



## CITY OF PHILADELPHIA

### MAYOR'S OFFICE OF COMMUNICATIONS

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# Mayor Kenney's Third Budget Address for Fiscal Year 19

*\*Remarks as prepared\**

To Council President Darrell Clarke and all of my colleagues on City Council: it is great to be back in this Chamber, and to be here with all of you.

I'm grateful that we're joined by Philadelphia's newest elected officials -- District Attorney Larry Krasner, and City Controller Rebecca Rhynhart. As I said at the inauguration, I look forward to working with you both in the coming months and years on a wide range of important issues.

We're just two months in and 2018 is already proving to be a banner year for Philadelphia.

I don't know about you, but I'm still pinching myself that the Eagles are Super Bowl champions. And the great parade up Broad Street, to the steps of the Art Museum, showed the world yet again that Philly knows how to throw a huge celebration.

To the thousands of City workers who made that parade happen -- we thank you. It was an example of the quality of work you deliver day in and day out.

2018 has also brought the tremendous news that Philadelphia is among the 20 finalists to host Amazon's second headquarters.

Partners from every part of this region rose to the occasion and supported the Amazon HQ2 bid. Their contributions -- and the consistent support shown by all of you here in City Council -- undoubtedly boosted the City's prospects. We all understand what a game changer this would be for Philadelphia.

When all branches of local government are focused on working together for progress, the residents of the City and region benefit.

Two years ago we worked together -- and enacted the Philadelphia Beverage Tax. In its first full year, that tax brought in nearly \$79 million dollars. To date, more than 2,700 three- and four-year-olds have benefited from free, quality early education through our PHLpreK program.

That \$79 million also funded 11 community schools, supporting more than 6,500 students -- most of whom live below the poverty line.

Last year you approved legislation authorizing our Rebuild program, and just a few weeks ago you introduced legislation to kick-off this investment in neighborhood parks, recreation centers, and libraries.

The beverage industry would like folks to think that somehow \$79 million dollars in new revenue is a failure. I suppose when you can spend \$15 million over two years just for lobbying, or when you can pay a single CEO nearly \$30 million a year, then maybe \$79 million seems like chump change.

But for residents of Philadelphia who are benefiting from these programs, it most certainly is not.

I am hopeful that the coming year will bring a final resolution to the lawsuit allowing us to move forward with the full expansion of PHLpreK and Community Schools, and with the capital borrowing for the Rebuild program.

Of course it is our city's most vulnerable residents who have long been the top priority here in City Council.

In the past year, Council members Gym, Johnson and Quinones Sanchez spearheaded the Philadelphia Eviction Prevention and Response Task Force. This work will help ensure that the rights of renters are protected... and assistance is provided to keep them in their homes.

That effort, in turn, will help mitigate homelessness, an issue on which our good friend Jannie Blackwell has worked tirelessly throughout her life.

At the same time, Councilwoman Cherelle Parker has been laser-focused on a matter that hasn't received enough attention -- the threat to Philadelphia's 'middle neighborhoods.'

She has made clear that even as we focus on poverty, we cannot lose sight of the communities where vulnerabilities are less obvious.

That is why we are allocating \$500,000 in additional funding for investments in our commercial corridors.

Those are just some of the many examples of how -- every day of the year -- City Council fights for those who have no voice. You've done tremendous work to boost opportunities and level the playing field.

As I come before you today, I only wish we had sufficient resources to fully address every challenge our City faces.

But, unfortunately we don't. This spending plan is lean. We have combed through every part of government looking for new efficiencies.

We have stepped up our efforts to reduce tax delinquency, thanks in part to ideas put forth by Council members Allan Domb and Mark Squilla. Nearly 9,000 properties were removed from the delinquency rolls in the past year, and now more than 95% of property owners pay on-time. We will continue to work with them on these essential efforts.

But, make no mistake, we must continue to find ways to do more with the resources we have.

Last fall, some of you joined me as we released the results of the first survey of Philadelphia residents in more than a decade.

The issues our residents care about were clear: Better Streets, More Efficient Sanitation Services and Improved Public Safety ranked as the top three services that the City should focus on.

I'm pleased to say that we listened. This budget and capital program offer new investments for all three.

For Public Safety, this budget reflects our commitment to protecting all neighborhoods from crime, particularly violent crime.

We're investing \$100 million over the Plan to make sure our police force is at its full complement of over 6,500 officers -- a level not reached since the recession of 2009.

I know Council President Clarke and Councilman Johnson -- who spend much of their time working with victims of gun violence -- will share my belief that this staffing level can have a meaningful impact on reducing crime.

There's already progress: violent crime is at its lowest level since 1979, and property crime is at its lowest level since 1971. Use-of-force incidents, including officer-involved shootings, have consistently declined over the past few years ... thanks to an increased emphasis on training for officers, along with proactive oversight and review by Police Internal Affairs.

We expect continued progress in the reforms instituted by our great police commissioner, Richard Ross, regarding pedestrian stops. The number of stops lacking reasonable suspicion dropped 72% in 2016 over the previous year, and that dramatic drop has continued.

I applaud the men and women of the Department for taking these reforms seriously, and for working with police leadership to ensure public safety while protecting constitutional rights.

Thanks to the advocacy of Council President Clarke, this budget also sets aside increased funding for the Police Advisory Commission. This allows for additional staffing to support its work with the Department, to review police policy and practice.

We have safely reduced our jail population by 24% and -- along with our criminal justice partners -- pushed for systemic change. New investments in existing initiatives, strongly championed by Councilman Curtis Jones, will allow us to build on this.

The coming year will bring initial construction on the new Police Administration Building at 400 North Broad Street along with new capital investments for the 2nd and 15th Police Districts in Councilman Henon's district and the 22nd District in Councilman Clarke's district.

These are vital steps to give the Police Department what they have long lacked: modern facilities that enhance, rather than hinder, their ability to do their jobs and keep our residents safe.

As you know, the brave men and women of the Philadelphia Fire Department are still grieving. In January, Lt. Matt LeTourneau lost his life in the line of duty. Matt was as devoted to firefighting as he was to his family.

I'd like to ask you to stand now, to honor Matt's memory with a moment of silence.

Thank you.

There is no greater way to honor Matt's sacrifice than to commit to investments that can reduce danger to both the public and to our firefighters. These are investments that have long been championed by Councilmembers O'Neill, Greenlee, Henon, and Taubenberger.

I'm pleased to announce that our Five Year Plan commits to the construction of a much-needed logistics hub for the Fire Department.

The hub will provide state-of-the-art training facilities, a centralized gathering location for the entire Department in a time of crisis, and safer storage of Fire Department vehicles that will extend their useful life and reduce maintenance costs.

We are boosting staffing levels in the Fire Department -- including new paramedics -- to over 2,600. That represents a 24% increase in funding for staff since we took office.

Our capital program calls for the expansion of the Fire Department's fleet of vehicles. We plan to add 6 engines, 3 ladders and 11 medic units in the coming year. And we'll continue this \$10 million funding level throughout the 6-year capital program.

In doing so, we better protect our residents. We save lives. And we honor not only Matt LeTourneau, but every firefighter who puts his or her life in harm's way to serve our City.

This budget also proposes funding to address one of the most pressing public health crises this city has faced -- the scourge of opioids.

Like many other cities, over the last two years we've seen this epidemic worsen. There were about 1,200 overdose deaths in Philadelphia last year -- the highest death toll of any major city in the nation.

We've seen increased homelessness and public safety issues that affect innocent families and businesses in neighborhoods that have been overwhelmed by the crisis.

We failed many people during the crack epidemic by treating it solely as a matter for law enforcement, rather than a public health problem. It was the wrong approach and it was costly in ways that still impact many Philadelphians today.

That's why we need innovative, multipronged solutions to treat the opioid epidemic like the health crisis that it is.

The Mayor's Task Force to Combat the Opioid Epidemic delivered recommendations focused around education, treatment, overdose prevention, and our criminal justice response.

This budget will provide nearly \$20 million over five years for a range of services to implement those recommendations and also address the needs of residents in the most affected neighborhoods.

We are creating a medic unit that pairs emergency medical workers with outreach workers. And we're developing "warm hand-offs" from Emergency Departments so that someone who has recently overdosed is connected as quickly as possible to treatment.

We are distributing the overdose antidote, naloxone, to first responders and community members, and we're providing "low-barrier" housing options that do not require sobriety.

We're investing in Police Assisted Diversion, which provides those with minor drug offenses the opportunity to find help rather than being arrested. With a \$3.75 million investment over the next five years, this program -- a pilot in the 22nd police district -- will expand to the East Division, the center of the opioid epidemic.

As I stand here today, I know we all wish we didn't have to make these investments. We can all think of other necessary programs we'd like to see expand with this money.

That is why the City filed suit against the manufacturers of opioids. It is our hope that one day these firms will be forced to compensate the City for the costs that their unscrupulous marketing practices have created to this government and to our residents.

I look forward to continued collaboration with Council members like Cindy Bass, Maria Quinones Sanchez, David Oh and Mark Squilla, who have confronted this issue head-on.

Together, we will continue to work with residents to ease the quality of life issues that have arisen in neighborhoods close to the epicenter of the epidemic. We continue to implement our coordinated effort to address impacts to the West Kensington & Fairhill neighborhoods.

So I ask all of you: let's work together in these efforts. At this time of crisis, we need to pursue all options to save lives and improve our neighborhoods.

As I mentioned, the thousands of Philadelphians who responded to our resident survey made abundantly clear that streets and sanitation are top concerns.

So in this budget, we are not wavering from our goal of repaving more than 130 miles of streets each year by 2023.

The Streets Department is currently hiring a second crew of more than 30 people for repaving, and a third crew will be added in future years.

We also intend to advance "Vision Zero" - the bold public safety plan to eliminate traffic-related deaths by 2030. We plan to spend \$60 million dollars over five years for re-engineering of dangerous locations, for expanded traffic calming devices, and for more bike lanes.

We'll be purchasing new sanitation compactors to replace aging ones -- increasing the reliability of this vital service to our residents.

The reconstruction and repaving of streets, improved sanitation collections, and safer streets for pedestrians and bicyclists: all of these are good for our economic development. Because well-paved roads and streets -- along with a clean City -- encourage strong private sector commitment to Philadelphia.

Another encouraging sign for the city's business community is City Council's regulatory reform initiative, spearheaded by Councilman Green.

The rules and regs that govern businesses in this City are important, and your efforts will ensure that they are appropriate, up-to-date, and encourage companies to invest in Philadelphia. We look forward to seeing the results of that effort in 2018.

Our commitment to Philadelphia businesses was made abundantly clear a few weeks ago, when I spoke to the Chamber of Commerce and announced our workforce development plan, "Fueling Philadelphia's Talent Engine."

This plan serves as a launching point for the bold steps needed to align education and workforce systems to the talent that our businesses need.

And a brand new “Office of Workforce Development,” will begin operations this month to coordinate this important work with our outside partners. This will ensure that “Fueling Philadelphia’s Talent Engine” is transformed from a bold plan to a groundbreaking reality.

At the same time, we are requesting half-a-million dollars to build off of the success of last summer’s “Fair Chance Hiring Initiative.” Fair Chance provides reimbursements to employers who hire returning citizens and pay them a living wage.

Of course, we fully intend to do what Councilwoman Reynolds Brown has long championed -- to lead by example by continuing the “City as Model Employer” program which we launched as a pilot last year. “City as Model Employer” prepares residents who face barriers to employment for positions that are currently difficult for City departments to fill.

We’re also boosting our commitment to one of the most successful talent engines -- the Community College of Philadelphia. This budget increases funding to the Community College by \$1.5 million annually.

This will help ensure that thousands of Philly’s high school graduates have a chance for a next step -- a certificate or associate degree, that will open doors as they move into the workforce.

These students are waiting for their shot at greatness, just like that team of underdogs we cheered on Broad Street and the Parkway a few weeks ago.

Truth is, I believe the *real* underdogs in Philadelphia are our students -- hundreds of thousands of pre-schoolers, children, teens, young women and young men -- who have been poorly served by an underfunded School District.

A generation of students and families have suffered as a result. Yet, no one was fully accountable for the outcomes - and the City’s power to improve Philadelphia schools was limited.

Now, we are in a moment of truth. It’s time to write a new chapter in the history of Philadelphia’s schools.

Over the last two years -- thanks to the leadership of Superintendent William Hite and his team -- the District has achieved stability, and improved literacy and graduation rates. We still have work to do, but we are headed in the right direction.

Establishing clear accountability is the best way to make sure we not only stay on course, but also accelerate our progress.

In November, I stood before you and made the case for a locally-controlled School Board. And with your support, we are moving diligently in that direction.

The School Reform Commission will cede control this summer, and governance of the schools will revert to a nine-member locally-appointed board.

To ensure that the new board has time to prepare for a smooth transition into the enormous responsibilities that await, I plan to appoint members later this month.

I will make my appointments from a pool of recommendations thoughtfully considered by the Educational Nominating Panel, a diverse group of Philadelphians made up of dedicated parent advocates, former students,

educators, and leaders of various city-wide organizations.

The Panel considered more than 500 nominations and applications from all across the city, and within their 40-day deadline presented a list of 27 recommendations just this week.

I welcome the proposed charter amendment to give Council the authority to approve the Mayor's Board of Education appointments. In the meantime we will continue to look to each of you for advice and guidance in this process.

We will appoint a board that possesses the diverse skills, knowledge, and perspectives needed to sustain and build on the District's recent success. A board that shares our vision that all students deserve access to a quality school in their own neighborhood.

As we return to local control of schools, we must provide the financial stability the District needs so our students and schools can continue building on the real progress they've made in recent years.

But the District's forecast is grim: a \$900 million dollar deficit projected by the year 2023.

Addressing this tremendous need won't be easy. But the alternative is far worse.

That would cost us the District's hard-won stability. It would return our students to over-crowded classrooms lacking in resources, in schools without nurses and counselors. It would set us back, just when we are poised to finally move forward.

There is nothing left to cut. There is no one else to turn to. While we continue to press the Commonwealth to meet its constitutional requirement to fund schools adequately, we can no longer afford to wait for other people to act.

Right now, it's up to us. We need to step up and provide the financial stability and the accountability that our District needs.

So in this budget and Five Year Plan, I propose that we start by using existing revenues to boost the City's contribution to the School District by \$20 million dollars for each of the next five years.

In addition, I propose a package of tax measures that delivers stability by closing the District's projected deficit.

This includes a 6% property tax increase to bring the District \$475 million over five years.

For the average residential property owner that means an additional \$95 a year. And if they are enrolled in the Homestead Exemption program at its current level, it works out to an extra \$70 a year – or less than 6 dollars a month.

I propose readjusting scheduled reductions in the Wage Tax to bring in nearly \$340 million over five years. And an increase in the local portion of the real estate transfer tax will bring the School District about \$66 million.

All told, this package will mean an additional \$980 million dollars to the children of Philadelphia over five years.

I know for many residents, this will be a sacrifice. I vow to work with City Council to protect low-income

homeowners. We will expand housing counseling and outreach with \$2.5 million in foreclosure prevention programs. We will boost funding to the Philadelphia Land Bank by nearly \$4 million. And we'll expand the Homestead exemption in light of growing home values.

Our residents deserve to know precisely what their sacrifice will accomplish. So let me tell you.

Eliminating the deficit and ensuring the financial stability of our schools will enable us to push forward with the School District's Action Plan 3.0 -- a plan that has generated early successes in literacy, college and career readiness, and staffing.

It will also bring vital new investments, such as:

--Capital improvements, including upgraded elementary classrooms.

--Additional 9th grade academies that provide academic supports and counseling and reduce the risk of dropping out.

--Expanded and improved CTE programs, apprenticeship programs, IT internships and other high school pathways opportunities.

--School climate investments to enhance positive and safe school cultures.

--And expanded college access through advanced placement courses, free SAT testing, and a middle-college program where high school students can earn an associate's degree.

--This investment will also bring specialized reading coaches for every elementary school... and expand the focus on early literacy into grades 4 and 5.

--More counseling assistants to provide bilingual services and support to families, and more ELL teachers to ensure students are acquiring needed English language skills.

--More opportunities for students to have career exposure and work experiences in the summer and year-round.

--And continued efforts to increase the diversity and quality of our teaching workforce.

All of these efforts will take years to fully realize their worth. But we expect to see steady and incremental progress each year ... with more students reading on grade level, graduating, and successfully transitioning into college and careers.

And neighborhoods will flourish around a growing number of successful schools.

Families will know they have quality educational options for their kids, and businesses will know their future workers are getting the training and skills they need to succeed.

A wise man once said ... "an underdog is a hungry dog."

Let me tell you -- the children of the Philadelphia School District -- the real underdogs -- are hungry.

They're hungry for knowledge that only a properly funded school, with updated books, modern technology, and adequate staffing, can bring.

They're hungry for the opportunities that only a high school diploma or equivalency can achieve.

They're hungry for the one thing that students and families in other parts of this state take for granted: hope. Hope for a better future.

I stand here today ready to be held personally accountable for this.

I do so because I envision the day when we are cheering -- not only athletes on the Parkway -- but also students at a podium.

Holding diplomas.

Holding scholarships.

Holding job offers.

And holding the hands of their proud family members.

Students who -- for the first time -- are holding on to the realization that they are no longer underdogs.

They ... are ... *champions*.

Let's go make that a reality.

Thank you.

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