of legislation protects against the kind of destabilization that can lead to a loss of a job or interruption of education. Oftentimes, signing a new lease requires advanced payment of the equivalent of two to three months of rent; an amount that low-income Philadelphians can rarely afford when needed unexpectedly.

In past implementations of such a requirement, the amount of cost covered has depended on length of time the tenant has lived in the unit, the income of the tenant, or other conditions such as disability or age. The source of revenue for tenant displacement assistance varies. Strong cooperation with and support for the court system will be critical in fully operationalizing existing programs and laws. As one of the largest landlords in Philadelphia, partnering with the Philadelphia Housing Authority is an important concurrent step that should be explored.

PRECEDENTS:

San Jose, CA
When a tenant in San Jose, California is forced to relocate due to mandatory order to vacate or substandard living conditions that could jeopardize the health and safety of current or future residents, tenants can be provided with assistance including: substitution temporary housing, financial support in securing a new rental unit, and certain paid moving and transportation expenses to jobs or schools. Exceptions to these protections include instances in which the tenant was lawfully evicted or the reason for displacement was caused, or substantially contributed to, by the tenant.

State of Connecticut
If a municipal housing code office, health department, or other official orders a tenant in Connecticut to vacate their rental unit, municipalities are required to help facilitate the relocation of that tenant. State law says that if a municipality tells tenants to vacate because code violations or a fire have made it unfit to live in, the municipality must provide temporary emergency housing, assistance in finding a safe and comparable rental unit, and some support with moving expenses.

HOUSING

ENSURE FAIR HOUSING FOR ALL

PASS FAIR CHANCE HOUSING LEGISLATION

Even though Philadelphia has reduced its jail population by about one third in just two years, many Philadelphians with a criminal record, even those not facing incarceration, continue to face challenges that impede them from leading financially stable lives. Criminal justice debt and discrimination are the greatest barriers that justice-involved Philadelphians face.

The Federal Fair Housing Act protects a wide range of individuals from housing discrimination. However, it does not specifically protect justice-involved individuals from discrimination, which has led some cities to create legislation protecting individuals with a criminal record. Passing Fair Chance Housing legislation would prohibit landlords and real estate brokers from screening applicants based on their criminal history, except for people registered as sex offenders.

PRECEDENTS:

Seattle, WA
The Seattle Fair Chance Housing legislation prevents landlords from unfairly denying applicants housing based on criminal history. It also prohibits the use of advertising language that automatically or categorically excludes justice-involved people. [19]

Newark, NJ
Newark recently passed an ordinance that prohibits consideration of an applicant's criminal history until after a formal application for housing has been submitted, and after the landlord provides specific written disclosures and the applicant has consented.[20]

PROVIDE RESOURCES TO IMPROVE RENTAL UNITS IN EXCHANGE FOR RENT STABILIZATION

Philadelphia stands out for its high housing-cost burden among peer cities: in 2016, 53% of renters spent one-third or more of their income on housing, a rate higher than in Chicago (36%), Los Angeles (41%), and Washington, DC (48%), and nearly as high as in New York City (54%).[21] As the percentage of Philadelphians who rent rises and rental prices continue to increase, household incomes have remained sluggish or even declined in many neighborhoods across the city. There is a need to encourage landlords of low-cost and affordable units to preserve that shrinking supply while ensuring that living conditions remain healthy and safe.

The City of Philadelphia could help to preserve or increase the number of affordable rental units by establishing a grant program to provide small landlords with the funds to improve or rehabilitate their rental units. In exchange for this funding, the landlord would sign a restrictive covenant limiting the amount of rent they can charge and the income level of tenants who could occupy the property. The amount of said grants and length of rent restrictions need to be established. As one of the city's largest landlords, ongoing partnership with the Philadelphia Housing Authority towards this goal will be essential.

An ancillary benefit of this program, for landlords in high-value or gentrifying areas, would be the fact that by entering a rent restriction covenant, the rental property value would be assessed not by market value but in the context of the income from rent; this could result in a substantial reduction in property value and property taxes for participating landlords in certain neighborhoods.

PRECEDENTS:

Washington, DC
The Department of Housing and Community Development offers the Small Buildings Grant Program to provide funds for key repairs for property owners of multi-family rental housing. Property owners are eligible if at least 75 percent of their building is occupied and at least 25 percent of housing units are affordable to low-income households who earn at or below 50 percent of the Median Family Income.

Milwaukee, WI
The City of Milwaukee offers the Rental Rehabilitation Loan Program to assist responsible landlords and investors who agree to rent to low-income tenants. The program prioritizes exterior repairs (roofing, siding, porch), lead paint abatement (including replacement windows), energy conservation, plumbing, electrical, heating, and kitchen and bathroom. Further, landlords must provide annual re-certification of tenants' income and monthly rents must be capped. Provided that landlords meet the program requirements, they are eligible for no-interest, forgivable loans for each unit.

Philadelphia, PA
While no longer functioning due to limits in Section 8 Voucher availability, Philadelphia's MEND program had similar goals and provides valuable lessons towards the successful implementation of such an initiative.

BOLSTER SUPPORT FOR THE SCHOOL DISTRICT OF PHILADELPHIA

Building off the record increases in local funding for public education and regaining local control, the City of Philadelphia must do more to leverage every available resource and service to increase the opportunities of children, our most valuable asset.

Specifically, the City of Philadelphia will play a much stronger role in the following areas:

- Better coordination of City, State, and Federal resources and services
- Improved integration of social services, specifically behavioral and physical health, across all government agencies and programs.
- Leverage the success of sponsored school models, like Penn Alexander School and others, to ensure our biggest institutions are contributing to improved educational outcomes.
- Partner with Philadelphia's institutions of higher education to amplify all opportunities for shared resources, learning opportunities, and in-kind volunteer services across the entire city, not just in their backyards.
- Support a major expansion of dual and concurrent enrollment opportunities at institutions of higher learning across the city.
- Lead the way in forging new corporate sponsorships of CTE programming and options.

INCREASE SUPPORT FOR MICRO-ENTERPRISE DEVELOPMENT & GRASSROOTS ENTREPRENEURSHIP

In addressing the issue of poverty, what is often left out of the narrative is the critical role of entrepreneurship. As cited within the Goldwater Institute policy report (No.254) titled "Increasing Entrepreneurship is a Key to Lowering Poverty Rates", there is a strong connection between a state's rate of entrepreneurship and declines in poverty. Statistical analysis of all 50 states indicates that states with a larger share of entrepreneurs had bigger declines in poverty. In fact, comparing states during the last economic boom—from 2001 to 2007—data show that for every percentage point increase in the rate of entrepreneurship in a state, there is a two percent decline in the poverty rate.[22]

Further evidence of how entrepreneurship can be a ladder out of poverty comes from the Aspen Institute. Researchers there conducted a five-year survey in the mid-1990s that followed more than 1,500 low-income entrepreneurs across the nation. Close to three-fourths (72 percent) of those low-income entrepreneurs experienced an increase in their household income of more than $8,000, to $22,374. Their household assets increased by an average of more than $15,000 over five years. Perhaps most impressive, more than half (53 percent) had moved out of poverty in five years.[23]

PRECEDENT*:*

Pennsylvania Small Business Development Centers, Commonwealth of PA
The Pennsylvania Small Business Development Centers (SBDCs) are the only statewide, nationally-accredited program that provides high quality one-on-one consulting, training, and information resources to empower new and existing businesses. The SBDC program is a public/private partnership with the U.S. Small Business Administration, the Pennsylvania Department of Community and Economic Development, and 18 universities and colleges across the Commonwealth. The mission of the network of SBDCs is to provide entrepreneurs and small business owners with the knowledge needed to make smart decisions and prosper. Since its inception in 1980, SBDCs have evolved into a network of 18 university and college-based centers and more than 90 outreach locations operating under the guidance of the Lead Office located at Kutztown University. The Pennsylvania SBDC provides consulting services and educational programs to entrepreneurs looking to start or grow their small businesses. SBDC consultants work with entrepreneurs in confidential, one-to-one sessions to help them with a range of business issues including testing a new business proposition, shaping a business plan, investigating funding opportunities, and much more.

The SBDC programs, at Wharton (University of Pennsylvania) since 1980 and Temple University since 1982, could play a new crucial role in expanding micro-enterprise development & grassroots entrepreneurship as an anti-poverty strategy in Philadelphia.

JOBS AND EDUCATION

CLOSING THE SKILLS GAP

PARTNER WITH BUILDING TRADES TO PROVIDE JOB TRAINING FOR RETURNING CITIZENS

Nothing is a better predictor of lowering recidivism rates than ensuring returning citizens have the skills they need to obtain a living wage. The City of Philadelphia will work to dramatically increase job-ready skills training for incarcerated individuals by partnering with the building trades to ensure many more returning citizens are immediately ready to start working at a job with a family-sustaining wage.

PRECEDENTS: **Philadelphia, PA – Existing Programs**

Re-Entry Support Project
The Community College of Philadelphia offers the Re-Entry Support Project which provides a select group of incarcerated individuals the opportunity to earn 9-12 college credits prior to release.

Uplift Solutions
The Uplift Solutions Program partners with Temple University Human Resources to offer a 6-week reentry workforce program.

Jewish Employment and Vocational Services (JEVS)
Philadelphia's Jewish Employment and Vocational Services offers the Program for Offenders. This program provides hands-on skills training and vocational assessment services to pre-trial detainees and sentenced inmates.

Inside-Out Prison Exchange Program
Inside-Out brings together incarcerated students with traditional college students to study together over the course of a semester. All students earn college credit at the completion of the semester and its required written assignments.

Pennsylvania Horticultural Society (PHS) Roots to Reentry Program
The Pennsylvania Horticultural Society (PHS) Roots to Reentry Program offers a 6-week, paid Landscape Technician Boot Camp for returning citizens.

Mural Arts Restorative Justice Program
Current inmates, probationers, and parolees are given the opportunity to learn new skills, make a positive contribution to their communities, and to repair harm to communities impacted by crime through neighborhood projects. They receive art instruction, work on new murals, and perform other community service work, helping to shift community perceptions through these constructive contributions. 78 percent of Guild graduates are employed or in school after program completion.

SPONSOR PROGRAMS TO SUPPORT HIRING AND TRAINING ENTRY-LEVEL WORKERS

Entry level workers are often overlooked for opportunities for talent development and advancement. Even when career pathways are in place, employers may fail to recognize how poverty impacts entry-level workers' ability to invest time and money in the required training and/or certifications to move up in their careers. The City Council's anti-poverty agenda should support programs that focus on retaining and advancing entry-level talent. These programs could focus on the school-aged population or on low-skill populations generally through partnerships with the private sector.

Throughout the country, there exists multiple successful models of large, institutional employers supporting entry-level training programs. Examples include Northrop Grumman's "Pay for Skills" program which targets adult entry-level workers with mentoring resources and which has led to a decline in first-year attrition of entry-level employees from 20% to the single digits.[24] In many cases, large companies can justify the cost of initiating and supporting the program through savings from reductions in attrition.

Small and medium-sized companies, however, may struggle to provide the upfront financial resources to recruit low-income candidates and/or provide high-quality training. In cases such as these, the City Council can act as a convener, providing a framework for collaboration and shared resources such as the City's first-choice hiring database.

As the City of Philadelphia's newly-formed Office of Workforce Development begins its work, City Council intends to support its efforts wherever possible. Strong partnerships between workforce development organizations and employers are a critical piece of their mission being successful.

PRECEDENTS:

Southwest Indiana Chamber of Commerce | Shared Learning Program
Southwest Indiana is an active manufacturing hub with many small and medium-sized businesses competing for a limited pool of skilled workers. Though the need for mid-level talent is acute, many of these small businesses lack the resources to implement a fully-integrated training program. The Shared Learning Program connects entry-level employees at over 140 manufacturers, as well as members of the Tri-State Manufacturing Alliance, with training opportunities. Employees at any single company can register for free training at any other company in the alliance, the costs of which are shared among the Alliance.

New York, NY | SYEP and Ladders for Leaders Programs
The Summer Youth Employment Program (SYEP) provides New York City youth between the ages of 14-24 with paid summer employment for up to six weeks in July and August. Participants work in entry-level jobs in a variety of industries including: the arts, education, financial services, healthcare, hospitality, IT, manufacturing, marketing, media, real estate, and retail. SYEP also provides workshops on job readiness, career exploration, financial literacy, and opportunities to continue education and social growth. Programs are located in partner community-based organizations in all five boroughs of New York City.[25] Similarly, Ladders for Leaders is a nationally recognized program that offers high school and college students the opportunity to participate in paid professional summer internships with leading corporations, non-profit organizations and government agencies in New York City.[26]

PROVIDE RESOURCES TO SUPPORT VOCATIONAL AND MIDDLE-COLLEGE PROGRAMS

Vocational and middle-college programs represent the strategies used at top-performing colleges to reduce the need for remedial coursework and boost graduation rates. These programs involve bringing more students straight into college-level courses and combining remedial courses with job training. The need for remedial courses is great in Philadelphia: nearly 70 percent of new Community College of Philadelphia (CCP) students, for instance, must take remedial courses. In 2017, CCP launched a Middle College program, under which students at Parkway Center City high school take classes at CCP for credit at both institutions, known as dual enrollment. In 2017, 3,000 eighth grade students applied for the Parkway Center City Middle College program, and only 130 students were admitted. The program, the only in the State, costs the school system $4 million over four years. [27] Additional funding would create more opportunities for students to earn their high school diplomas and associate degrees at the same time, with no additional cost for the students. Again, as the City of Philadelphia's Office of Workforce Development begins its work, wherever its efforts overlap with addressing the skills gap, City Council plans to lend its strong support.

PRECEDENTS:

State of California

The State of California provides a universal middle-college program for high school students by providing virtual high school "campuses" housed at community colleges. Students can apply to enroll exclusively at these high schools, which focus on career readiness, or attend select classes in preparation for enrollment in full-time college. Pupils earn a high school diploma as well as up to two years of college credit without having to pay tuition.[28]

New York, NY | Train and Earn, Learn and Earn, Intern and Earn

New York City's Department of Youth and Community Development offers a variety of workforce development programs targeted toward high school students. 'Train and Earn' is a short-term career pathway program for low-income youth, ages 16–24, who are not working and not in school, which it provides extensive job training and employment services, along with support services needed by participants to find a permanent job or get assistance with college admission. Similarly, Learn and Earn is targeted towards students at risk of dropping out of school and provides specialized workforce readiness training and a monthly stipend. Intern and Earn is targeted towards summer internships for high school students.[29]

PROVIDE RESOURCES FOR SHORT-TERM CREDENTIALING PROGRAMS TO ACCELERATE THE TRANSITION FROM TRAINING TO WORK

Training certifications and credential programs greatly improve the ability of entry-level candidates to compete in the job market and attain well-paying jobs. Furthermore, these programs can be tailored to maximize the likelihood of success for low-income students, for whom program cost, scheduling, and immediate utility in the job market is of top concern. For these students, ongoing financial support, flexible timing, and accommodating curriculum policies help to ensure program completion.

Two promising vehicles that accelerate the delivery of these credentials are credentialing programs based on non-collegiate training and experience and “stackable” short-term credentialing. Both programs help institutions deliver greater value to students at minimal cost to the students and the institutions.

PRECEDENTS:

University of Louisville | Organizational Leadership and Learning (OLL)
Since 2010, the Organizational Leadership and Learning (OLL) program at the University of Louisville has provided the opportunity for students to earn college credit for learning and development accomplished outside of the traditional classroom through the Prior Learning Assessment (PLA) process. The process does not award credit for life experience. Rather, it offers students the opportunity to earn credit through many methods that demonstrate their college-level knowledge, skills, and abilities. Since its creation in partnership with the City of Louisville, the program has allowed thousands of working adults to accelerate their degree and enter the workforce.[30]

Harper College (Palatine, IL) | Career Pathway in Supply Chain Management
Harper College, located in Chicago’s northwest suburbs, a major manufacturing and logistics corridor, serves more than 40,000 students annually. In 2010, the college created the Career Pathway in Supply Chain Management, working with over 100 local stakeholders and employers. The program is noteworthy for its “stackable” nature—a single semester (12 credit-hours) of instruction provides students with a certificate in Inventory Production Control. Students can then exit the program to work, return at a later date, or continue to earn additional semester-long certificates (Purchasing, Physical Distribution, and Supply Chain Managements) resulting in an associate degree in Supply Chain Management. The program, which was implemented through a curriculum change with minimal cost to Harper, is tailored for working adults, who make up half the students in the program. Many courses are offered on weekends and during evenings with no time limit on program completion. [31] At minimal cost, Harper College delivers additional value to its students.

PARTNER WITH UNIVERSITIES TO PROVIDE CAREER COACHING IN EVERY NEIGHBORHOOD

Building off the success of the KEYSPOT Network, a citywide coalition of community-based groups committed to bringing Internet access, adult education, and career services to all Philadelphia communities; the City of Philadelphia will ensure every Philadelphian can easily search and apply for jobs online at neighborhood community hubs within walking distance of their home.

The City of Philadelphia will partner with institutions of higher education to establish credit recognition programs and work-study opportunities for graduate and undergraduate students These students will coordinate with existing staff at each location as trained volunteers—ready to assist Philadelphians with the job search and application process. Community career coaches will be cross trained to ensure they can refer those interested in finding a job to the many other benefits and training programs for which that client may be eligible.

As one example of where these community-based career coaches could be based; with over 50 KEYSPOT locations, the City of Philadelphia's Office of Adult Education is already providing internet access and training through a network of recreation centers, libraries, and community organizations. Locations will be expanded to include every neighborhood.

Through expanding the number of locations with computer access and staffing each facility with trained, volunteer career coaches, the City of Philadelphia can better connect Philadelphians to existing job opportunities and help identify the best training program for future jobs based on each client's unique background and skills.

ESTABLISH "LIVING WAGE PHILADELPHIA," A DYNAMIC, VOLUNTARY WAGE CERTIFICATION PROGRAM

Increasing the minimum wage is widely recognized as one of the most effective ways to lift individuals out of poverty. Philadelphia, however, is precluded from establishing its own minimum wage by state law. In the absence of this power, other municipalities have sought to persuade private and non-profit employers to raise their standards. "Living Wage Philadelphia," an independent organization, would calculate a living wage annually, persuade employers to pay their staff and contracted employees this living wage, and, in exchange, receive a "Living Wage Employer" accreditation which they could market widely.

Philadelphia would be the first big city in the country to lead and implement a voluntary living wage as a mechanism to reduce poverty.[32] With the "fair trade" product label and movement as a model, the "living wage" campaign would enable businesses to be publicly recognized for raising standards, and help Philadelphians know which businesses are answering the City's call to collectively bring an end to poverty. The City Council could work with Yelp and other businesses to make sure that the "Living Wage Employer" designation is featured in the descriptions of these businesses. As employers are certified, the City Council will serve as a voice to amplify the work of participating businesses and establish a marketing campaign to attract additional employers to participate. This work would eventually be housed in an independent organization chartered by the City Council, which would work to recruit and certify businesses, while the City would keep the responsibility for updating the living wage figure annually.

PRECEDENTS:

London, UK | The London Living Wage
The London Living Wage is a voluntary living wage that has been calculated every year since 2003 to account for the high cost of living in London. The Living Wage Foundation defines the living wage and certifies employers who meet Living Wage standards. To date, over 2,530 employers in London have been certified, including large, global employers, such as Goldman Sachs, Citibank, Unilever, Deloitte, Google, GlaxoSmithKline, and KPMG, which also have offices in Philadelphia.[33]

Just Economics of Western North Carolina | Private Certification
In the United States, Just Economics, a nonprofit based in Asheville, North Carolina and covering the western North Carolina region, administers the largest voluntary living wage certification program in the country, with 400 participating employers.

Philadelphia, PA | W.A.G.E.
W.A.G.E. Certification is a national program initiated and operated by W.A.G.E., an arts and activist organization, that publicly recognizes nonprofit arts organizations demonstrating a history of, and commitment to, voluntarily paying artist fees that meet minimum payment standards. The organization has certified 60 institutions in Philadelphia but focuses exclusively on the arts.

JOBS AND EDUCATION

FAIR WAGES FOR WORKERS

IMPLEMENT A $15/HOUR WAGE FOR CITY CONTRACT WORKERS

In addition to a voluntary living wage, the City could use its soft power as a major employer and purchaser of goods and services throughout Philadelphia to encourage higher wages by raising the minimum wage it pays its own workers and contractors.

A September 2018 proposal by Mayor Kenney will raise minimum wage for City workers and employees of City contractors to $15 an hour over four years from the current rate of $12.20 an hour.

PRECEDENTS:

San Francisco, CA
In 2018, San Francisco passed a bill raising the minimum wage for employees of government contractors to $17 per hour over three years. The hourly rate under the city's minimum wage ordinance had been $15 since 2013. The increase is even greater for employees at the San Francisco International Airport, whose minimum wage had been $13.50 per hour.[34]

Los Angeles, CA
The City of Los Angeles' Living Wage Ordinance sets a minimum of $13.50 per hour for contractors with 26 or more employees. The ordinance also calls for periodic recalculation of this wage to adjust for changes in the cost of living.[35]

REQUIRE SURETY BONDS AND/OR WAGE LIENS FOR UNPAID WAGES

Since 2016, Philadelphia has had a robust anti-wage theft ordinance, but violations are frequently unreported and underenforced. Across the city, many violators end up not compensating victims for three key reasons: total back pay is capped; there is no penalty for first time violations that cannot be proven to be willful; and investigations and criminal penalties are rare. As a result, the Pennsylvania's Department of Labor and Industry (DLA) only manages to collect 40% of the fees and back wages it assesses on behalf of workers in Philadelphia County.[36]

Wage liens and surety bonds are two inexpensive tools that allow private collections agencies and other actors to enforce back wages when the public sector cannot. Wage liens allow for victims or the City to impound business property to make sure that fines are paid, whereas surety bonds hand over enforcement of payment terms to a private company that issues the bond. Both are more rapid and universal than public enforcement, which is subject to the availability of funds and staff.

PRECEDENTS:

State of Maryland
The Maryland Lien for Unpaid Wages provides the opportunity for wage theft victims to file a lien against certain property of their employer who owes the unpaid wages. The law requires an employee to notify their employer of their intent to claim a lien for unpaid wages on real and/or personal property. An employer may dispute a lien for unpaid wages by filing a complaint in the circuit court where the property is located[37].

State of California
The California Fair Day's Pay Act, under Bill 588, allows labor commissioners to issue stop work orders against employers who have judgements against them for nonpayment of wages, to issue levies against employer's bank account and accounts receivable, and to place liens against employer's property. The Mechanic's Lien law (used in the construction industry) allows the contractor or construction worker to assert a lien against the property to secure payment.[38]

ENHANCE OUTREACH ABOUT WORKER PROTECTION AND FAIR HIRING LAWS

In addition to dialing-up enforcement of labor laws, the City should work to educate employers about the law and improve compliance. This education could be accomplished by directing the Mayor's Office of Labor for Business Outreach and Education to educate and train employers on their responsibilities under the Wage Theft Law and related laws such as the fair chance employment laws, employee misclassification, and the challenges of hiring justice-involved populations. Furthermore, the City could require that relevant departments develop a curriculum for employer education that could be consolidated into pamphlets or other educational materials.

PRECEDENTS:

Seattle, WA

Seattle recently approved a Business Outreach and Education Fund to provide outreach, education and technical assistance to Seattle's small business about their responsibilities under Seattle's Minimum Wage, Paid Sick and Safe Time, Fair Chance Employment, and Secure Scheduling Ordinances – focusing on outreach to employers not typically served by traditional outreach methods (immigrants, people of color, veterans, etc.) This is a 2-year program costing a total of $1.4 million, achieved through partnerships with 5 other organizations who will receive the funds for these purposes. [39]

State of Tennessee

Tennessee has an Employee Misclassification Advisory task force, which includes an education component to help employers provide distinctions between employees and independent contractors. [40]

State of New York

The New York Wage Watch is a partnership between New York State Department of Labor (DOL) and community groups aimed at providing education to employees and employers in targeted neighborhoods and facilitating wage theft referrals between the DOL and the community organization.[41]

SHARE BENEFITS ENROLLMENT DATA FOR CROSS-ENROLLMENT

Social benefits programs such as Medicaid, TANF, and SNAP have the potential to move the needle on poverty by providing Philadelphians with the support they need to regain stability and re-enter the workforce. However, far fewer Philadelphians than are eligible currently participate in these programs. By not taking steps to maximize enrollment, these individuals and the City are both leaving money on the table.

Most often, recipients of one program such as Medicaid or subsidized school lunch are eligible for multiple programs, but rarely do recipients claim the maximum extent of their benefits. Data matching, facilitated by inter-agency MOUs and other agreements,[42] is a cost-effective way to directly target individuals receiving one public benefit program for enrollment in all public benefit programs. Data housed by one agency, for instance on Medicaid enrollment, is used to direct outreach by other benefits providers who offer to help recipients enroll in other programs. The program thus helps the City drive enrollment on multiple levels and maximize the benefit of state and federal programs.

To encourage data matching, the City would act as a convener of State and City agencies and establish an office for data collection and enrollment, potentially collaborating with BenePhilly and the Benefits Data Trust. The City would broker an exchange of data and require city agencies to automatically enroll beneficiaries of one program in all other programs available.

This policy would require a review of all benefit program requirements and perhaps present a need for standardization of requirements across programs to streamline cross-enrollment processes (for example, standardizing income eligibility for Medicaid and SNAP). All utility assistance programs would be incorporated as well.

PRECEDENTS:

State of Louisiana
Louisiana makes use of existing data for enrollment and renewal in children's health insurance. For instance, data matches are used for children's health insurance renewals if income data show a reasonable certainty of continued eligibility. In 2010, Louisiana used data sharing to enroll more than 10,000 children in health insurance using SNAP data.[43]

New York, NY
New York City has coordinated data sharing arrangements with the Department of Taxation and Finance (DTF) that allow Medicaid to use tax data to administratively verify applicant-reported income information, or even eliminate the need for some applicants to report income entirely. Additionally, they have tried to pursue data sharing arrangements with Vital Records that would allow administrative verification of birth information, but efforts are currently on hold while other work is under way to plan and implement the work of the Enrollment Center. NYC houses its vital record information separately than the rest of the state and matches in the city are beginning in November 2019.

MAXIMIZE BENEFIT UTILIZATION THROUGH SCHOOLS, COMMUNITY HUBS, AND CORRECTIONAL FACILITIES

Each year, thousands of benefits-eligible people who are not receiving benefits pass through City institutions. Public schools, for instance, have established relationships with many low-income families who are eligible for free or reduced-cost school lunch and collect data on these families. Similarly, there are 5,934 inmates in Philadelphia's correctional facilities as of 2016. Zip codes into which greater numbers of formerly incarcerated persons are released also correlate to higher rates of poverty and housing cost burden; signifying that there is a high need for released populations to receive economic assistance and greater access to workforce participation.

Working with the school system and correctional system to automatically enroll eligible students and inmates in benefits programs represents a "low-hanging fruit" to drive benefits enrollment. By hiring staff responsible for maximizing enrollment and working enrollment into established processes, the City can reach a large number of eligible recipients who would not otherwise engage with BenePhilly.

The City could partner with the School District of Philadelphia, for instance, to add several line items to their student enrollment forms which check for benefits enrollment status, health insurance coverage, and income level. Schools would collect data and identify eligible families. The City already collects data about family housing status and refers homeless families to guidance counselors to discuss the Homeless Assistance Act of 1987.[44] The City could similarly mandate that its prisons enroll all incarcerated people in unemployment benefits and Medicaid while evaluating all families of the incarcerated for SNAP and Medicaid benefits. For many Philadelphians, utility bills are among their highest monthly expenses. A particular effort must be paid to ensure high levels of enrollment in all utility assistance programs as well.

PRECEDENTS:

Chicago, IL | Chicago Public Schools
Chicago Public Schools (CPS) is the country's largest school system with over 600 schools and 435,000 students. About 84 percent of CPS students are eligible for the National School Lunch Program (NSLP). In 2005, CPS estimated that 70,000 to 80,000 CPS students who receive benefits in the NSLP are potentially eligible but not enrolled in Illinois's Chop Program (known as All Kids) resulting in an annual revenue loss of $144 million. In response, CPS matched two datasets to identify children who are receiving free or reduced school lunch but are not on All Kids. CPS then contacts the parents of students who are eligible but not enrolled. Since 2005, CPS has screened over 49,000 families and produced more than 24,000 applications for All Kids, food stamps/SNAP or joint applications for both. The disposition rate for approved medical only applications has topped 90 percent.[45]

State of Colorado | Department of Corrections Medicaid Enrollment
In the state's prisons, enrollment is folded into already-existing processes the Department of Corrections (DOC) uses to help released individuals gain or regain benefits as part of their transition back into the community. Two nurse case managers based at the DOC central office complete applications electronically for incarcerated individuals in all 24 facilities, including private facilities. Once an individual is enrolled, DOC ensures that they have their Medicaid card within their possession upon release. If a Medicaid card is not received prior to release, the DOC ensures that the individual knows their Medicaid number. Additionally, individuals who may have opted out of enrollment assistance pre-release can later choose for parole staff to connect them to the case manager/nurse.[46]

CROSS-PROMOTE EXISTING CITY INITIATIVES THROUGH UNIFYING MARKETING RESOURCES

Philadelphia has already had success in enrolling residents in its many programs designed to alleviate and prevent poverty, but marketing and outreach spending across City-funded departments and outside providers is ofen diffuse and uncoordinated.

City Council will call upon the City of Philadelphia's many agencies and departments, as well as City-funded community partners to develop a comprehensive communications plan for more effectively utilizing existing marketing and community outreach budgets to ensure cross-promotion and maximum impact.

Before new initiatives are established, it is always essential for the City to ensure all eligible residents are enrolled and taking advantage of existing poverty alleviation and prevention measures. A crucial first step in alleviating and preventing poverty is ensuring high utilization rates among Philadelphians eligible for all existing local, state, and federal benefit and relief programs. With more money in their pockets, Philadelphians experiencing poverty have more freedom to explore new opportunities and care for their families. Wherever possible, targeted outreach should be done with all benefits and relief programs in mind.

MAKE ONE-ON-ONE FINANCIAL COUNSELING A RIGHT FOR ALL PHILADELPHIANS, INCLUDING JUSTICE-INVOLVED POPULATIONS

Since 2013, the City and Cities for Financial Empowerment (CFE) have worked to extend financial empowerment training at Financial Empowerment Centers (FECs) throughout the City, relying on a grant from the Bloomberg Foundation for initial funding. At the time of the grant award to the first five cities in 2013, CFE intended and anticipated that Philadelphia would eventually fund all or a portion of the financial empowerment services using general fund dollars. Indeed, three of those five cities that launched FECs in 2013 have since successfully tapped into public funding to support long-term operation.[47] However, Philadelphia has not.

While complete reliance on the general fund may not ever be a reality in Philadelphia, a stable line item will introduce much-needed stability to the financially tenuous operations of CEO and its contracted service providers. City Council must commit to providing FECs the necessary resources to reach their former heights of operation during the influx of philanthropic dollars from the EFC and Bloomberg Philanthropies. Funding for the rollout and permanence of FECs must prioritize the highest-need neighborhoods in Philadelphia, that is, those districts with the highest proportion of unbanked/underbanked households, or those districts with the highest concentrations of households living below 125% of the poverty line.

ELIMINATE PUNITIVE SUPERVISION FEES

Philadelphia has made great strides in allowing records expungement and in addressing banking and employment discrimination based on criminal records. However, the First Judicial District requires that all fines and fees be paid before these records can be expunged. Because of this policy, daily supervision fees for parolees and those out on bail are a major impediment to clearing records since these fees can persist for years despite individuals limited ability to repay them. Furthermore, supervision and administrative fees have been shown to create financial stress in justice-involved individuals, sometimes pushing them further into poverty or near-poverty.

A comprehensive review of these fees as well as a call from the City to eliminate them and forgive outstanding fees would go a long way towards helping individuals clear their names. Philadelphia has already made substantial progress in cutting the amount of outstanding fees. FJD fee reduction and waiver opportunities do exist but remain cumbersome and could be streamlined further. However, their elimination would be a powerful statement that the criminal justice system in the city should not disproportionately punish people without money. To do so, the first judicial district may need to be assured that revenue from fees will be replaced from another source. The City Council may wish to work to broker this additional funding source, relying on a fee structure that is less punitive. Optionally, the City could also conduct a comprehensive review of fees and fines and their impact on low-income populations.

PRECEDENTS:

San Francisco, CA
In 2016, the City and County of San Francisco launched the Financial Justice Project leading to the creation of the San Francisco Fines and Fees Task Force, to assess and reform how fines and fees impact its most vulnerable residents after evidence that the fees were leading people into poverty. San Francisco is now eliminating all local administrative fees charged to people exiting the criminal justice system. [48]

State of Maryland and Commonwealth of Massachusetts
Both states have conducted studies on the barriers to reentry that supervision fees pose for parolees in their states in order to call for legislative action against the fees. In Maryland, legislation in 2011 required the Department of Public and Correctional Services to provide information about the parole fee exemption process to people upon release from incarceration, both orally and in writing.[49]

State of New York
In 2018, New York State proposed legislation to eliminate supervision fees for people on parole, though it has not been passed yet.

This report was prepared in partnership with HR&A Advisors, Inc.

HR&A Advisors, Inc. (HR&A) is an advisory firm of urbanists who care deeply about the future of cities. We are urban planners, economists, and policy analysts who have worked for the last 40 years to make cities vibrant and vital. Today, the American city confronts increasingly urgent challenges of inclusion and equitable development. The character and distributional impacts of growth are important, and our Inclusive Cities practice works to advise our public and private clients on policies and strategies that foster economic mobility, equity, and the sharing of benefits.

We support the continued evolution of communities into places that are vibrant, livable, sustainable, resilient, and inclusive through our unique approach to strategic planning:

- As cities continue to grow and change, we work to ensure that the evolution of cities and their neighborhoods support a **broad range of residents, businesses, and visitors**.
- We develop strategies for creating and positioning new, balanced development that **strengthens the diversity of existing neighborhoods and residents and limits displacement**.
- We identify **non-monetary values such as social resilience, affordability, and economic diversity** to provide a rationale for public and private investments.

We focus on the last mile of policy change: translating the ideas of communities and their advocates into meaningful systems change within City Government. We launch programs that advance social and economic justice and inform policy. We work with advocates so that they can be the most effective at using the levers available to them to distribute the benefits of growth.

To do this, we leverage our deep relationships with City governments, our knowledge of local economics and economic development actors, the rigor of our analysis including our economic impact and financial feasibility studies, and, of course, our experience and passion for social and economic justice.

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NOTES


SEAL OF THE COUNCIL OF THE CITY OF PHILADELPHIA
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