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Office of Mayor Jim Kenney**

Committee of the Whole

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Good morning, Council President Clarke and members of City Council. My name is James Engler, Chief of Staff to Mayor Kenney, and I am here to testify in support of the Mayor's Proposed Five-Year Plan, along with all the supporting budget and revenue bills that were introduced on March 31, 2022. Joining me today are Finance Director Rob Dubow, Budget Director Marisa Waxman, and Cabinet members and Department heads from across the Administration.

As the pandemic enters its third year, the City—like communities across the nation and the world—has begun to stabilize and build for a stronger future. The FY23-27 Plan incorporates the lessons of a second year of pandemic: from the challenges of the Omicron variant to our growth into one of the most vaccinated cities in the country. As the end of his second term approaches, this Five-Year Plan returns Philadelphia to a position of strength, builds a foundation for the future and revives the Mayor's commitment to leave a legacy of true and lasting equity undergirded by the Mayor's key priorities:

- Quality Education for All
- A Safer and More Just Philadelphia
- Health Equity for All
- Inclusive Economy and Thriving Neighborhoods
- Diverse, Efficient and Effective Government

To achieve this vision, the City has expanded our approach to equitable engagement and racial equity as a guiding principle for decision-making about spending with concerted efforts to engage Philadelphians of color. This Five-Year Plan was informed by over 20 sessions with 500+ residents, community leaders, and City employees, and a public town hall with Mayor Kenney. This \$5.6 billion budget reflects the priorities and needs of Philadelphians.

The Administration remains committed to helping all Philadelphians confront the challenges grounded in economic and racial inequities that have been exacerbated by the pandemic. While there remains some uncertainty for the future, the City has moved from two years of pandemic-related budget shortfalls into a more positive budget picture. We have not returned to the level of positive fund balances the City had pre-pandemic, but bolstered by the \$1.4 billion in American Rescue Plan funds, the City can sustain current operations, provide a small cushion against future disruptions, and make targeted investments. These investments are designed to improve educational equity and public safety and to prepare for the influx of dollars and opportunity coming from the historic federal investment from the Bipartisan Infrastructure Law.

Quality Education for All

This budget builds on the historic commitments to public education the City has made over the last six years by investing nearly \$1.4 billion over the life of the FY23-27 Five Year Plan in the School District of Philadelphia, including \$270 million in FY23, in addition to local tax revenues that support the District.

In continued pursuit of accessible education, the FY23 Budget maintains support for the Octavius Catto Scholarship at the Community College of Philadelphia (CCP). Since its start in FY21, over 500 Catto Scholars have received tuition-free enrollment. The City proposes investing more than \$250 million in CCP over the next five years to further the accessibility, affordability, and attractiveness of CCP as a post-secondary institution of choice.

The FY23 budget provides for the continued expansion of the PHLPreK and Community Schools programs, supported by revenue from the Philadelphia Beverage Tax. PHLPreK will expand by 300 PreK slots, for a total of 4,300 slots citywide, to provide free, high-quality early learning services that lay a critical foundation for children and families and have already served over 10,000 children. Three new Community Schools in FY23 will bring the total to 20 schools that provide community-based supports that serve a wide range of needs for students, families, and communities.

The Free Library of Philadelphia also supports learning opportunities for residents across the city, from young to old. We'll invest an additional \$9.7 million in FY23 to enable stable, consistent 5-day service, including Saturdays at regional libraries. Together, these investments prioritize the quality education of children, youth, and adults to support a more rapid and equitable recovery, and to break the intergenerational cycle of poverty.

Safer and More Just Philadelphia

Like cities across the country, Philadelphia continues to wrestle with the surge of violence that began in 2020 and continued in 2021. In 2021, 501 Philadelphians died from gun violence, and more than 1,800 were injured by a gun. The trauma of this violence affects all Philadelphians. The City continues to treat gun violence as a public health crisis, pulling together every agency and institution that engages with our residents to address it. The goal is to continue to offer better opportunities and services for individuals and communities highly at-risk, to provide swift and predictable law enforcement consequences for those engaged in violence who do not want help, and to always work with authentic community engagement to increase long-term resilience.

The Plan makes the following investments in the Roadmap for Safer Communities, the City's Violence Prevention Plan which is led by the Managing Director's Office, the Police Department, and the Health Department:

- An additional \$12 million for the Community Expansion Grant program, which together with existing commitments for FY23 will support \$22 million in FY23 for community organization-led violence prevention work in the neighborhoods most affected by violence.
- \$6 million in further expansion of the evidence-based programs that target those most at risk of being a victim or a perpetrator of gun violence and provide connections to services, treatment and employment: Group Violence Intervention (GVI) (\$1 million) increase for total FY23 investment of \$3.75 million), Community Crisis Intervention Program (CCIP) (\$1 million for a total investment of \$6.5 million) and the READI workforce program (\$2 million) and \$2 million for new behavioral health supports tailored for people highly at-risk of gun violence.
- \$1.5 million to be used for environmental remediation including vacant lot remediation, clean and seals, and demolitions in targeted neighborhoods.
- \$1.5 million to support community engagement, planning, and improved data analytics to ensure anti-violence programs are reaching those who need it most, and service connections are successful.

- \$800,000 for violence prevention programs and supports focused on delinquent youth within the Juvenile Justice system including restorative justice programming; and,
- \$1.5 million for two additional Community Evening Resource Centers for a total of four Centers operating from 7pm to 2am to support Philadelphia youth who are out after a curfew.

These investments, designed to address the violence in the short- and medium-term, join the larger set of investments to address the poverty-driven root causes of violence the Mayor has made a priority since he took office. The full set of violence prevention investments—including long term investments in education totaled \$155 million in the FY22 Budget. For FY23 those same categories of investment grew 18.5% to \$184.5 million.

While preventing violence is not a job for police alone, the FY23-27 Five Year Plan makes strategic investments to strengthen the Police Department's ability to solve violent crime and modernize police tools. The Plan includes investments in forensic science upgrades to facilitate the use of enhanced forensic analysis in every homicide.

In FY23 we will also continue the essential work of standing up the new Citizen Police Oversight Commission to improve police conduct, enhance the quality of internal investigations, and increase communication and engagement between the community and the Police Department.

Building on Investments made in FY22, the Five-Year plan makes additional investments in Crisis Incident Response Teams, an additional tool for 911 callers with behavioral health needs, ensuring that a range of teams are available to provide an appropriate response.

Health Equity for All

The City is committed to ensuring that COVID-19 prevention and treatment options are available to all city residents regardless of insurance status or ability to pay. Because we know that the impact of the pandemic has fallen disproportionately on people of color, we are committing to provide resources to those at highest risk where federal investments fall short. Similarly, the FY23 Budget contains robust continued support for the City funded Health Centers to provide access to quality care for those who are uninsured, as well as support for outside organizations meeting community health needs in Philadelphia.

FY23 will see the continuation of the critical work of the Opioid Response Unit to spearhead our multi-departmental effort and strengthen the City's ability to address the ongoing opioid crisis across the city. We will invest \$5.5 million (\$17 million over the Five-Year Plan) to maintain the suite of low-barrier emergency and permanent housing services for people who have been chronically homeless and have Opioid Use (or other substance) Disorders, plus an additional \$5.1 million in FY23 to support services and safety in Kensington.

The City recognizes that safe and stable housing is a critical foundation for health. In addition to the opioid-related homeless services investment mentioned above, we will invest \$6.4 million over the Five-Year Plan, to sustain non-congregate shelter services for seniors and \$5.7 million over the Five-Year Plan to increase support for homeless service providers, including to increase the wages of providers of these critical services. This Plan makes the Charter-required, significant investment of nearly \$28 million in FY23 and \$144 million over five years, in the Housing Trust Fund. The Plan also includes funds to continue to support eviction prevention and the new Right to Counsel program that was launched in FY22.

To further increase the supply of affordable housing the Plan contains continued support for the Neighborhood Preservation Initiative (NPI) to support the production and preservation of affordable housing units, home repair and Tangled Title programs, eviction diversion services, and other innovative programs including a new guaranteed income pilot called PHLHousing+. The Plan includes significant City investments in Philadelphians' behavioral health, including through the Department of Behavioral Health and Intellectual Disability Services. These funds augment the significant federal and state funding—totaling \$1.6 billion—that DBHIDS deploys each year in its role as the Medicaid behavioral health managed care organization for more than 700,000 Philadelphians.

Inclusive Economy & Thriving Neighborhoods

Following two years of unprecedented economic upheaval from the pandemic, the economy in Philadelphia is coming back strong: local unemployment is now down to around 6 percent, construction is booming, and tourism is on the upswing. The implementation of the federal Bipartisan Infrastructure Law will further propel a thriving economy that provides opportunities to all Philadelphia residents and neighborhoods. This once-in-a-generation infusion of federal funding should bring more than \$1 billion for roads, bridges, transit, water infrastructure, and broadband access to the City, and thousands of new jobs. The City will mobilize these historic investments in service of dismantling the structural barriers that have excluded Black and Brown business owners and workers from public works projects. The Plan includes a \$20 million investment across twelve City agencies (\$116 million over the FYP) to prepare for the Bipartisan Infrastructure Law so that Philadelphia can compete successfully for federal dollars and deliver high-quality infrastructure projects that transform communities and make real the commitment to improving racial equity and growing wealth in Black and Brown neighborhoods.

The Plan also includes \$13 million in FY23 in investment through the Philadelphia Industrial Development Corporation (PIDC), for programs like the Taking Care of Business commercial corridor cleaning program funded with \$7 million in FY23, and small business owners of color to access capital and growth and to attract businesses with quality jobs to locate to Philadelphia.

Resources are needed to help some of our most vulnerable connect to employment opportunities, including those experiencing street homelessness and those affected by the Opioid crisis. The FY23 Budget includes expansion of multiple successful low-barrier employment programs. These investments at the Office of Community Empowerment and Opportunity, the Managing Director's Office, and the Mural Arts Program total more than \$2.3 million (\$10.2 million over 5 years) and will form a coordinated system of accessible employment opportunities with pathways to more permanent employment.

To support entrepreneurship and good jobs for Philadelphians, the City's Commerce department is focused on increasing capacity to support small businesses, attract and retain new business, and increasing public contracting for minority, women and disabled owned businesses. The City will invest \$3 million over the next three years to build capacity and build workforce pipelines to serve BIPOC communities.

During the COVID-19 pandemic, the City's parks and recreation centers became havens in new ways as residents and visitors—many of them children—relied on the centers, trails, parks and playgrounds for gathering to stay safe. The FY23 Budget invests an additional \$2.8 million in FY23 (\$11 million over the life of the Plan) in Philadelphia Parks and Rec (PPR). These investments will allow PPR to expand hours and improve programming in the neighborhoods that need it most, and to make sure that PPR spaces are safe,

clean and ready to use to meet the increased demand. The FY23 Budget also includes investments to further support progress in the Rebuild program as it reaches full stride in implementation and prepares for a high volume of projects transforming recreation centers, parks and libraries over the next several years.

Building on the significant investments in clean, safe and accessible streets in FY22, the FY23 budget includes funds for more street paving and further expansion of street sweeping. The street sweeping program will expand to 8 new neighborhoods for a total of 14. The Streets Department will also receive \$2 million to stand up additional crews to respond to illegal dumping.

Diverse, Efficient and Effective Government

In FY23, the Kenney Administration will continue and expand efforts to reshape the internal processes of government in service of Philadelphians. These initiatives and reforms will ensure that Philadelphia is fiscally stable and builds toward increasing financial resilience, provides excellent and equitable service delivery, engages communities, and advances a more diverse and inclusive workforce and workplace culture for our dedicated City employees.

FY23 will see the continued implementation of Executive Order 1-20, which embeds racial equity as an explicit governing principle. By the end of FY23, all Administration departments will have undergone a process to assess how their operations, policies, and budgets influence racial disparities and will create Racial Equity Action Plans setting forth priority strategies to achieve greater racially equitable impact and advance equitable outcomes for all, including communities of color, individuals with disabilities, individuals of immigrant status, women, and LGBTQ residents.

In order to achieve our goals, we must continue to lift up and listen to the voices of Philadelphia residents. The FY23-FY27 Five Year Plan invests nearly \$120 million in elections support, to ensure Philadelphians can be heard at the ballot box. The Plan also makes new investments to better engage historically marginalized and vulnerable populations. In FY23, we will launch the Philadelphia Voices survey project, to more equitably capture input from residents. The City will also finish the FY22 work of implementing a Youth Ombudsman program to further our commitment to protecting the rights to safety and well-being of vulnerable youth and their families.

To drive diversity in recruitment and ensure that our City workforce – across all levels and functions – reflects the diversity of the communities we serve we have invested in additional recruitment capacity for the Office of Human Resources. The City will also invest in training and supports to create a more inclusive workplace culture.

In FY23, we will also establish an Ombudsman Office to better address discrimination and harassment and build a culture of dignity and respect for all employees.

Conclusion

To support these investments, the City will use \$5.51 billion in revenues, leaving a \$153 million fund balance at the close of FY23. The Plan proposes no tax rate increases and will draw down \$335 million in FY23 in American Rescue Plan funds, and the entire \$1.4B by December 2024, to support this level of spending. We are anticipating new property assessments that reflect significant growth in property values. The Administration will continue to work closely with City Council on potential tax relief and reforms as the data becomes available during the budget process.

Through the investments I've outlined, and others, Philadelphia will work toward becoming a city where equal opportunities are open to all residents, race is not a determinant of success, and diversity is elevated as one of Philadelphia's greatest assets. Thank you for the opportunity to testify today, and we look forward to working with all members of Council throughout this Budget process.

All of us here representing the Administration are available to answer the questions that you may have, including on the Mayor's Office and Department of Labor budgets, for which we have submitted written testimony. Next, we will have testimony from Martine Decamp, Deputy Executive Director of the Philadelphia City Planning Commission on the proposed FY23 Capital Budget and FY23-28 Capital Program.