

City Council Committee of the Whole
Five Year Plan Testimony
Tiffany W. Thurman, Chief of Staff
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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 Fiscal Year 2027 Operating Budget (Bill 260199) and the Proposed Fiscal Year 2027-2031 Five Year Plan (Resolution 260227), along with the supporting budget and revenue bills introduced on March 12.

Joining me today are my colleagues, Chief Deputy Mayor Vanessa Garrett Harley, Finance Director Rob Dubow, Budget Director Sabrina Maynard, Cabinet Members, and other leaders from across the Administration.

The Administration's **\$6.97 billion Proposed "One Philly, One Future" FY27 Budget and FY27-31 Five Year Plan (FYP)** continue to encompass top mayoral initiatives and the vast array of City programs and services delivering results that residents can see, touch, and feel. The **Proposed Plan includes \$642 million in new operating investments over five years**, while the **Recommended FY27-32 Capital Program includes \$1.5 billion over the six-year program period**.

This FY27 Budget and Plan build on the progress and success of the last two years to make Philadelphia the safest, cleanest, greenest big city in the nation with access to opportunity for all while dedicating new resources to urgent needs facing Philadelphia. Major areas of investment include:

- **Increasing economic mobility and opportunity** through strategic investments in workforce development, access to City employment, and financial empowerment for Philadelphians.
- **Striving to end street homelessness** through the creation of 1,000 new shelter beds with wraparound services and effectively connecting the shelter system to permanent supportive housing to ensure every individual experiencing homelessness can seek shelter and services.
- **Investing in the Administration's wellness ecosystem** of recovery, safe haven, and supportive housing, and ensuring continuity of care for individuals contending with substance use disorder and mental health challenges.

To support these priority initiatives and our shared vision for the city, the Administration is proposing several revenue changes. These include an increase to the Hotel Tax starting in FY27 that will fund the strategy to end street homelessness; a Retail Delivery Tax that will enable the deployment of a "Pothole Squad" – crews for daily response to potholes and other road improvements; and closing a loophole in the Sales & Use Tax by requiring

remittance of the local portion of the tax by remote sellers, helping to level the playing field for small and local businesses. This budget also proposes new, dedicated funding to the School District of Philadelphia via a local Transportation Network Company Tax and a modification to the Use and Occupancy Tax.

As always, this Administration remains steadfast in its commitment to fiscal responsibility. The Mayor reminds us often that it's our duty to advance a clear and powerful vision for Philadelphia while continuing to build a strong foundation for the future. And there is perhaps no demonstration of this obligation more compelling than the ongoing progress towards a fully funded pension system by Fiscal Year 2033. At that time, hundreds of millions of dollars that had gone to pay off our unfunded liability each year will be freed up for other public priorities. This is a decision we are making for our employees and retirees and for the leaders who come after us, and we know it's the right one.

That said, the uncertain federal and economic environment continues to compel this Administration to manage and prepare for significant challenges. These include:

- **The expiration of American Rescue Plan Act (ARPA) COVID relief funding**, which enabled key investments coming out of the COVID-19 pandemic but is no longer available to support City operations;
- **Potentially significant federal regulatory and funding changes** during a period of heightened economic uncertainty, persistent inflation, and slow job growth;
- **Economically sensitive tax revenue sources** influenced by wider economic trends, including changes to the job and real estate markets, persistent inflation as well as the potential impacts of federal policy;
- **High legacy and fixed costs**, including debt service and pensions, with a **legacy Pension Obligation Bond balloon payment** due in FY29; and,
- The combination of significant **service demands and a relatively weak tax base** that accompanies being a coterminous city/county with a high and persistent poverty rate.

In responding to risks of this magnitude while continuing key investments in advancing the Mayor's vision, this Proposed Budget and Plan maintain positive fund balances in the outyears while reestablishing the Federal Funding Reserve at \$91 million and growing the Budget Stabilization Reserve to \$344 million, its largest amount ever, by the end of FY28.

Maintaining the City's strong financial foundation while continuing to deliver results for Philadelphia residents and businesses is not easy, but we don't do this alone. Every major initiative undertaken by this Administration has moved forward successfully with close collaboration with local, state, and federal officials, civic and nonprofit groups, business and industry, organized labor, and community leaders all across the city.

With this “One Philly, One Future” budget, we are making real progress towards our shared vision of becoming the safest, cleanest, and greenest big city in America, with access to economic opportunity for all.

ACCESS TO ECONOMIC OPPORTUNITY FOR ALL

The core of this Proposed FY27 Budget is geared towards establishing Philadelphia’s Economic GPS – Growth, Prosperity, and Security – as the Administration’s overarching policy framework for strategic investments and priorities that will boost economic mobility for Philadelphians by fostering a growing and inclusive economy and putting more people on the path to self-sufficiency.

One of the headlines for this issue has come from the 2024 study conducted by Harvard economist Raj Chetty and his team. They found that Philadelphia ranked last in economic mobility among the 50 largest U.S. metropolitan regions. This means that, in our city, moving up the socioeconomic ladder is just too hard for too many Philadelphians. It’s too hard to get training and access to a good-paying jobs. It’s too hard to buy a home or make rent, and to keep up with bills and daily expenses. And for many families, it’s nearly impossible to build generational wealth for their children to realize a brighter future and greater opportunity.

The city’s historically stubborn poverty rate has finally dropped to under 20 percent, and this is noteworthy, but our work will not stop until every Philadelphian can – with hard work and persistence – build the quality of life they deserve. This is what our One Philly, One Future Budget is all about.

Realizing this vision means we have to make big changes on multiple fronts and all at the same time. First, we have to grow the economy – we have to grow the pie. The FY26 budget helped set the conditions for economic growth with the historic \$210 million in tax investments that are increasing Philadelphia’s competitiveness and ability to attract and grow businesses that will create quality jobs. This is why we – with City Council’s support – committed to reducing both wage and business taxes simultaneously for the first time in 17 years, with codified reductions to the Business Income and Receipts Tax through FY39.

This matters for major industries AND the businesses on our neighborhood commercial corridors – we want thriving, growing businesses across sectors and across the city. Philadelphia’s Eds and Meds have long been the city’s largest employers. But Philadelphia is also on the cusp of a unique opportunity to win back its prior moniker as the “Workshop of the World” by becoming a logistics, maritime, and shipbuilding powerhouse. We are laser-focused on Lower South Philadelphia, in particular, which is fast-becoming a global hub of advanced manufacturing and international trade. Thousands of quality jobs accessible to city residents are within reach if we do this right.

But we also know that growing industry and business will mean little for residents without access to job training, career pipelines, and other City supports that can help put them on firm financial footing. This is about forming an Economic GPS that not only guides the city as a whole but every household.

This is why the **Office of Community Empowerment and Opportunity (CEO)** and the **City College for Municipal Employment (CCME)** will be organized under a new **Economic Mobility Cabinet** under the leadership of a senior official to lead a comprehensive approach to support upward mobility for Philadelphians. This new leadership – dedicated to prioritizing strategies with greatest impact on economic mobility – will be instrumental to guiding the investments in this budget. These include:

- **\$10 million** for workforce investments coordinated by the **City College for Municipal Employment (CCME)** and **\$15 million** to create **1,000 new Career Connected Learning slots** for city youth, bringing the total number of slots to 9,000.
- **\$5.9 million** in new economic opportunity investments, including the creation of an **Economic Mobility Cabinet** and **technology investments** to support small and local vendors through the Office Business Impact and Economic Advancement.
- **\$2.2 million in FY27 and nearly \$14 million over five years** to establish the **Office of Financial Empowerment**, increasing economic security by providing financial counseling, access to low-cost banking options, and other services through new digital navigation resources and at the City's Financial Empowerment Centers.

In total, the Proposed Five Year Plan includes **\$107 million in operating investments** and the Recommended Capital Program includes **\$231 million in capital funding** over the six-year program to increase access to economic opportunity.

ENDING STREET HOMELESSNESS

The next major priority area of investment is for those people in our city who need the most basic of necessities – shelter and warmth. Unfortunately, the number of people experiencing homelessness in Philadelphia has increased in recent years, consistent with trends in many other parts of the country.

To initiate comprehensive and fast-moving action by the City, Mayor Parker signed Executive Order 7-25 to officially launch the **One Philly Response to Ending Street Homelessness**. The headline for this order is the addition of 1,000 beds to the city's shelter system, ensuring sufficient capacity for anyone needing shelter to come in; but critically, City departments are working intensively together and with providers to broaden street outreach and provide the wrap-around medical, behavioral, and social services that people experiencing homelessness desperately need to attain a degree of stability.

The Office of Homeless Services and Executive Director Cheryl Hill are at the front of this effort in close collaboration with Crystal Yates-Gale and the Managing Director's Office, the Department of Behavioral Health and Intellectual disAbility (DBHIDS), and other agencies with key roles in establishing the tightly integrated system of facilities, services and supports – similar and connected to the City's wellness ecosystem.

People experiencing homelessness have widely varying and complex challenges and needs, justifying not only substantial new investment but focused coordination among the City, nonprofit, healthcare, and philanthropic partners. To undergird these collective efforts, the Proposed Plan includes **\$22 million in FY27 to expand and sustain the 1,000 new shelter beds with wrap-around services, increase hours at the City's Hub of Hope facility, and add additional encampment resolution capacity with \$110 million committed over five years.**

We are proposing to fund this transformational investment by increasing the City's Hotel Tax by 2 percent. While some may suggest this may make it harder for Philadelphia to attract visitors who then patronize our local businesses and civic and cultural institutions, we have no doubt Philadelphia will remain one of the most popular destinations not only in the country but in the world.

WELLNESS ECOSYSTEM

Since launching the Wellness Ecosystem initiative in 2024 with a \$100 million investment approved by City Council, total bed capacity has increased by more than 500. At its heart is the Riverview Wellness Village, which after a year of operation is over 90 percent occupied, providing more than 200 people with housing, access to medical care, recovery services, economic opportunity, and social supports through one comprehensive project.

Philly Home at Girard, a safe-haven, low-barrier residential program with shelter services, reached its full capacity for 180 individuals in January 2025. The program has seen remarkable progress over the past year in residents accepting medical and behavioral services that can support their journey through early recovery and placement at Riverview for comprehensive inpatient treatment.

The Office of Community Wellness and Recovery under the leadership of Isabel McDevitt is working on a daily basis with health, social service, and public safety partners across City government and with external providers to streamline systems and services for better outcomes and fill gaps to ensure every vulnerable resident can find and continue on a pathway to recovery and stability.

The Proposed Five Year Plan commits **\$211 million in operating funds** for the wellness ecosystem, which includes funding for the **operations at the Riverview Wellness Center and Philly Home at Girard.**

The investments to end street homelessness, continue building the wellness ecosystem, and boost economic mobility are among the most significant in this year's proposed budget. While critical City programs and services are meeting urgent needs today, we have to make these long-term commitments for a future where every Philadelphian – no matter their circumstances – has an opportunity to reach a path to self-sufficiency and realize a better quality of life.

At the same time, strategic initiatives and investments to make Philadelphia the safest, cleanest, greenest big city in the country are continuing to advance in the Administration's third year and are also reflected in the Proposed Five Year Plan.

A SAFER CITY

With regard to public safety, rates of crime and violence continue to drop, but we intend to accelerate the efforts that are clearly working. Homicides are the lowest they have been since the late 1960s – a remarkable milestone that puts Philadelphia towards the front of national trends – while the number of shooting incidents are down 23 percent and property crime has decreased 6.4 percent from 2024 to 2025.

The Philadelphia Police Department's Five-Year Strategic Plan will reinforce these promising results. The new plan will focus on strengthening community partnerships, adopting best practices in evidence-based policing, fostering innovation and better supporting department personnel. Our Police department, led by Commissioner Bethel, is solidifying its position as a national leader in effective policing.

And while our mission is to make all of Philadelphia safer, we keep top of mind that some communities are impacted more than others. This certainly includes Kensington, where the Office of Public Safety, the Police Department, the Managing Director's Office, and Philly Stat 360 are driving forward the Kensington Community Revival Initiative. As we have said repeatedly, this is about prevention and intervention as well as enforcement – the P.I.E. framework this Administration adopted from Day 1.

Director Adam Geer and the Office of Public Safety are the tip of the spear in much of this work, having launched the Kensington Wellness Support Center and Neighborhood Wellness Court -- both serving as innovative models to provide care, treatment, and services for individuals arrested for low-level drug- and quality-of-life-related offenses. To date, more than 300 people have moved through the Wellness Court, helping two-thirds of participants resolve warrants and access treatment. This kind of work is not easy, but a humane approach to supporting people caught in the throes of addiction is the best way to help them while making our communities safer. This is why we are proposing allocating **\$26 million over the next five years** to support five days per week of Wellness Court operations as well as to continue operations at the Kensington Wellness Support Center.

We are also monitoring closely how best to improve safety on our streets and roadways. This Administration remains committed to reducing the risk of traffic fatalities and serious injuries through key Vision Zero investments. The Recommended Capital Program includes **\$5 million in Fiscal Year 27 and \$30 million through Fiscal Year 32** to continue installing evidence-based safety interventions on some of the city's most dangerous streets and roadways. We are also sustaining the highly successful Automated Speed Enforcement program, which is installing cameras on Broad Street, Route 13, and in school zones. No one likes a ticket, but this program is saving lives.

In total, the Proposed Five Year Plan includes **\$310 million in operating funding** for public safety and the Recommended Capital Program includes a **\$301 million in capital investments** for public safety.

A CLEANER AND GREENER CITY

Turning the Administration's Clean and Green agenda, smart leadership and persistent work from the Office of Clean and Green, the Office of Sustainability, and partner departments are also showing results.

Director Elizabeth Lankenau and her team at the Office of Sustainability have collaborated closely with City departments to organize and advance a robust portfolio of strategies and actions to reduce greenhouse gas emissions, improve public health through cleaner air and water, improve residents' quality of life, and build resiliency against climate change.

A major milestone was reached in 2024 when the Adams Solar project came online and enabled roughly 30 percent of City operations to be powered by renewable electricity – a proportion estimated to increase by another five percent this year with Abes Run, another Pennsylvania solar field. Meanwhile, the Philly Streetlight Improvement Project (PSIP) converted 130,000 streetlights into modern and efficient LEDs on a lighting management system – the largest energy conservation project in City history. These major actions and others are detailed in the most recent update to the City's 2021 Climate Action Playbook, which will continue to guide key steps towards a greener Philadelphia.

Further, Mayor Parker announced last year the Ten-Point Greening Plan, which encompasses multiple key clean and green initiatives, including the Philly Tree Plan, the transformation of vacant lots into community assets ("Lotscapes"), and the revitalization of commercial corridors through the installation of planters and improvements to streetscape.

The "Gateways to Philadelphia" initiative announced in January 2026 is the latest major and fast-moving endeavor, completing a series of highway beautification and landscaping improvements to major entryways and interchanges along the highway corridor ahead of the country's 250th birthday celebrations, FIFA World Cup, and other major events taking

place this summer. These preparations, combined with the One Philly, United City Citywide Cleaning Program, Twice Weekly Trash Collection, PHL Taking Care of Business (TCB) corridor cleaning expansions, and other programs led by Director Carlton Williams and the Office of Clean and Green are setting a new standard for Philadelphia that will carry through into the future.

In total, the Proposed Plan proposes **\$35 million in new operating funding** and the Recommended Capital Program includes **\$837 million in capital investments** for clean and green initiatives. The latter includes \$179 million in capital spending to improve **Parks and Recreation facilities** and **\$33 million** to dedicated to **HVAC systems at Free Library branches** – investments that will be felt in neighborhoods across the city. The Recommended Capital Program also continues to allocate substantial funding – **\$400 million in FY27 – for street paving and ADA ramp installation.**

HOUSING

After having worked diligently with City Council to pass **Housing Opportunities Made Easy (H.O.M.E.)** legislation in June 2025, we are excited be moving forward with the single largest housing investment in the City's history.

The Proposed Five Year Plan includes **two \$400 million H.O.M.E. borrowings** as part of the **total \$2 billion strategy** to increase the housing supply citywide and improve access and affordability for renters and homeowners across income bands. Philadelphia's plan to tackle the housing crisis head on is one of the most ambitious and most watched in the country. This is about ensuring every Philadelphian can attain a safe, quality, affordable home – but also to position more households to build generational wealth and move up the socioeconomic ladder in healthy and thriving neighborhoods.

And while the City's investment is historic, the scale of the opportunity in front of us is made even greater with partners like the Philadelphia Housing Authority and Philadelphia Building Trades, who most recently worked with the Administration on a \$50 million investment to redevelop affordable housing and create more than 500 union jobs. With housing needs at the scale Philadelphia is facing, we will continue to think outside the box and work with the Commonwealth, federal government, philanthropic community and others to secure the resources necessary to meet this moment.

With funding available later this week, we will be reinforcing support existing, high-demand programs like Basic Systems Repair, Adaptive Modifications, tangled title services, and eviction diversion – programs that serve thousands of households every year. Meanwhile, a series of new programs to support both low- and moderate-income households is launching soon, with **One Philly Mortgage** at the top of the list. This program will put a first home within reach for thousands more Philadelphians by offering 30-year fixed-rate loans with low down payments and no private mortgage insurance. One Philly Mortgage

and the numerous other programs under H.O.M.E. will be accessible through the One Philly Front Door online platform – staying true to the “Housing Opportunities Made Easy” principle of the overarching initiative.

In addition to financing for the H.O.M.E. initiative, the Five Year Plan proposes **\$151 million in new housing investments**, including **new Land Bank support**, a **Proactive Rental Inspection Program**, along with the deployment of creative strategies to increase the housing supply through **modular housing production**.

EDUCATION

As with housing, a quality education is a cornerstone of economic opportunity – from PreK to high school to adult education. And on this front, the Mayor’s Office of Education continues to collaborate closely with the School District of Philadelphia, Community College of Philadelphia, and other key institutions and partners to shape policy and programs that boost economic mobility.

This has included, from the outset of the Administration, the Extended Day, Extended Year (EDEY) Schooling initiative to offer academic and enrichment opportunities from 7:30 a.m. to 6 p.m. throughout the traditional school year, across winter and spring breaks, and during the summer. This is essential not only for our young people but for their parents and guardians, many of whom work to care for their children while keeping a job – if not several – to support the household. This school year, EDEY grew from 25 to 40 schools – both District- and charter-operated – creating nearly 12,000 seats for elementary and middle school students.

The Proposed Plan includes **just over \$8 million in new education investments** that will help to **expand EDEY by two additional charter schools**; meanwhile, five elementary Community Schools also joining the EDEY program will bring the total number of EDEY schools across the city to 47. The **above investment will also add 100 PreK slots**, increasing Philadelphia’s PreK program to 5,350 slots – one of the highest value investments in a child’s future.

Finally, among the greatest endeavors ahead will be to advance the School District’s facilities modernization plan – a bold and necessary initiative that is driven by the overarching goal not to cut costs but to ensure all children have access to high-quality academic programs in safe, modern learning environments. The Administration stands behind Board of Education Chair Reginald Streater and Superintendent Tony Watlington in taking up this challenging task head on and with unprecedented community engagement. Change is not easy, but advancing this plan is the right thing to do for the students in schools today and the hundreds of thousands who will follow. We look forward to working with City Council, the Commonwealth, and other key stakeholders to see this through.

The Proposed Five Year Plan includes a total **\$1.4 billion over five years** in direct annual **City contributions to the School District** and an **additional \$9 million for the Community College of Philadelphia (CCP)** over the Proposed Plan, bringing the total contribution to CCP to nearly **\$280 million over five years**.

CORE SUPPORT AND WORKFORCE

The City budgeted \$550 million in the FY26-30 Five Year Plan for collective bargaining agreements and arbitration awards – a historic allocation for the Labor Reserve as the Administration sought to secure fair, fiscally responsible agreements with the City's Municipal Unions.

To date, multi-year contracts have been negotiated with AFSCME District Councils 33 and 47 and United Steelworkers, while an arbitration award was issued for the Fraternal Order of Police Lodge #5. The Administration and labor leaders are still in the arbitration process with the International Association of Firefighters Local 22, personnel in the Sheriff's Office and Register of Wills, and DC 33 Locals 159B & 1637, which represent Correctional Officers.

To replenish the Labor Reserve that has been exhausted through labor awards to date, the **Proposed Plan sets aside \$615 million through FY31** – another record-setting sum reflecting the City's commitment to the public workforce while also maintaining our commitment to fiscal responsibility.

Meanwhile, the Administration continues to prioritize improvements to core systems and processes. This includes major reforms planned and underway in the Office of Human Resources (OHR) and Procurement Department – both under the Office of the Chief Administrative Officer – that will better position our workforce to deliver the programs and services Philadelphians depend on.

The **Proposed FY27 Budget allocates \$13 million** and **\$39 million over five years** to support core government functions and the workforce which will, along with the replenished Labor Reserve, strengthen the backbone of government to sustain the Administration's priority initiatives.

Significant and tangible progress has been made towards making Philadelphia the safest, cleanest, and greenest big city in the country with access to economic opportunity for all. The Proposed FY27 Budget and FY27-31 Five Year Plan are designed to continue this progress for the long term as we continue this work together as One Philly with One Future.