



Budget Office

CITY OF PHILADELPHIA

Bill 200258: FY20 MidYear Transfer Ordinance for COVID19 Expenses

City Council Questions & Administration Answers

Requests from Councilmember Quiñones Sánchez

Please summarize the federal government's proposed relief package, as announced today.

- We are starting to get more details on the agreement reached over night for the third COVID response package. Below is a summary of some of the appropriations included. Not mentioned below is \$150 billion for the State Stabilization fund. Additionally, we do not know what will be reflected in the final bill. We will share more information as available.

S. 3548 The Coronavirus Aid, Relief, and Economic Security Act

DIVISION B – Emergency Appropriations For Coronavirus Health Response and Agency Operations

The appropriations division of the Senate's bipartisan coronavirus aid and economic relief agreement contains \$330 billion in new funding to address the needs of the American people as we confront the coronavirus pandemic. The bill provides new resources to help strained state, local, and tribal governments as they combat this pandemic; support for hospitals and health care workers on the front lines of this public health crisis; funding to purchase personal protective equipment and much needed medical equipment; support for law enforcement and first responders; funding for scientists researching treatments and vaccines; support for small businesses; support for local schools and universities; and funding for affordable housing and homelessness assistance programs.

Highlights include:

- **\$100 billion for a new program to provide direct aid to health care institutions** on the front line of this crisis—hospitals, public entities, not-for profit entities, and Medicare and Medicaid enrolled suppliers and institutional providers—to cover costs related to this public health crisis.
- **\$16 billion to replenish the Strategic National Stockpile** supplies of pharmaceuticals, personal protective equipment, and other medical supplies, which are distributed to State and local health agencies, hospitals and other healthcare entities facing shortages during emergencies.



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- **\$3.5 billion for BARDA to expand the production of vaccines**, therapeutics, and diagnostics to help combat this pandemic.
- **At least \$250 million to expand the Hospital Preparedness Program's** support of emergency preparedness, including the National Ebola and Special Pathogens Training and Education Center (NETEC), regional, State and local special pathogens treatment centers, and hospital preparedness cooperative agreements.
- **\$1 billion for the Defense Production Act** to bolster domestic supply chains, enabling industry to quickly ramp up production of personal protective equipment, ventilators, and other urgently needed medical supplies, and billions dollars more for federal, state, and local health agencies to purchase such equipment.
- **\$4.3 billion to support federal, state, and local public health agencies** to prevent, prepare for, and respond to the coronavirus, including for the purchase of personal protective equipment; laboratory testing to detect positive cases; infection control and mitigation at the local level to prevent the spread of the virus; and other public health preparedness and response activities.
- **\$200 million for CMS to assist nursing homes** with infection control and support states' efforts to prevent the spread of coronavirus in nursing homes.
- **\$45 billion for FEMA's Disaster Relief Fund** to provide for the immediate needs of state, local, tribal, and territorial governments to protect citizens and help them recovery from the overwhelming effects of COVID-19. Reimbursable activities may include medical response, personal protective equipment, National Guard deployment, coordination of logistics, safety measures, and community services nationwide
- **\$400 million for FEMA grants, including :**
 - \$100 million Assistance to Firefighter Grants to provide personal protective equipment, supplies, and reimbursements.
 - \$100 million for Emergency Management Performance Grants which focus on emergency preparedness
 - \$200 million for the Emergency Food and Shelter Program which provides shelter, food, and supportive services through local service organizations.
- **\$200 million for CMS to assist nursing homes** with infection control and support CMS and states as they work to save lives and mitigate the spread of COVID-19 in nursing homes.
- **\$30.75 billion for grants to provide emergency support to local school systems and higher education institutions** to continue to provide educational services to their students and support the on-going functionality of school districts and institutions.
- **\$260 million for Navy operations and maintenance, including funds to support the deployment of the USNS Comfort hospital ship to New York City and the USNS Mercy to Los Angeles.**
- **Nearly \$1.5 billion for National Guard** support to States and territories to support Title 32 operations, which have been ordered to commence in New York, California, and Washington.



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- **\$3.5 billion in additional funding for the Child Care Development Block Grant** to provide child care assistance to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to the coronavirus.
- **More than \$7 billion for affordable housing and homelessness assistance programs.** This funding will help low-income and working class Americans avoid evictions and minimize any impacts caused by loss of employment, and child care, or other unforeseen circumstances related to COVID-19, and support additional assistance to prevent eviction and for people experiencing homelessness.
- **\$25 billion in aid to our nation's transit systems** to help protect public health and safety while ensuring access to jobs, medical treatment, food, and other essential services.
- **\$10 billion in grants to help our nation's airports** as the aviation sector grapples with the most steep and potentially sustained decline in air travel in history.
- **More than \$6.5 billion in Federal funding for CDBG, the Economic Development Administration, and the Manufacturing Extension Partnership** to help mitigate the local economic crisis and rebuild impacted industries such as tourism or manufacturing supply chains.
- **Funding to strengthen response capacity and support tribal communities**, including:
 - \$1.03 billion to the Indian Health Service to support tribal health care system response efforts;
 - \$100 million more for the USDA Food Distribution Program for Indian Reservations;
 - \$453 million to assist tribes through the Bureau of Indian Affairs
 - \$69 million to help tribal schools, colleges and universities through for the Bureau of Indian Education
 - \$300 million more to the HUD Indian Housing Block Grant program.
- **\$900 million for LIHEAP** to help lower income households heat and cool their homes.
- **\$15.85 billion for to help our nation's veterans**, including to help treat COVID-19, purchase test kits, and procure personal protective equipment for clinicians, and \$590 million in dedicated funding to treat vulnerable veterans, including homeless veterans and those in VA-run nursing homes
- **\$850 million in Byrne-JAG grants** for state and local law enforcement and jails to purchase personal protective equipment, medical supplies, and overtime.
- **\$562 million to help small businesses** by ensuring SBA has the resources to provide Economic Injury Disaster Loans (EIDL) to businesses that need financial support. This will help businesses keep their doors open and pay their employees.
- **\$450 million for The Emergency Food Assistance Program (TEFAP)** to assist food banks across the country.
- **\$425 million to increase access to mental health services in communities.**
- **\$400 million in election assistance** for the states to help prepare for the 2020 election cycle, including to increase the ability to vote by mail, expand early voting and online registration, and increase the safety of voting in-person by providing additional voting facilities and more poll-workers.



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As Chair of the Committee on Appropriations, I am establishing the COVID-19 Appropriations Monitoring Group so that City Council and the City's Budget Office can fulfill the requests of City Councilmembers by utilizing existing allocations within the Fiscal Year 2020 budget.

- We look forward to continuing to work collaboratively on the response to COVID-19 to maintain essential City services and meet public health needs.

Regarding the proposed transfer, please breakdown payroll determinations related to essential and non-essential city workers, organized by service type and bargaining unit.

- Attached please find the current designation of Essential Staff by position, department, and bargaining unit. We anticipate these will change. Additionally, all uniform Police, Prisons and Fire staff are essential. We will continue to update City Council through the COVID-19 Appropriations Monitoring Group about staffing and payroll impacts.

Please breakdown supports within the COVID-19 Small Business Relief Fund for a) our most vulnerable businesses, including those with workers unable to claim unemployment benefits, and b) businesses otherwise eligible for loans through by the Small Business Administration.

- The Department of Commerce will respond to these questions as part of the response to the letter sent March 23, 2020.

Requests from Councilmember Johnson

Was the \$20 million in additional payroll per pay period a result of overtime costs, hazard pay, or something else? Also, given our burn rate, is the thinking that we will do additional appropriations as necessary?

- \$20 million per pay represents all costs above what was budgeted – a significant piece is the incentive pay for essential employees (1.5x normal pay). We're reviewing the current compensation package as this lengthens in time. As the essential staffing levels and incentive pay structures change, the costs will change. We will be monitoring to determine if additional appropriations are necessary.

Requests from Councilmember Oh

What is the breakdown of the \$85 million for each category, and within each category?

- Class 100 \$25M
- Class 200 \$25M
- Class 300/400 \$25M
- Class 500 \$10M
- **Total** **\$85M**



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Is the Office of Emergency Management (OEM) figured into this \$85 million? Are they helping with supplies and distribution, and coordinating with FEMA?

- Yes. The transfer ordinance is intended to include spending by OEM. OEM is helping with supplies, distribution and liaison with FEMA.

We anticipate additional costs related to more testing sites and supplies, quarantine locations, and protective equipment and supplies for our frontline staff (for example, we are estimating \$3 million for N95 masks and \$2 million for IT). We also expect we may provide relief to businesses and organizations impacted. We anticipate that there will be significant labor costs, particularly among our uniformed workforce. What is the estimated cost per mask? How many more testing sites, where, and cost per site? What supplies can the City get from the federal government and/or FEMA, and donations from businesses (construction companies in City for masks)?

- Masks are ranging from \$4 to \$8 per mask (prior to COVID19, it was \$1 per mask). The City has been able to contract for 500,000 masks at \$5.65 per mask. The supply chain is challenging, and the estimated need is 10,000 to 30,000 masks per day.
- Additional testing sites are to be determined. We will provide additional details about testing sites when they are available. The availability of tests may limit our ability to expand testing facilities.
- The Federal Government provided supplies from the Strategic National Stockpile. The initial push included 9,540 to the City, and some quantity to hospitals. The 9,540 to the City were all expired. We estimate the daily need for masks at 10,000 to 30,000.
- We have only received small quantities of donations from individuals – unopened packs of masks, not exceeding a quantity of 20.
- The Department of Public Health is convening daily with each of the city's hospitals and health systems. It tracks the daily productivity and access of approximately 20 testing sites and encourages hospitals and health systems to make those as accessible as possible to the public.
 - Separately, the Department of Public Health has, jointly with OEM, FEMA, PEMA, and others, led a large-scale testing site in South Philadelphia at Citizens Bank Park that has tested 150-250 people daily, on average.
 - The Department of Public Health is directly running testing operations at three sites and is in conversation with a vendor to expand that testing capacity. Philadelphia, like the rest of the nation, faces shortages in critical supplies and testing kits, which limits its ability to expand. Current testing is happening mostly within existing or redirected budget appropriations or new grant funding. Expanded testing capacity will require new appropriations, possibly up to \$500,000 per month in contracted services.

All proposed funding is being placed in the Managing Director's Office budget to maintain flexibility. Who specifically will manage this, and will there be a taskforce to manage the spending effort?



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- Finance/Budget and OEM are vetting requests for resources and moving needed requests through the process. As much as possible, we are trying to use existing approval paths for funding requests.

The Administration is tracking related expenses for reporting and to facilitate reimbursement from state and federal resources, when available. Can you provide any State-Federal update on available funding?

- Amounts are not available. We do understand that we will not be reimbursed for any increased costs for normal operations and we do not expect to receive any reimbursements in FY20.

To ensure City Council remains up to date on spending related to COVID-19, the Administration will provide periodic updates on the spending associated with COVID-19. How often will this occur?

- The Administration commits to providing updates on COVID19-related every two weeks. We do not foresee meaningful reports more frequently than every two weeks/per period, as labor costs are the largest expenditure category.

Requests from Councilmember Gauthier

Will any of the funds in this proposed transfer ordinance be used to support businesses and nonprofits? If so, approximately how much?

- Of the \$85M, the vast majority will be for maintaining essential services and healthcare directly addressing COVID19. It does include \$2M in additional dollars for business relief and \$500,000 for the non-profit fund, which is primarily funded by philanthropy.

I understand and agree that the federal and state governments must lead the effort to provide direct cash assistance to folks. But, can the City provide some assistance as well? For example, \$5 million could provide \$300 each to approximately 16,666 folks. These dollars would come in handy while folks are waiting for federal and state aid.

- Our efforts, supported by this transfer ordinance, are focused on maintaining essential services for Philadelphians and to address the health impacts of COVID19. Given the significant expenses, expected revenue losses, and lack of other government entities to provide these services, we have prioritized them. We are monitoring and lobbying the state and federal government related to direct relief to individuals and businesses, to which they are better suited and have existing mechanisms to do so.

Requests from Councilmember Green

Has there been any conversation to purchase items in bulk? With surrounding counties?



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- The City is exploring bulk buying across departments and through collectives. Cost is not the limiting factor – availability is. The City expects the region to share resources if and when that becomes necessary.

Requests from Councilmember Brooks

What mechanisms will be in place to ensure that funds granted to small businesses are passed on to employees?

- The grant agreement will include language about conditions that the business must meet, such as compliance with labor laws, tax compliance, abiding by best faith efforts, and reporting on results of receiving the funds. Spot audits will likely be implemented and claw back mechanisms are being explored in the case of bad actors.

We look forward to the Administration's periodic updates to Council on their spending. Can we have a commitment regarding how often these updates will be given, even if it is a bottom threshold?

- The Administration commits to providing updates on COVID19-related every two weeks. We do not foresee meaningful reports more frequently than every two weeks/per period, as labor costs are the largest expenditure category.

Will any of the funds requested in Bill No. 200258 be dedicated to the PHL COVID-19 fund to support non-profits? If so, how much?

- Yes, \$500,000 from Class 500. Most of the funding for the PHL COVID-19 fund comes from philanthropy.

Requests from Councilmember Thomas

Reporting must be at least bi-weekly, including detailed breakdowns and some notion of future costs under active consideration if Council is to a) provide real accountability and b) communicate how Philadelphia is responding to the pandemic.

- The Administration commits to providing updates on COVID19-related every two weeks. We do not foresee meaningful reports more frequently than every two weeks/per period, as labor costs are the largest expenditure category.



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The heavy allocation for class 100 spending in order to “maintain essential services” as the Administration Budget team explained is of some concern. Could you explain the dynamics that drive \$20 million per payroll in additional wages to perform services already budgeted for? Is this a function of increased operational tempo, a concern for social unrest, or some other set of factors?

- \$20 million per pay represents all costs above what was budgeted – a significant piece is the incentive pay for essential employees (1.5x normal pay). We’re reviewing the current compensation package as this lengthens in time. As the essential staffing levels and incentive pay structures change, the costs will change. We will be monitoring to determine if additional appropriations are necessary. As employees in the field are risking their health and the health of their families, the Administration believes incentives are warranted and necessary to induce employees to work.

When the City asks healthcare workers to continue to serve in heightened risk environments during a pandemic, basic notions of equity mean that those bearing risk should be given whatever advantages as a collective and not based on who their employer is. What is happening to the healthcare workers at the prisons isn’t in keeping with our values.

- The Administration is working to protect the public health and the health of our employees. The Administration is working to procure personal protective equipment for medical staff and as employees in the field are risking their health and the health of their families, the Administration believes incentives are warranted and necessary to induce employees to work. Please reach out to us with any specific concerns.