

**OFFICE OF PROPERTY ASSESSMENT
FISCAL YEAR 2025 BUDGET TESTIMONY
APRIL 29, 2024**

INTRODUCTION

Good Morning, President Johnson and Members of City Council. I am James Aros Jr., Chief Assessment Officer. Joining me today are Monica Williams, Deputy Chief Assessment Officer; Maria Holmes, Administrative Services Director; Drew Aldinger, Chief Deputy City Solicitor; and other members of our senior staff. I am pleased to provide testimony on the Office of Property Assessment's Fiscal Year 2025 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Office of Property Assessment (OPA) is responsible for determining the value of all real property in Philadelphia and is dedicated to doing so in a fair, accurate, and understandable manner. OPA's primary goal, through ongoing revaluations, is to improve the accuracy and uniformity of all property values and to instill confidence in Philadelphia taxpayers regarding the fairness of the property tax system, as well as the competency and professionalism of Philadelphia's assessment office and helping ensure Philadelphia has a City government that residents can see, touch, and feel.

Plans for Fiscal Year 2025:

For Tax Year 2025 (TY25), OPA is completing a revaluation of the entire city. This is the first comprehensive revaluation since Tax Year 2023 (TY23). As part of the Tax Year 2025 revaluation process, OPA will retain an outside firm to evaluate how the TY25 revaluation of properties in Philadelphia measures against industry standards for key mass appraisal statistics. Specifically, OPA will be evaluated using the Coefficient of Dispersion (COD), which measures the uniformity of assessments, the Price Related Differential (PRD), which measures equity in high versus low valued properties, and Median Ratio, which measures how closely assessments compare to actual sales prices. For TY23, OPA retained the International Association of Assessing Officers (IAAO) to perform this analysis, as well as make recommendations for future improvements. The report issued by the IAAO found that OPA met industry standards for COD, PRD, and Median Ratio.

For Fiscal Year 2025, OPA will continue to work on implementing the recommendations of the TY23 IAAO audit and will work towards achieving the IAAO's Certificate of Excellence in Assessment Administration (CEAA). The CEAA is awarded to jurisdictions that successfully integrate the best assessment practices. The IAAO audit provides OPA with a roadmap towards achieving this designation and includes recommendations for internal business processes and data quality initiatives. OPA has implemented several of the audit's recommendations, including the development of a regular cycle for property inspections in accordance with industry standards, and the development of a central repository for training and policy documents that is accessible to the entire staff.

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In FY25, OPA will continue to work to maintain a staffing complement in accordance with industry recommendations; fill vacancies for evaluators and clerical staff with qualified applicants at both the entry and experienced levels as needed; and work to fill current and pending vacancies in senior staff positions caused by attrition in the department. As part of this effort, OPA will continue to work with OHR to increase the size of and ensure diversity in OPA's candidate pool for evaluation positions, and will work with OHR on recruitment for specialized positions. In FY23 and FY24, OPA and OHR succeeded in nearly doubling the pool of qualified applicants for promotional exams by allowing candidates to substitute experience on the job for a college degree. OPA will continue to increase the number of training and professional development opportunities for employees to ensure that the Department can develop future leaders in the industry.

PROPOSED BUDGET OVERVIEW

General Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$15,569,756	\$13,454,091	\$16,021,562	\$16,021,562	\$16,021,562	\$0
Class 200 - Purchase of Services	\$1,926,000	\$1,826,114	\$1,926,020	\$1,926,020	\$1,926,020	\$0
Class 300/400 - Materials, Supplies & Equipment	\$362,600	\$86,182	\$362,600	\$362,600	\$362,600	\$0
Total	\$17,858,356	\$15,366,387	\$18,310,182	\$18,310,182	\$18,310,182	\$0

Proposed Funding Request:

The proposed Fiscal Year 2025 General Fund budget totals \$18,310,182, which is level with Fiscal Year 2024 estimated obligation levels.

The proposed budget includes:

- \$16,021,562 in Class 100, level with FY24. This funding will support achievement of the full staffing level of 226.
- \$1,926,020 in Class 200, level with FY24. This funding will primarily cover expenditures for consulting work related to assessments and the third-party call center.

\$362,600 in Class 300/400, level with FY24. This funding will cover expenditures associated with printing and mailing notices to taxpayers, as well as the cost to maintain and replace current office equipment and furniture.

STAFFING LEVELS

The department is requesting 226 budgeted positions for FY25, level with FY24.

Employment Levels (as of December 2023)		
	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	226	173
Number of Exempt Positions	14	12
Number of Executive Positions (deputy level and above)	9	8
Average Salary of All Full-Time Positions	\$74,928	\$74,928
Median Salary of All Full-Time Positions	\$74,980	\$74,980

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NEW HIRES

The Office of Property Assessment had no new hires from 7/1/2023-12/23.

PROGRAM BASED BUDGETING:

Program Name: Evaluation

Program Number: 01

FY25 Proposed General Fund: \$17,329,721

Program Description: This program is responsible for ongoing, timely, fair, and accurate assessments of the residential, commercial, industrial, institutional, and governmental properties in Philadelphia.

FY25 Strategic Goals:

- Maintain compliance with industry standards for uniformity, appraisal level, and equity.
- Complete review of First Level Review applications filed for the Tax Year 2025 revaluation.

As part of the revaluation process, implement recommendations from the International Association of Assessing Officers (IAAO) audit and continue working towards achieving the IAAO’s Certificate of Excellence in Assessment Administration (CEAA).

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Coefficient of Dispersion*	0.12	≤ 0.15	≤ 0.15
Overall single-family price-related differential**	1.02	> .98 & < 1.03	> .98 & < 1.03
Median Ratio (single family residences)***	0.98	0.90-1.10	0.90-1.10

*The Coefficient of Dispersion (COD) is considered the most reliable, and therefore is the most frequently used, measure of assessment uniformity in ratio studies. The COD measures the consistency of assessment levels within property groups to determine whether properties are assessed at similar percentages of market value. It is based on an average absolute deviation, but expresses it as a percentage and provides a more objective measure of uniformity that is independent of the level of appraisal. A COD of less than 0.15 is considered to be very good for a jurisdiction with the number of parcels and the heterogeneity of housing stock that exists in Philadelphia. In general, low CODs are associated with a more uniform level of assessment.

**This measures assessment progressivity or regressivity. Assessments are considered progressive if high-value properties are relatively over-appraised, and regressive if high-value properties are under-appraised relative to low-value properties. While no differential (a PRD of 1) is considered perfect, PRDs tend to have an upward bias due in part to assessment time lags. A PRD between .98 and 1.03 is considered ideal.

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***Median ratio measures how closely OPA market values compare to actual sales prices, with a median ratio of 1.00 indicating that the median assessment exactly matches the median sale price. A median ratio between 0.90 to 1.10 is recommended across all types of properties and market.

Program Name: Administration

Program Number: 02

FY25 Proposed General Fund: \$980,461

Program Description: This program is responsible for providing administrative support for OPA. The support functions include human resources, budget, training, payroll, labor relations, fiscal management, procurement, and contract administration.

FY25 Strategic Goals:

- Continue to fill vacancies in evaluation and clerical classes.
- Fill current and pending vacancies in senior staff positions caused by attrition.
- Offer additional opportunities for professional development both virtually and outside of the office.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Percent of budgeted positions that are filled	78.8%	85.0%	85.0%

* In late FY23, OPA hired four Management Trainees and five Evaluator 1s. OPA is conducting interviews to fill administrative, Real Property Supervisor, and Real Property Evaluator vacancies in FY24.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

OPA is collaborating with several other large jurisdictions across the United States in requesting that the Biden Administration grant access to data contained in the Uniform Appraisal Database. This database contains information on millions of U.S. homes that were appraised for mortgages. Access to this data would allow the OPA to verify existing data and potentially add additional data elements that OPA was unable to collect previously.