

City Council Committee of the Whole
Five Year Plan Testimony
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March 26, 2024

Good morning, Council President Johnson and members of City Council. My name is Tiffany Thurman, Chief of Staff to Mayor Parker, and I am honored to testify in support of the Mayor's proposed Five Year Plan, her first as Mayor, along with the supporting budget and revenue bills introduced on March 14, 2024.

Joining me today are my colleagues, Chief Deputy Mayors Sinceré Harris and Aren Platt, Finance Director Rob Dubow, Cabinet members, and Department heads from across the Administration. We are excited to be here!

Mayor Parker has set a bold vision for the city's future: to make **Philadelphia the safest, cleanest, and greenest big city in America, with economic opportunity for all**. To realize this vision, the Mayor's "One Philly Budget" features significant investments and new ways of doing business across five topical pillars – public safety, clean and green, economic opportunity, housing, and education – and needed core support functions. These focus areas significantly align with the priority areas Council President Johnson outlined during his inaugural address – gun violence, poverty, business development, housing, and public education.

The Mayor's proposal **adds \$2 billion in new, targeted investments over** the coming five years – made up of \$850 million in new operating investments and nearly \$1.2 billion in new capital investments.¹ These new investments and the new approaches the Mayor is proposing were informed by the countless residents, community leaders, business owners, faith leaders, and other stakeholders she talked with on the campaign trail; the 550+ committed volunteers who served across 13 policy subcommittees during her transition; community members who took part in City-led engagement sessions last fall; and the front-line City employees she has seen up close and in action since taking office.

The budget also is responsive to the City's fiscal conditions, including a shifting revenue picture and legacy challenges. In constructing its first budget, the challenges the Parker Administration faced included:

- **Lower growth than previously anticipated** for Wage and Real Estate Transfer taxes, an approximately \$300 million reduction over the Proposed FY25-29 Five Year Plan vs. the existing FY24-28 Plan;
- The **end of one-time stimulus funds** from the American Rescue Plan Act (ARPA) in mid-FY25;
- High legacy and fixed costs, including debt service and pensions, with an **\$80 million balloon payment** on a 1990s-era Pension Obligation Bond due in FY29; and

¹ The Five Year Plan includes a breakdown of the proposed operating investments by priority areas.

- Significant **service demands** that accompany being a coterminous City/County with a high/persistent poverty rate.

The Mayor's Five Year Plan makes a commitment to long-term fiscal health. It maintains positive fund balances and sets aside funds in the Budget Stabilization Reserve Fund, while navigating the City past the challenges of lower anticipated growth, the end of ARPA funding, and the legacy pension obligation bond balloon payment due in the final year of the Plan.

By being proactive and planning ahead, the City will be prepared to meet its ambitious goals now and in the future. In FY30 – the first year after this Five Year Plan – the City's debt service is projected to decrease by \$200 million, freeing up additional funds that can be used for investments and to improve the City's fund balance. And in FY33, the Pension Fund is projected to reach 100% funding, at which point the City will no longer be paying off an unfunded liability and its pension payments will drop by hundreds of millions of dollars a year. Combined, the reduction in debt service and eliminating the unfunded liability will produce over \$500 million annually for future budgets.

The proposed budget does not include any changes to tax rates. The findings of the Tax Reform Commission being convened by Council President Johnson will be a key input in how the Administration approaches tax policy.

Some of the key investments and new approaches through which Mayor Parker's first budget advances her ambitious vision for the city – and makes good on her call for One Philly, A United City – are detailed below.

PUBLIC SAFETY: *The Parker Administration will build mutual trust and safety in our neighborhoods through a model of community policing.*

Our administration is using a prevention, intervention, and enforcement (P.I.E.) model to address immediate safety concerns while fostering longer-term community resilience. The FY25 budget includes over **\$33 million in new operating investments** for public safety, with over **\$150 million** in new investments over the Five Year Plan. This is on top of significant baseline funding for public safety-related departments, along with major capital investments.²

These additional investments are paired with new ways of approaching the City's public safety challenges through a comprehensive strategy crafted by the Police Commissioner, Managing Director, and Chief Public Safety Director. Several prongs of the approach are outlined below, with additional detail in departmental narratives.

Maximizing deployment/increasing community policing: The first order of business is increasing and maximizing Police Department staffing across the city, with the aim of bolstering police personnel focused on crime reduction and community engagement. The Mayor's budget supports increasing the number and frequency of new recruiting classes; assigning new recruits to foot-beats in commercial corridors across the city; and investing in community policing.

² As detailed in the capital budget, the Mayor proposes to invest nearly 50% of FY25 capital funding – over \$146 million – in public safety-related initiatives.

Reducing violent crime: The budget supports a multi-pronged strategy to further reduce violent crime. Investments enable the more strategic deployment of personnel; addressing staffing issues with 911; technology upgrades to support impactful investigations; directing Group Violence Intervention Program (GVI) on targeted hotspots; and further building out partnerships with federal, state, and local partner agencies, focusing them on high-priority areas. Importantly, the Mayor's budget funds new services and resources for families and victims of violent crime, including additional victim advocates.

Addressing property crimes/quality-of-life: The budget brings new resources and attention to persistent quality-of-life issues, including illegal use of all-terrain vehicles (ATVs), car meet-ups, retail theft, and nuisance businesses. For each, the Administration is using data to focus prevention and enforcement efforts and working across departments and agencies. Relevant to nuisance businesses and building safety, the Mayor's budget supports increasing staffing at the Department of Licenses and Inspections (L&I), and implementation of its new bifurcated structure, with Divisions of Quality of Life and of Inspections and Safety and Compliance, to support clear focus on L&I's core mission.

Addressing open-air drug markets: The Parker Administration's response to open-air drug markets will begin in Kensington, the epicenter of the opioid crisis locally and regionally. The Mayor's budget supports a multi-phase initiative comprising resident engagement, enforcement, and restoration – with the overarching goal of increasing public safety and community health for those who live and work in Kensington.

Long-term housing, care, and treatment: Appreciating the need for quality treatment, care, and housing for the city's most vulnerable residents, including those suffering with addiction, homelessness, and mental health challenges, the Mayor's proposed budget includes a significant capital investment in creating new triage and wellness facilities. The Managing Director's Office (MDO) is working with leaders in public health, including from Philadelphia's world-class "ed and meds," to develop this new and much needed model of care.

CLEAN AND GREEN: *The Parker Administration will improve the quality of life across the city by making all Philadelphia neighborhoods clean, green, and vibrant.*

Along with public safety, how the City government addresses persistent quality of life issues – from litter and blight to illegal dumping and abandoned cars – is what matters most to residents. The Parker Administration is confronting the disparity in service delivery between neighborhoods head-on, with a new approach that responds first to hardest-hit neighborhoods.

The Mayor has created a new, Cabinet-level position – Director of Clean and Green Initiatives – and charged Director Carlton Williams with bridging City departments, other governmental partners, residents, community groups, local nonprofits, and the business sector in an all-hands effort to make Philadelphia the cleanest and greenest big city in America. Befitting the Mayor's commitment to this issue, clean and green initiatives represent the single largest category of new investments both for FY25 and over the Five Year Plan, with more than **\$36 million in new operating investments** for FY25 and over **\$246 million** in new investments over the Five Year Plan. These investments and new approaches include:

Cleaning residential and commercial areas: The City is rolling out a new, citywide Residential Cleaning Program, with dedicated cleaning crews for each Councilmanic district. The Program will work in concert with PHL Taking Care of Business (PHL TCB), the successful neighborhood commercial corridor cleaning program, which will expand both to additional commercial corridors across the city and to residential areas and streets immediately adjacent to targeted corridors. This broader scope will be paired with expanded cleaning support from Sanitation in a coordinated effort to eliminate blight and litter in targeted areas. The Five Year Plan includes investments to support twice-weekly trash collection in areas facing the most challenging trash and litter conditions. Additional investments include completing the roll-out of mechanical street cleaning and installing 1,500 Big Belly trash and recycling units.

Addressing illegal dumping, vacant lots/buildings, abandoned cars, and graffiti: The Mayor has charged the Office of Clean and Green Initiatives with leading a comprehensive response to quality-of-life issues, placing key City departments and functions in the Office's reporting line, and directing all other City departments to partner in a coordinated, strategic response. The City is standing up an Illegal Dumping Task Force – including field staff from Streets, Sanitation, Parks and Recreation, CLIP, and the Parking Authority – to proactively investigate and enforce illegal dumping violations. The budget increases the number of illegal dumping crews to shorten response time; supports a new special collections crew for bulk pick-up; and expands the City's network of surveillance cameras in illegal dumping hot spots.

Using data to drive decision-making: The Office of Clean and Green Initiatives is committed to using data to prioritize where to deliver services and improve how services are delivered. Its new Community Appearance Index (CAI), with data on a range of quality-of-life issues, will help prioritize service delivery for areas with greatest need and track progress over time. The Office will partner with the PhillyStat 360 team (detailed below), which will support the rapid deployment of City services to address quality of life and community concerns, track effectiveness of services, and identify needed changes to strategy or tactics.

Sustainability: The budget's focus on Environmental Justice for underserved and under-resourced communities includes a commitment to cleaner streets, more green spaces, planting 15,000 trees, and meeting the City's carbon neutrality goal – all of which will result in fewer urban heat islands and healthier, more resilient communities. The Mayor's budget includes ongoing investment in restoring and improving the City's community parks, libraries, and recreation facilities through Rebuild, now under the direction of the Capital Programs Office.

SEPTA: Recognizing the pivotal role public transit plays in fostering accessible, inclusive, and sustainable communities, the Five Year Plan includes an additional \$117 million in operating funds for SEPTA, meeting the anticipated 15% state match requirements. As the Administration has communicated, prior to City Council final action on the budget, SEPTA will need to come forward with an aggressive plan to make buses and trains safer and cleaner.

ECONOMIC OPPORTUNITY: *The Parker Administration will unlock economic opportunity for all and position Philadelphia as a more attractive and equitable place to do business.*

Government should be a booster, not a barrier, to economic growth and job creation across every demographic and socioeconomic strata. To that end, Mayor Parker's proposed budget supports a multi-pronged plan to help spur economic growth. The FY25 budget includes nearly **\$20 million in new operating investments** for economic opportunity with over **\$130 million** in new investments over the Five Year Plan.

Workforce development: Opening the doors and removing barriers to economic opportunity and to City employment is a Mayoral priority. On Inauguration Day, the Mayor signed an Executive Order to remove college degree requirements for City jobs that do not need them and, over time, move away from using written tests as the primary means of assessing candidates' ability so that more Philadelphians have an opportunity for a good-paying job with great benefits working for the City. The FY25 budget supports continued progress on this initiative and successful apprenticeship programs in City departments including Streets (Future Track), Fleet, and Parks and Recreation.

The above-described PHL TCB program not only has a positive impact by cleaning and greening commercial corridors, it also provides meaningful workforce development opportunities for its "Cleaning Ambassadors," who receive training helping to prepare them for higher-wage jobs, including with the City – expanding economic opportunity.

The FY25 budget includes another \$10 million to support workforce development and apprenticeship programs led by partners including the Building Trades and other unions. The funding – available only for programs that offer guaranteed employment to graduates – will be used to train Philadelphians for careers in industries that already are thriving and those that are projected to grow, including the building trades, logistics, and life sciences and biotech.

Collaboration: The Mayor's budget supports new models of collaboration – Intergovernmental, Faith-Based, and Business Mayoral Roundtables – through which the City will work with partners to solve shared challenges and attract more resources.

Reducing cost and complexity: The proposed budget supports a new "PHL Open for Business" initiative to reduce the cost and complexity businesses experience when navigating City government. The initiative will eliminate unneeded regulatory steps, simplify and streamline processes, and offer trusted guidance, advocacy, and resources that help businesses thrive. The proposed budget also supports a related effort to improve services for individual residents.

HOUSING: *The Parker Administration will increase access to housing for both renters and homeowners to ensure vibrant and equitable communities and help build intergenerational wealth.*

Mayor Parker knows we can't have a thriving City unless we address the City's critical housing needs. That is why the Mayor has set the goal of producing 30,000 more units of housing in Philadelphia over its term – new homes for homeowners, new and rehabbed buildings for renters and revitalized and repaired homes so long-time occupants can afford to stay in their homes. The FY25-29 plan makes a series of **strategic investments** and **changes to how we work** to advance toward this goal.

Housing production: The FY25 budget supports continuation of successful housing production programs, such as Turn the Key, and provides needed staffing capacity to ensure that all City-supported new housing is “affordable luxury,” with the kinds of high-quality fixtures and finishes everyone wants for their home. The Administration is committed to tackling barriers that add cost and delay to housing development, including at the Land Bank.

Access to homeownership: The ability of Black and Brown homeowners and prospective homeowners to realize the generational wealth-growing potential of homeownership depends, in part, on their homes being fairly and accurately valued in the appraisal process. The Mayor’s proposed budget tackles the issue of home appraisal bias from the industry side and the individual household one. It institutionalizes the Philadelphia Home Appraisal Bias Task Force within City government and supports the Philadelphia Human Relations Commission (PCHR) to launch related educational and enforcement efforts.

Housing preservation: The Mayor’s budget supports continued investment in City-funded home repair programs that help to preserve naturally occurring affordable housing – and seeks to make it easier for residents and landlords to access those programs. The Philadelphia Housing Development Corporation (PHDC) is building a Single Home Improvement Application (SHIA), which will enable applicants to apply for multiple programs simultaneously.

EDUCATION: *The Parker Administration will innovate to provide a world-class education for Philadelphia students of all ages and socio-economic backgrounds.*

To accelerate progress toward the goal of providing all students with a world-class education, the FY25 budget includes over **\$24 million in new operating investments** for education, with nearly **\$140 million** in new investments over the Five Year Plan and **introduces new approaches to address long-standing challenges**. The Mayor’s proposal invests an additional \$129 million in the School District during the Plan through a combination of shifting the School District’s share of the Real Estate Tax from 55 percent to 56 percent;³ and increasing the City’s local contribution to the School District over the FY24 level.

The FY25 proposed budget will support the Mayor’s Office of Education to plan and provide oversight for a multi-year rollout of the Mayor’s **full-day/year-round school initiative**, enabling students to receive the educational enrichment they need throughout the year, with schedules that work for working families. The initiative will launch in a set of to-be-identified pilot schools in fall 2024 and the Office of Education will ensure alignment and coordination with other City initiatives (PHLpreK, Out-Of-School Time, Head Start) and District-run programs.

Also this year, the Office of Education will convene leaders across sectors to craft an actionable plan for **school building modernization**, including identifying a sustainable funding source and a reliable, effective delivery mechanism. This complex undertaking will require close coordination across all levels of government. It also presents a significant workforce development opportunity –

³ One of the most important investments in each Five Year Plan is changes in tax policy. In this year’s five-year plan, the Mayor proposes to use a tax policy change to invest in the city’s children by shifting the percent of the property tax that goes to the School District. The proposed millage shift will yield an **additional \$119 million** for the School District over the life of the Plan.

with the potential for the Building Trades to provide students on-the-job training in restoring and building schools, and then welcome them into the union workforce.

CORE SUPPORT: *The Parker Administration will ensure a City government that residents can see, touch, and feel; that can scale impact; and that brings out the best of Philly.*

Accomplishing the ambitious goals above requires a shared focus on and commitment to delivering visible results for residents; a willingness to build on what works and change what doesn't; and a dedicated, talented City workforce equipped with the training, resources, and back-office support to do their best work. The Mayor's proposed budget includes **\$14 million in new operating investments** for FY25, and close to **\$151 million** over the Five Year Plan, for needed core support.

Government residents can see, touch, and feel: The core support investments include ones that residents will soon see in action. The Plan increases resources for street paving, including via PAYGO funding, enabling a significant increase in miles repaved each year. A renovation of the Municipal Services Building (MSB) Concourse will improve the user experience for the thousands of Philadelphians who come to the MSB every year to file a form, make a payment, or seek assistance with City services, and for the municipal workers who help them. The funding also supports adding additional public-facing functions in the Mayor's Office, including new Offices of Latino, Muslim, and HBCU/Pan-Hellenic engagement.

Scaling impact: The Mayor is committed to both building on what works and embracing new ways of doing business. The proposed budget supports additional analytical capacity, including comprehensive performance management through the new PhillyStat 360 team. Further to a whole-of-government approach to addressing systemic challenges – including quality of life issues – the Managing Director's Office is standing up a command center to coordinate deployment of personnel and resources across City departments.

Bringing out the Best of Philly: The most important factor in realizing the Mayor's vision is the City's workforce – the hard-working, dedicated public servants who show up every day to serve their city and its residents. The Mayor's proposed budget includes additional resources for recruiting, as the city continues making its way back to full strength post-pandemic; supports training and professional development initiatives across City departments; and invests in the materials – from computers to uniforms to compactors – City team members need to succeed in their jobs.

We look forward to partnering with City Council in finalizing a FY25 budget that helps ensure Philadelphia's best days are ahead of it. Thank you for the opportunity to present our testimony. We, and our colleagues here today, are available to answer your questions.