



Update on the City's Recovery Efforts

Recovery Office | City of Philadelphia
September 23, 2020



Overview

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2. Impact of COVID-19
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5. How the City of Philadelphia is Responding
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Background on Recovery Office



Values of the Recovery Committees

In the course of our work, we pledge to adhere to the following values to keep public trust in our processes and outcomes:

- **Accessibility** – *Present our work transparently and clearly so everyone can understand the process and substance.*
- **Efficiency** – *Work with urgency, but carefully and efficiently without duplication of efforts. Be accountable for delivering.*
- **Equity** – *Support our City's historically disadvantaged communities to address inequities and ensure that all Philadelphians can recover and thrive after the pandemic.*
- **Impact** – *Use data to inform decisions, measure progress, and achieve maximum available reimbursement related to COVID-19 costs so that Philadelphia's residents, employers, and government can successfully rebound.*
- **Integrity** – *Follow all rules and guidelines, act with honesty, and always work in the best interests of the city as a whole.*



Defining Success

A **successful recovery** from the COVID Pandemic will be a recovery that:

- **Protects public health and safety** and **saves lives**.
- Is **fiscally responsible** for the City and its taxpayers.
- **Addresses the most pressing community hardships** caused by the COVID pandemic.
- Puts Philadelphians **back to work**.
- **Helps employers** from the hardest impacted communities **reopen, thrive, and grow**.
- Leverages partnerships to **maximize effectiveness**.
- Results in **a more equitable and more prosperous** Philadelphia.

Leadership

Steering Committee

Sarah de Wolf & Chris Rupe

Steering Committee represents a diverse range of perspectives and includes a Council representative. Governs the work of entire Recovery Committee and its working groups, sets policy direction, coordinates and assigns tasks, and communicates with the Cabinet.

Working Groups

Policy and Legislation

Deborah Mahler

Interfaces with City's lobbying teams, City Council, and organizations representing other large governments

Communications and Reporting

Deana Gamble & Mike Dunn

Manages media inquiries and provides info to the public and other governments

Financial Administration and Grants

Ashley Del Bianco & John Hodge

Ensures City agencies receive clear guidance on reimbursement and funding opportunities

Internal Controls and Compliance

Sarah Stevenson

Applies robust internal controls to maximize reimbursements and prevent leakage due to fraud and/or misappropriation

Citywide Economic Recovery

Vaughn Ross

Ensures external partners maximize funding opportunities for a robust economic recovery



Impact of COVID-19



Impact of COVID-19

- As of Monday, September 21st, Philadelphia has seen **35,825 COVID-19 cases and 1,785 deaths.**
- Public health guidelines will continue to require economic restrictions to slow the spread of the disease and “flatten the curve”
- These efforts have been largely successful from a public health perspective but have caused dramatic and racially inequitable economic harm. **19% July unemployment rate in Phila.**
- Philadelphia’s reliance on Wage, Business, Sales, Amusement, and Parking taxes make it particularly vulnerable to sudden economic volatility.
- City of Philadelphia projected to have a **\$749 million** revenue shortfall in FY21 – an impact 7 times greater than the revenue gap during the Great Recession.

Positive
test results
have
declined –
while
testing
volume has
increased.

City of Philadelphia COVID-19 Overview 9/21/2020

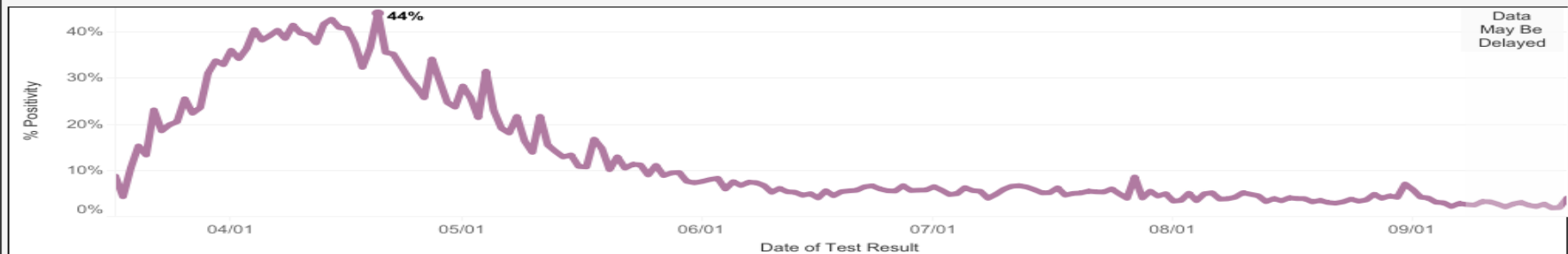
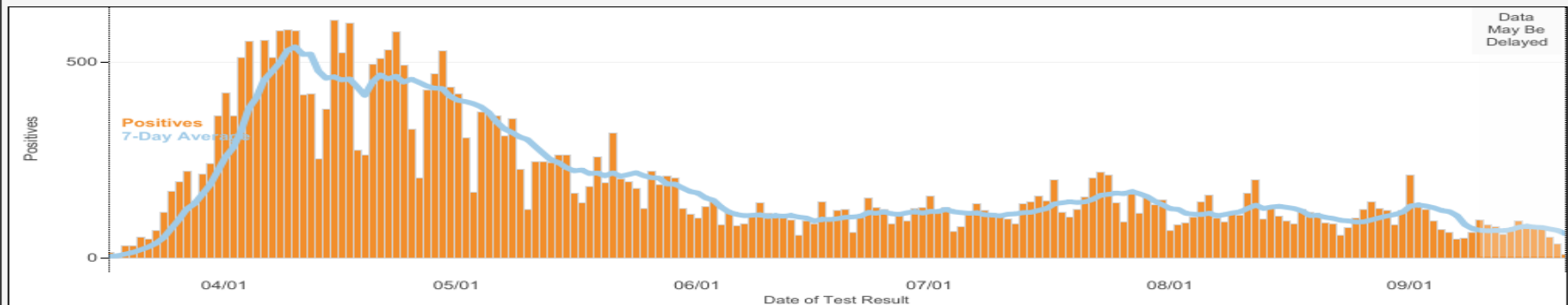
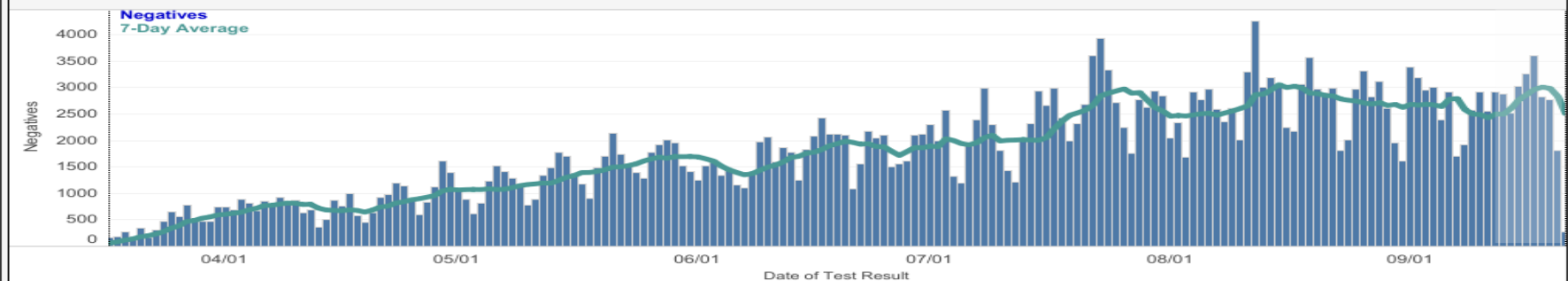
[Summary](#)[Maps](#)[Tests](#)[Cases](#)[Severe](#)[Hospitalizations](#)[Deaths](#)[Masks](#)

Testing

378,325 Tests, 35,824 Positive, 342,501 Negative

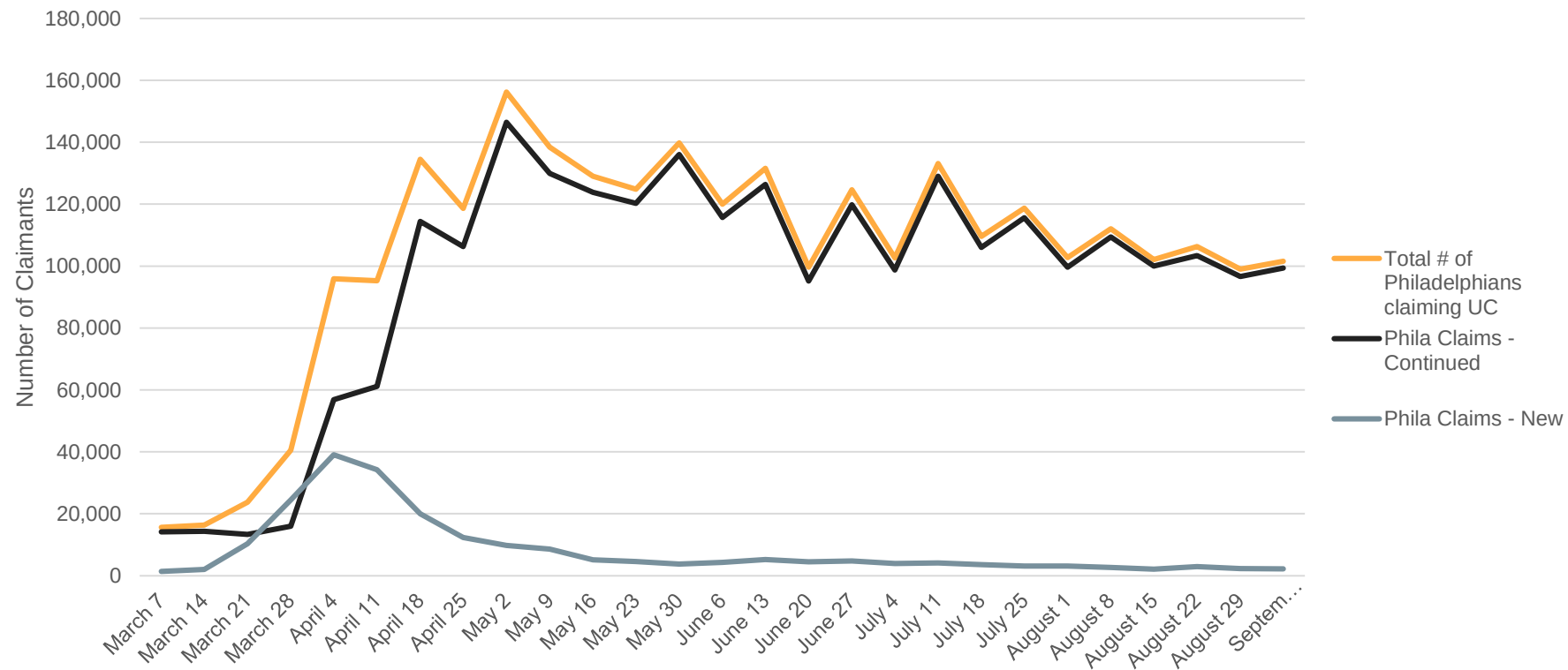
The Health Department is collecting data on the local impact of the COVID-19 pandemic. We use the collected information to track the number of people who are sick, and in doing so figure out how to respond. This page has all of the latest data on coronavirus in Philadelphia.

COVID-19 Tests Performed



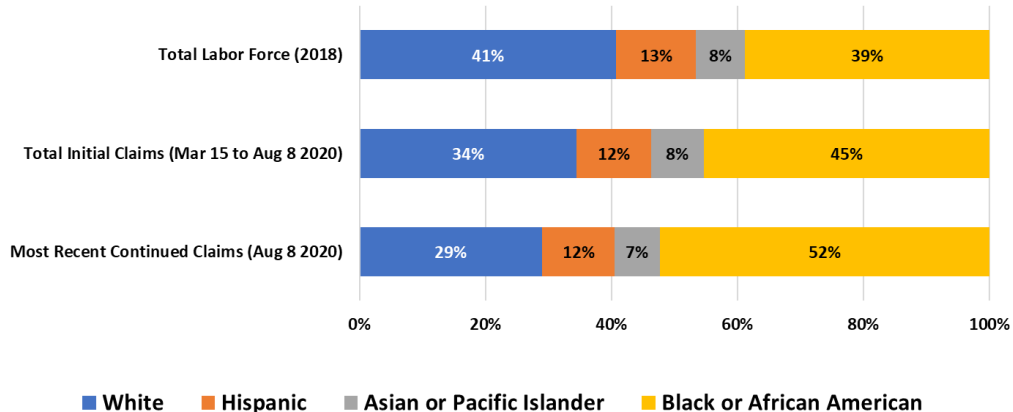
Unemployment claims spiked in April. Since May, UC claims have trended downward yet remain 5x higher than pre-COVID-19.

Philadelphia UC Claims



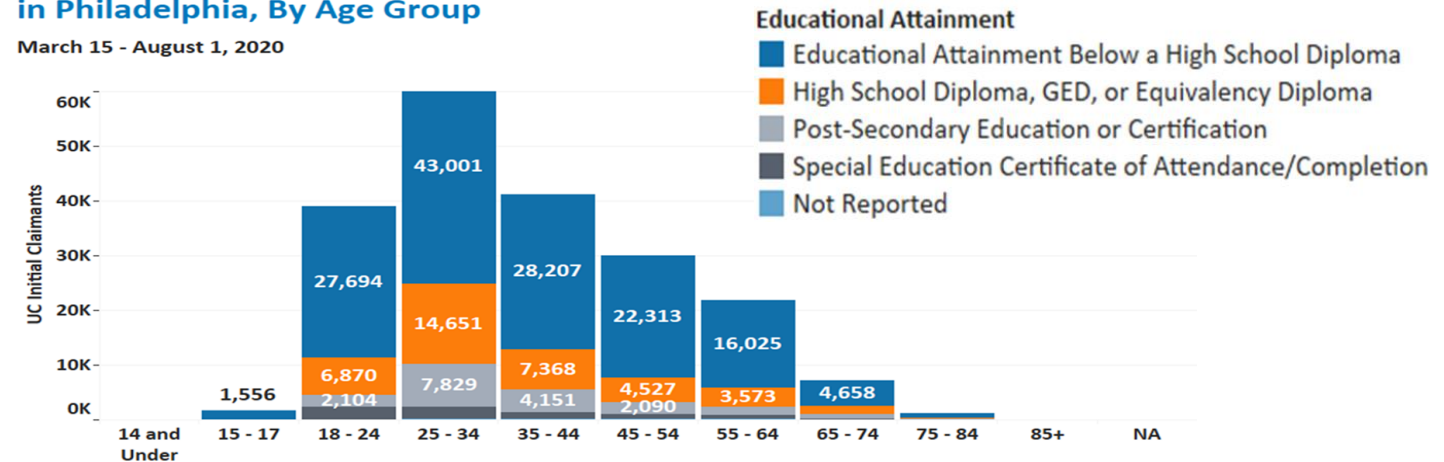
Unemployment hurt younger, less-educated workers and racial minorities disproportionately hard.

- **Approximately 210,000** total UC initial claimants between March 15 and August 1.
- **69%** of UC claimants reported an educational attainment level below a high school diploma or GED.



Educational Attainment of Initial Unemployment Compensation Claimants in Philadelphia, By Age Group

March 15 - August 1, 2020



Philadelphia Works, Inc.
Source: PA CWDS Unemployment Compensation Initial Claims
Claims data reflect initial claims submitted by Philadelphia residents. As a result, these data include claims that were later deemed eligible for unemployment compensation as well as those that were later deemed ineligible.

Source: Philadelphia Works, Inc.



Impact of COVID-19

- Most large cities and states are facing similar fiscal challenges due to the sudden and severe loss of revenue from the contraction in economic activity.
- At the same time, these cities and states are facing significant costs associated with responding to the pandemic.
- Fortunately, Congress has provided significant funding to respond to the pandemic – but these funding streams have various restrictions and typically cannot be used to make up for lost revenue.
- States, cities, and counties have advocated for additional direct and flexible funding to help them respond to the pandemic and manage through its related fiscal challenges, **but Congress has failed to come to agreement.**
- Congress has also failed to provide long-term financial support for families and individuals who have lost jobs or income.



Overview of Federal Legislation

Phase 1

Preparedness and
Response

\$8.3 billion

\$6.5 billion for HHS
funding (includes FDA,
CDC, NIH, and PHSSEF)

\$1.22 billion for SBA
provisions

\$1.25 billion for Dept. of
State, Foreign Operations
and Related Programs

Phase 2

Families First

\$100 billion

Paid sick leave

Health provisions

\$1 billion for
unemployment insurance
processing

Nutrition assistance
waivers

Phase 3

CARES Act

\$2 trillion

Direct payments to
individuals

Hospital provisions

\$500 billion for lending
funds to industries,
states, and localities

\$350 billion for loans to
small businesses

Increased unemployment
benefits

\$150 billion for state and
local funds

Phase 3,5

COVID 3.5

\$484 billion

\$321 billion for Paycheck
Protection Program (PPP)

\$50 billion for Disaster
Loans Program

\$10 billion for Emergency
Economic Injury Disaster
Loan (EIDL) Grants

\$75 billion for hospitals
and healthcare providers

\$25 billion for increased
testing

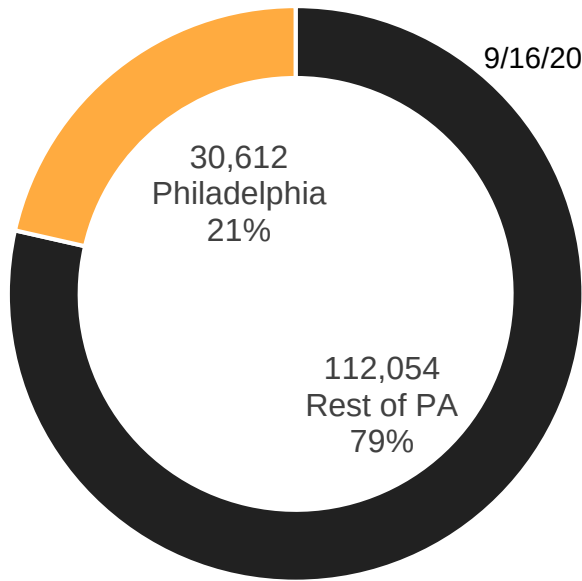


Challenges

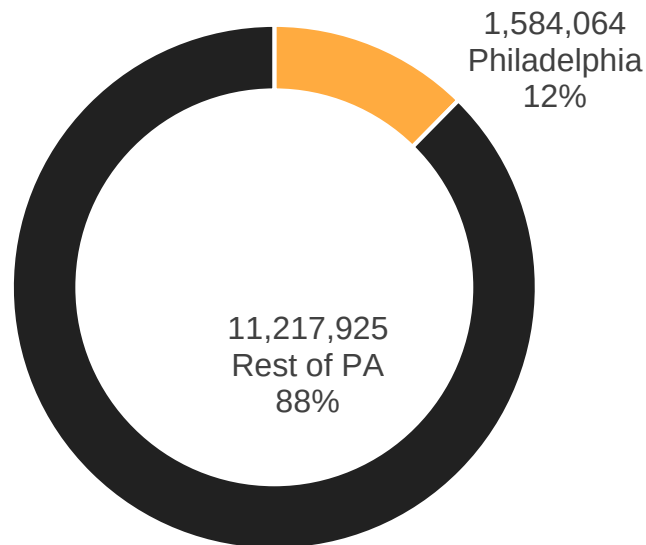
Limited Resources

- When drafting the CARES Act, Congress created a distribution formula based on population – not COVID-19 impact.
- Most of the funds went to state governments, not to counties.
- Philadelphia received less than 6% of PA's CRF funding despite having more than 21% of the state's COVID-19 cases.

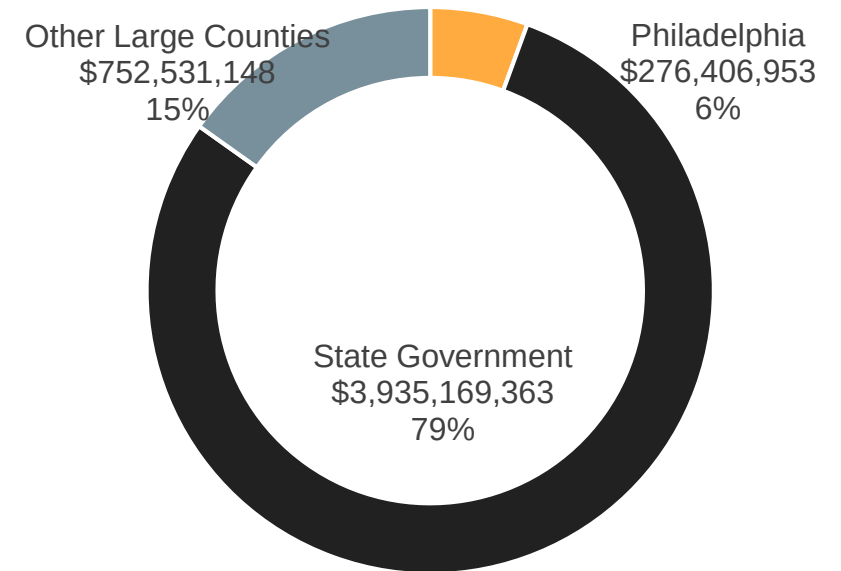
COVID-19 Cases



PA Population



PA's CRF Funding





Lack of Clarity in Harrisburg and DC

- Despite intensive lobbying efforts, Congress has failed to coalesce around another COVID-19 relief package.
- It appears unlikely that additional federal dollars will be made available any time soon, or that the rules will change to provide more flexibility on CARES CRF funds.
 - **CRF still cannot be used to replace lost revenue.**
 - **Still must be spent by December 30th – and nobody knows for sure what will happen with the course of the pandemic between now and then, or beyond.**
- **Federal guidance from agencies has continued to evolve.**
 - As of September 21, Treasury has issued 12 different version of guidance and Q&A documents.
 - Treasury implemented very cumbersome reporting requirements for CRF.
- **Harrisburg has only allocated \$2.6B of its \$3.9B CARES CRF funds.** Unclear how remaining funds will be used. Still not clear what impact was or the extent and nature of unmet needs. Many strings were attached to funds that limited their effectiveness.



Timeline of CRF Guidance Changes

March 27:	CARES Act passes
April 22:	Treasury issues CRF guidance for first time.
April 23:	Treasury distributes CARES funding to Philadelphia.
May 4:	Treasury issues CRF FAQs for first time.
May 28:	Treasury revises CRF FAQs (2 nd edition).
May 28:	Harrisburg enacts broad framework for distributing \$2.6B of the state's \$3.9B Coronavirus Relief Funds. Guidance and implementation details are not fully released for several months. The remaining \$1.3B remains unallocated.
June 24:	Treasury revises CRF FAQs (3 rd edition).
June 30:	Treasury revises CRF guidance (2 nd edition).
July 2:	Treasury announces for the first time that an interim report will be due by July 17.
July 8:	Treasury revises CRF FAQs (4 th edition).
July 31:	Treasury announced revised guidance for reporting, which substantially broadens the level of detail required to be reported.
August 10:	Treasury revises CRF FAQs (5 th edition).
August 28:	Treasury issues FAQs on revised reporting and documentation requirements.
September 2:	Treasury revises both its CRF guidance (3 rd edition) and CRF FAQs (6 th edition).
September 21:	Treasury revises FAQs on revised reporting and documentation requirements.

Timeline of CRF Reporting

Updates for City Council
Beginning in October, City Council will begin receiving monthly updates on Recovery grants and activities/ spending.



Date	Report	Details
July 17	Interim report to Treasury on expenditures March 1- June 30.	High level categories of spending reported. Some expenditure data may be subject to change in future reports, due to timing of report (issued approx. 2 weeks after close of quarter).
September 23	Briefing to Council on Recovery Update.	Overview of activities to date and future plans.
October 5	Cycle 1 Quarterly report due to Treasury (March 1 – June 30).	Detailed expenditure data reported to Treasury for March 1- June 30.
Early October	First Quarterly Public Update issued.	Report will cover activities and spending for March 1- June 30.
October 13	Cycle 2 Quarterly report due to Treasury (July 1 – September 30).	Detailed expenditure data reported to Treasury for July 1 – August 30 th .
Late October	Second Quarterly Public Update issued.	Report will cover activities and spending for July 1- September 30.
January 11	Cycle 3 Quarterly report due to Treasury (October 1 – December 30).	Detailed expenditure data reported to Treasury for October 1 – December 30 th .



How the City of Philadelphia is Responding

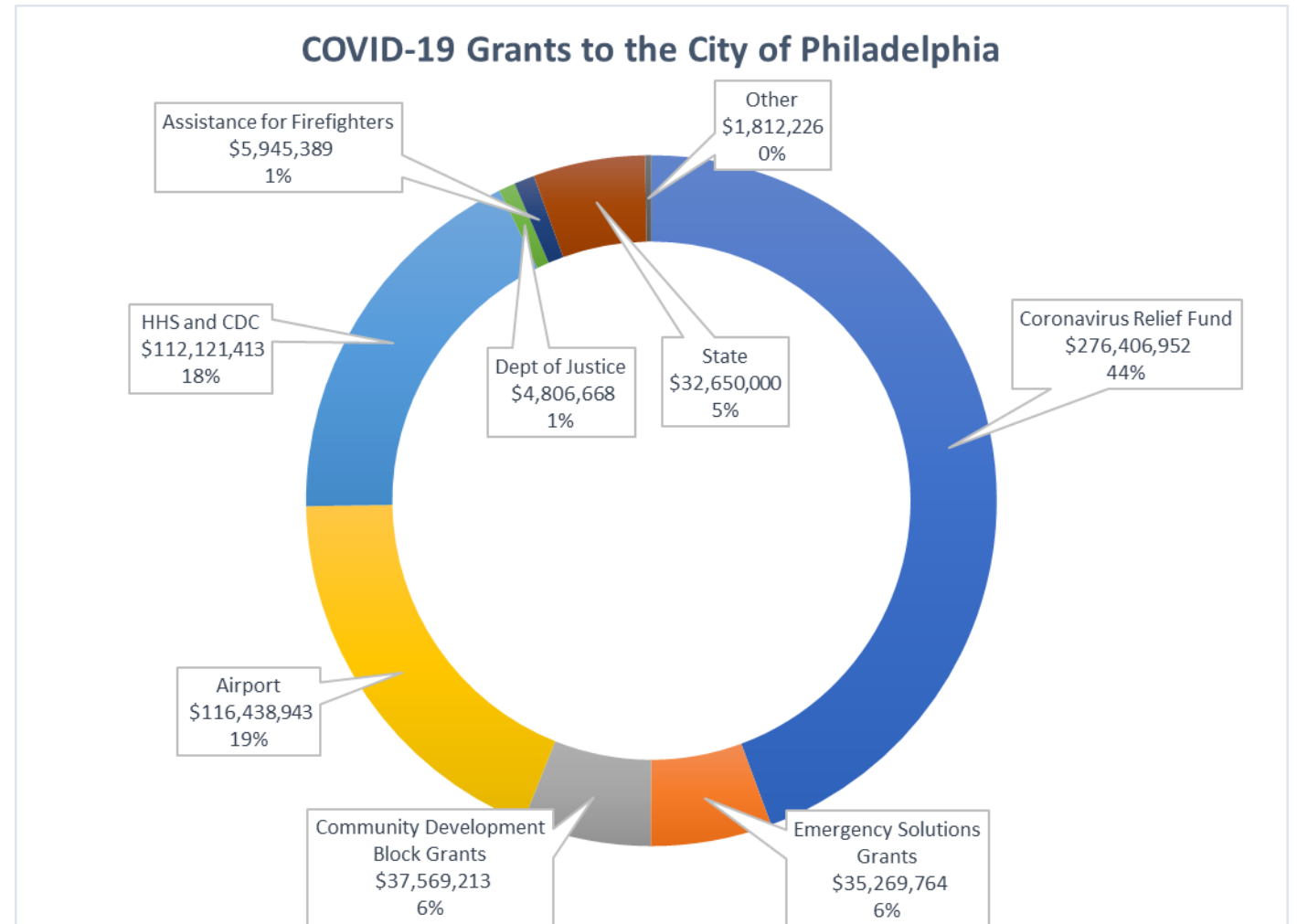


Many Needs Related to COVID-19...and Limited Resources

- The City has minimal capacity for financial risk. Therefore, the City must try to recover its sizable costs for responding to the pandemic.
- At the same time, there are many urgent needs in the community that must be addressed to ensure a successful recovery. External needs far exceed the City's resources.
- Must balance the longstanding needs of our residents by providing services Philadelphians have always relied on **and** new/exacerbated needs due to COVID-19 – and we must try to be able to do both in FY21 and beyond.
 - Important to identify areas where the state and federal government are providing support to avoid duplication of efforts or wasteful spending.
 - Helpful to know where the “gaps” and unmet needs are, as well as the impact of various investments.
 - Must ensure that documentation is thorough, and decisions are sound in order to minimize audit risk.

Grant Overview

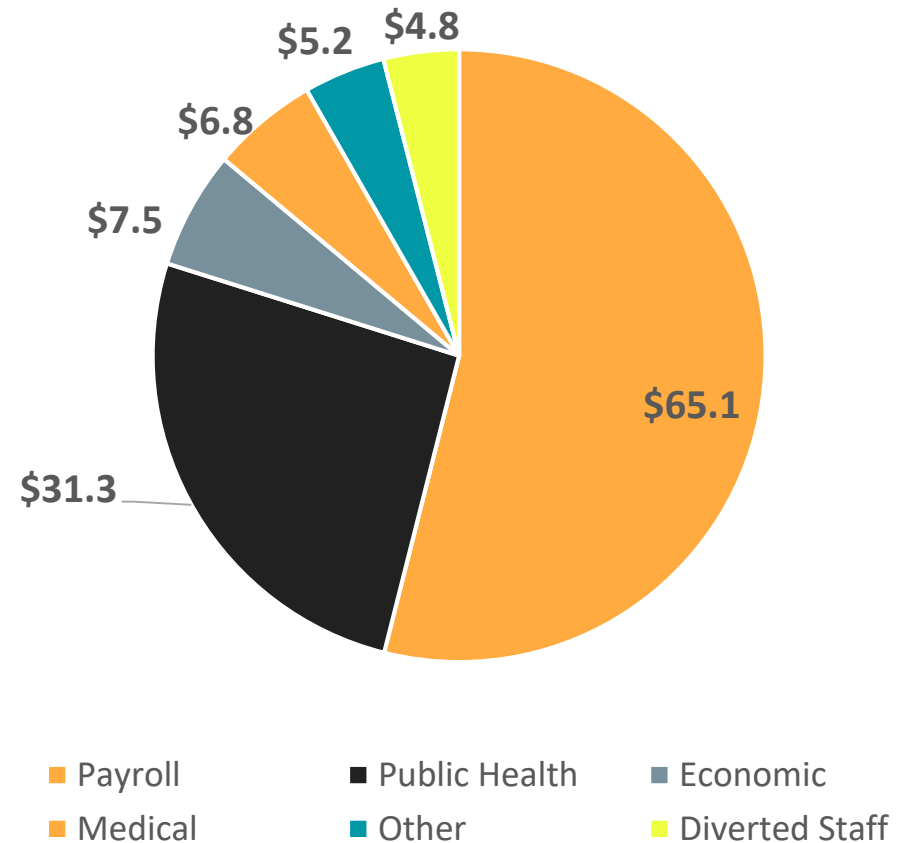
- As of Sept 1, the City received 24 grants totaling ~\$623 million.
- The Coronavirus Relief Fund (CRF) represents 44% of the total funds received and is the most flexible grant, though each grant has its own restrictions.
- CRF covers expenses that are:
 - **"necessary"** due to the pandemic and public health emergency.
 - Were not accounted for in the budget most recently approved prior to the passage of the CARES Act.
 - Incurred from March 1 through December 30, 2020.



Coronavirus Relief Fund

- From March 1 through June 30th, the City reported eligible expenses totaling \$115.8 million (41% of the City's total CRF funds).
- City is on pace to spend its CRF dollars by December 30th deadline.
- Largest area of expense is payroll costs for public health and safety staff.
- Sizable expenses associated with medical and public health response activities (e.g. medical examiner surge capacity, PPE, Liacouras).
- Also supported economic relief to small businesses and non-profits.
- Expenditure data will be broken out by specific "project" in the upcoming report to Treasury that is currently in progress.
- Data for FY21 Q1 will be available in late October.

Preliminary Costs Thru June 30 (\$M)





Overview of Strategy



Coronavirus Relief Fund (CRF) Strategy

- 3 Key Themes Driving Investments:
 - **Protect Public Health and Safety**
 - **Protect Vulnerable Residents**
 - **Economic Recovery**
- Must try to address the City's ongoing needs while also responding to new demands caused by COVID-19.

Protecting Public Health and Safety

City agencies are on the front lines of the response to the public health crisis.

From March 1 – June 30, the City's General Fund spent more than **\$100M** on payroll, medical, and public health expenses, for activities including:

- Personal protective equipment
- Prison health care services and testing
- Disease containment strategies
- Emergency Operations Center
- Medical surge capacity
- Communications to the public
- Enhanced sanitizing of public buildings
- Protective barriers in public buildings
- Enhanced emergency response protocols





Protecting Vulnerable Populations

Several key investments were made to protect vulnerable populations from the impacts of the pandemic:

- Rental Assistance:** Phase 1 (\$10M) will serve 4,000 households using CDBG-CV funds. Phase 2 (\$28.45M PHFA) now open, has funding to serve up to 6,300 households using CRF funds. **The City is investing its local CRF dollars to match the state's Phase 2 benefit up to a cap of \$1500/month to encourage more participation from landlords and maximize drawdown of state funds. (Estimated cost: \$8M)**
- Access Centers:** Provide wi-fi hot spots to K-12 households (PHLConnectED) and support dozens of staffed locations citywide to host remote learning in a safe environment. 31 sites currently operational. **\$3M cost.**
- Isolation/Quarantine and COVID Prevention:** Repurposed 3 hotels to house vulnerable residents who cannot safely shelter at home or in a congregate setting. As of Sept 11, **496 participated in the IQ program and 220 in the COVID Prevention spaces.**
- Food Distribution:** **\$6.2M** invested thus far to distribute meals to those experiencing hardship, as traditional service delivery methods were not feasible due to health restrictions. **679,000 food boxes distributed and nearly 6 million meals served.**



Economic Recovery

Small Business Relief: In March, the City committed **\$7M** for small business relief, which leveraged non-City funds to distribute a total of **\$13.3M to 2,083 businesses** through a mix of grants and zero-interest loans.

57% of awardees were located in low-moderate income census tracts.

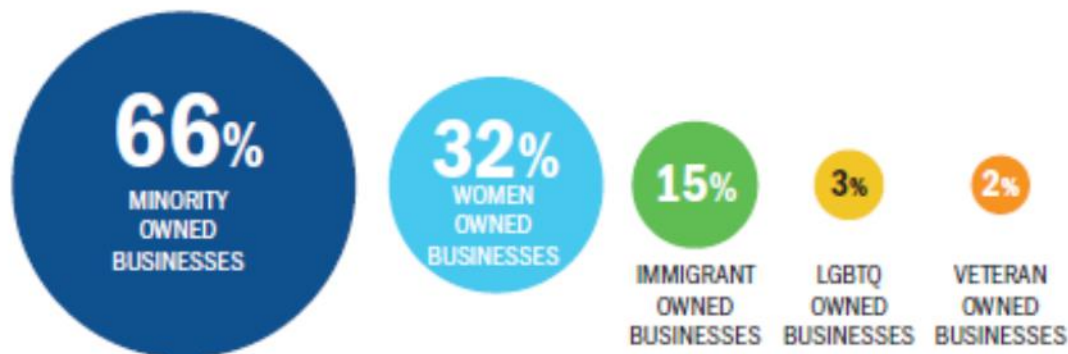
Subsequently, the state announced a \$225M small business relief effort through the CDFI Fund.

- Phase 1: 1,123 Philly businesses received \$20.4M. 70% of funds to historically disadvantaged businesses. Restaurants and personal services were two sectors receiving majority of grants.
- The City is awaiting full details on the impact and distribution of remaining phases.

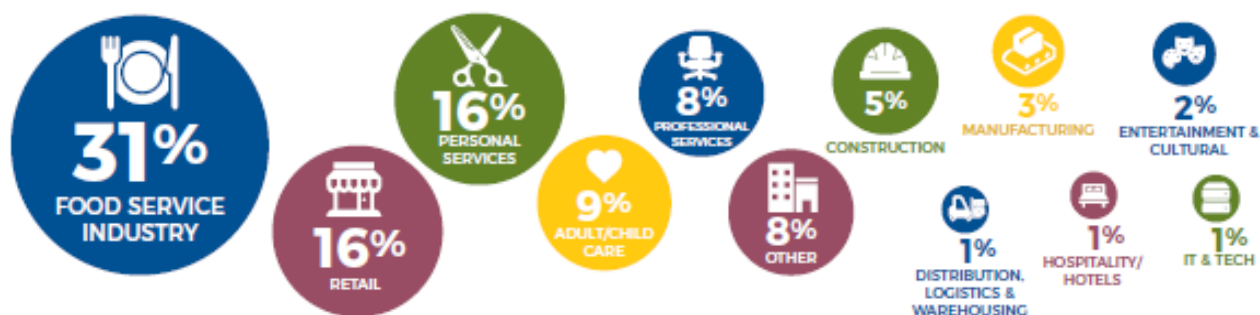
Non-Profit Assistance: City invested **\$500k** in the PHL COVID-19 fund, which matched philanthropic contributions to provide **\$17.5M in grants to more than 500 nonprofits.**

Economic Recovery

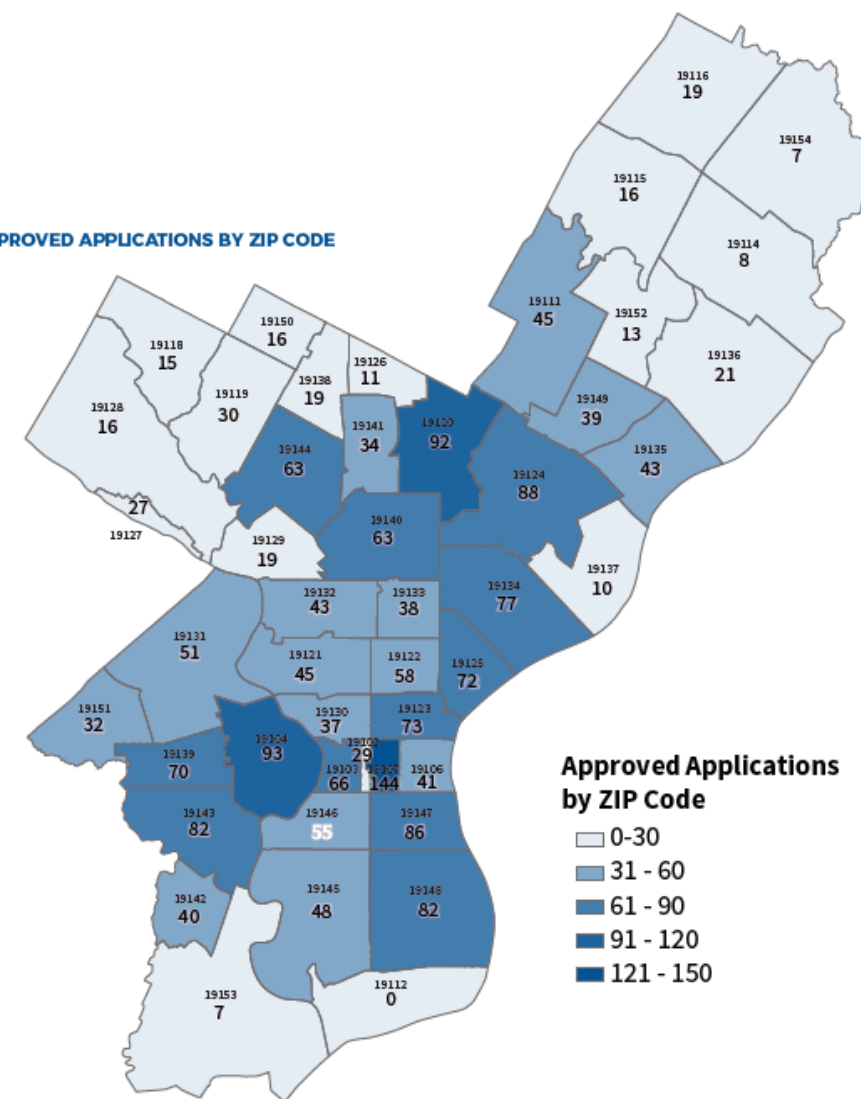
Small Business Relief Statistics



2 - APPROVALS BY INDUSTRY



5 - APPROVED APPLICATIONS BY ZIP CODE





Equitable Response



Equitable Response

- The pandemic disproportionately harmed low-income residents and communities of color.
- The response to the pandemic must target assistance to those who have been harmed the most.
- Initiatives such as food distribution, testing, access centers, small business relief, and the public health response were designed to specifically target those who are in the greatest need.

Racial minority groups are disproportionately impacted by COVID- 19.

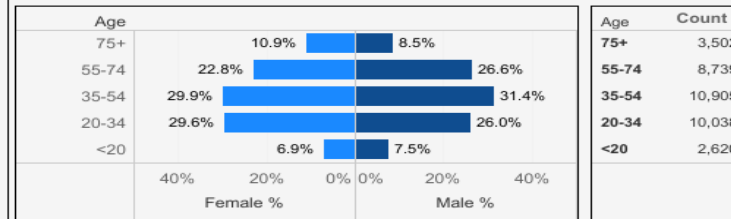
City of Philadelphia COVID-19 Overview 9/21/2020

[Summary](#)[Maps](#)[Tests](#)[Cases](#)[Severe](#)[Hospitalizations](#)[Deaths](#)[Masks](#)

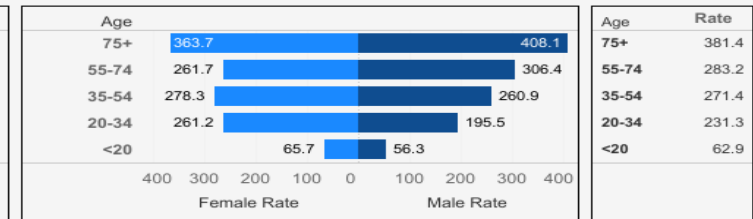
Case Demographics

Coronavirus affects people differently. Fewer people aged 75+ have COVID-19 than other ages. But with few residents at this age, COVID rates are actually higher for those aged 75+ regardless of sex or race. African Americans have the highest number of COVID-19 cases overall and when broken down by age. COVID-19 rates in older Asian and Hispanic Philadelphians are also high.

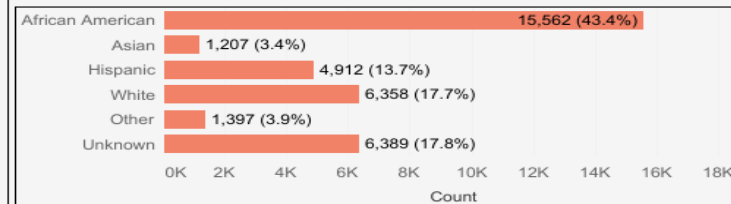
Cases by Sex and Age



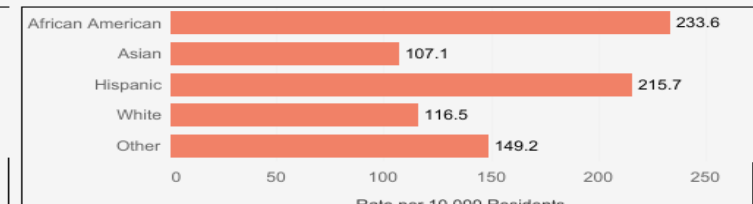
Rates by Age and Sex Per 10,000 Residents



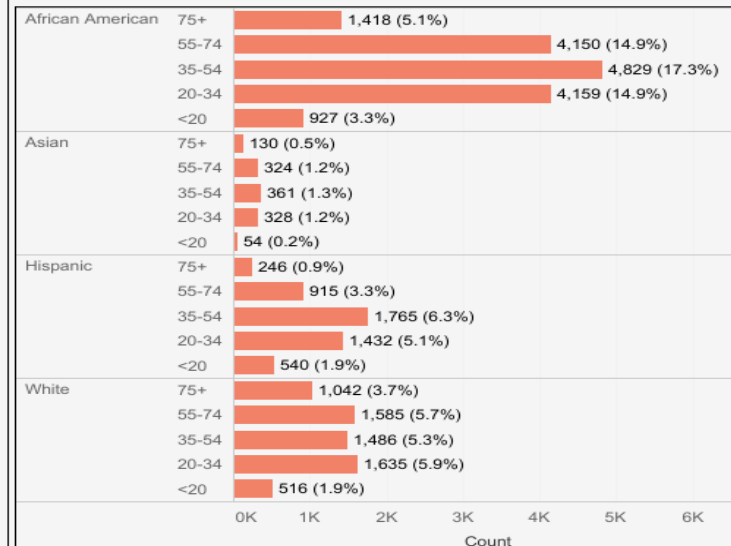
Count by Race



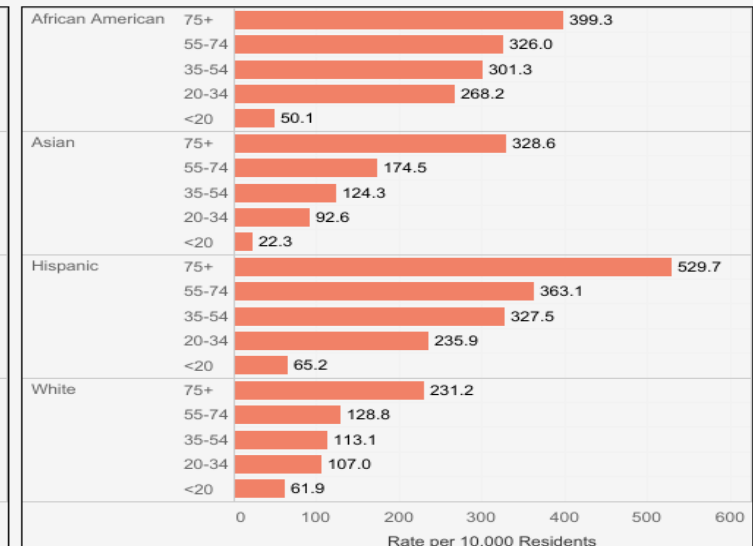
Rate by Race per 10,000 Residents



Count by Race and Age



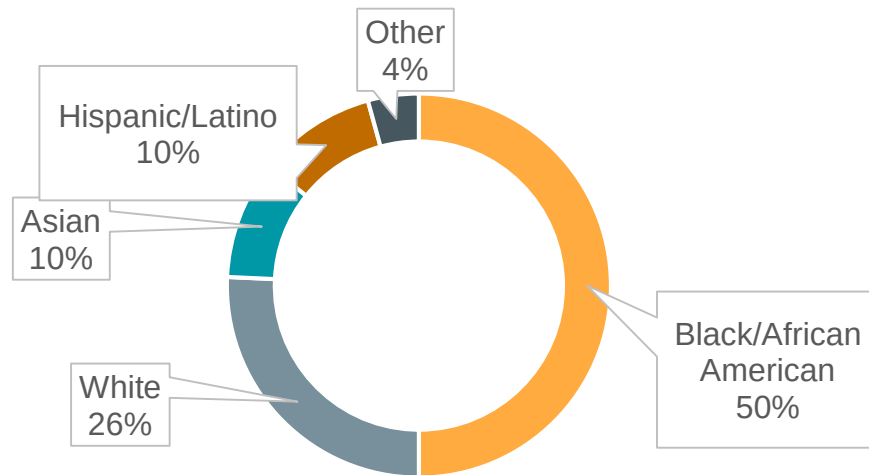
Rate by Race and Age Per 10,000 Residents



Equitable Response

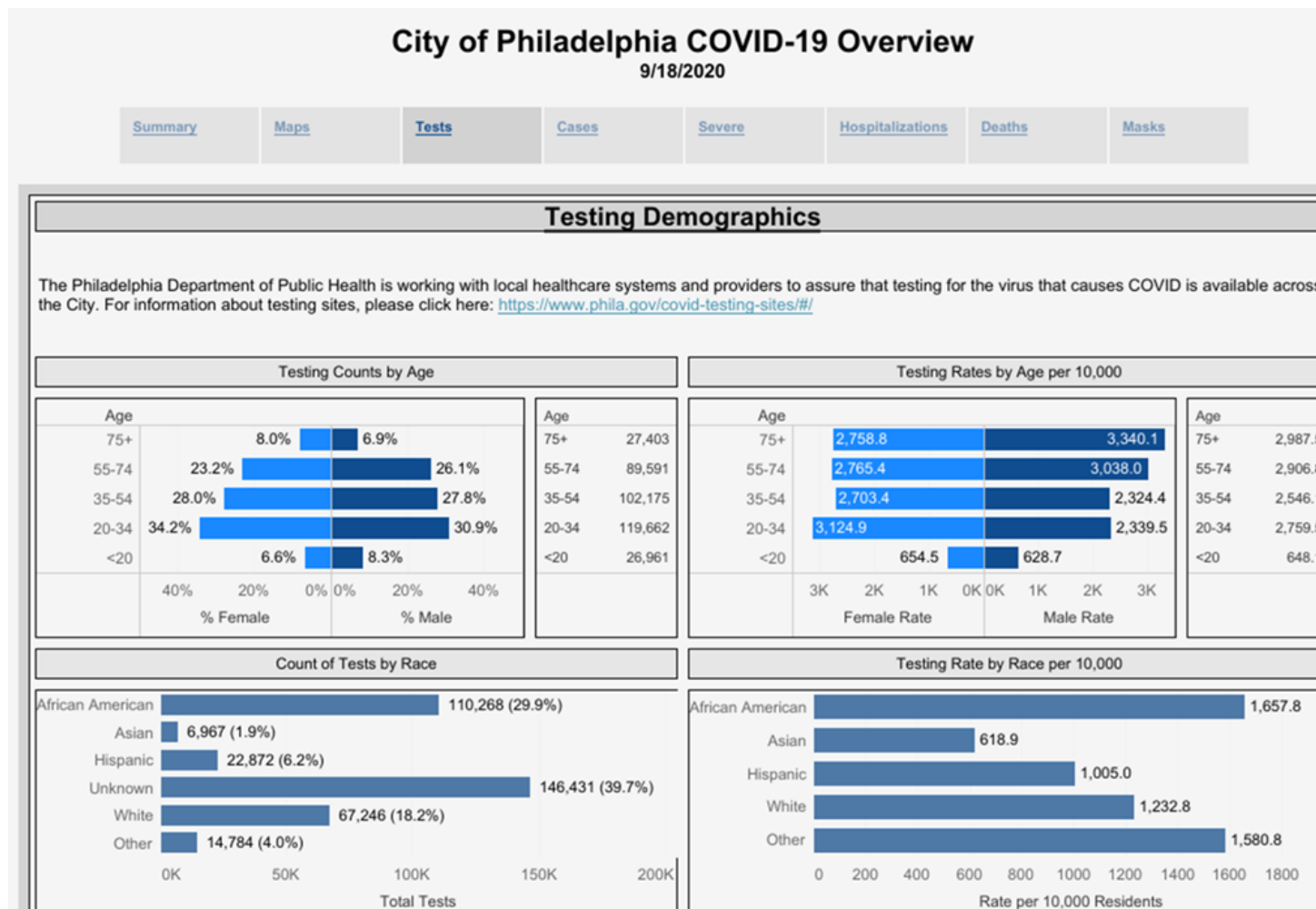
- The Department of Public Health hired a diverse staff of contact tracers in an effort to ensure that staff have the cultural and linguistic competencies to successfully reach those who need to be reached the most. Testing efforts have focused on trying to reach racial minorities.

DPH Contract Tracer Demographics



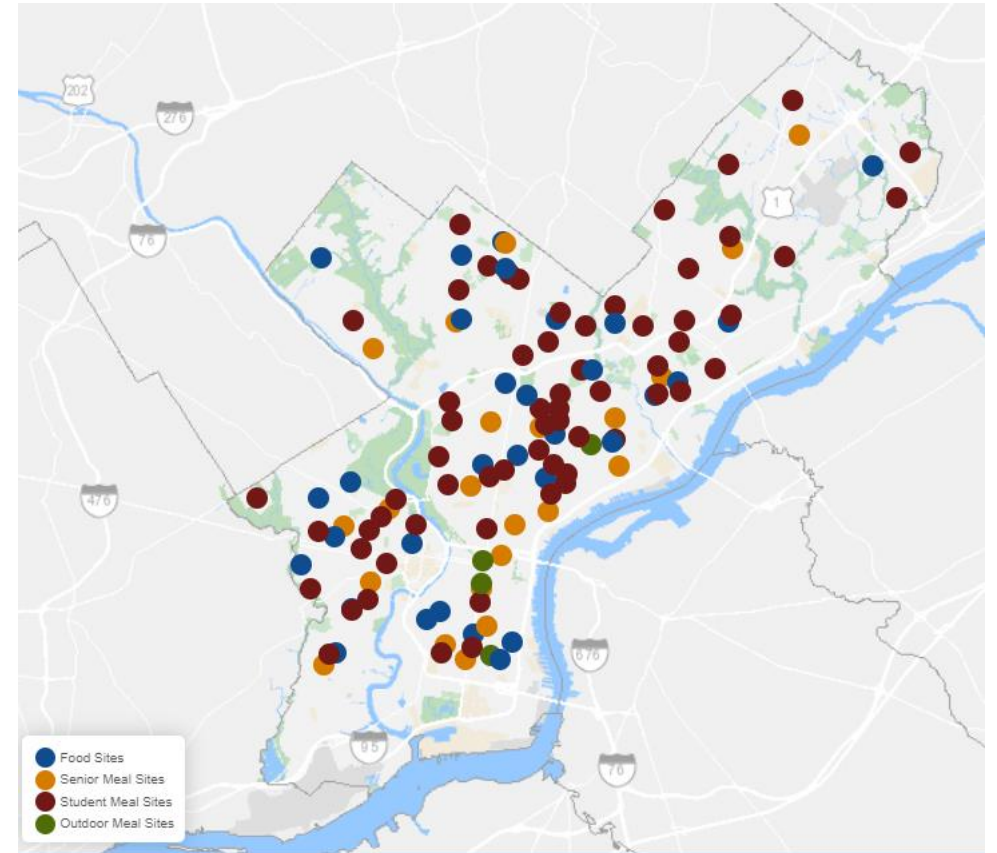
Equitable Response

- To date, DPH has funded 14 organizations to expand community testing with a focus on under-served populations.
- The first and largest grant was made to the Black Doctors COVID-19 Consortium, whose founder is now involved in helping to shape the Departments' equity work and planning for flu and COVID vaccine deployment.
- Currently, Black/African American Philadelphians have the highest testing rate per capita.



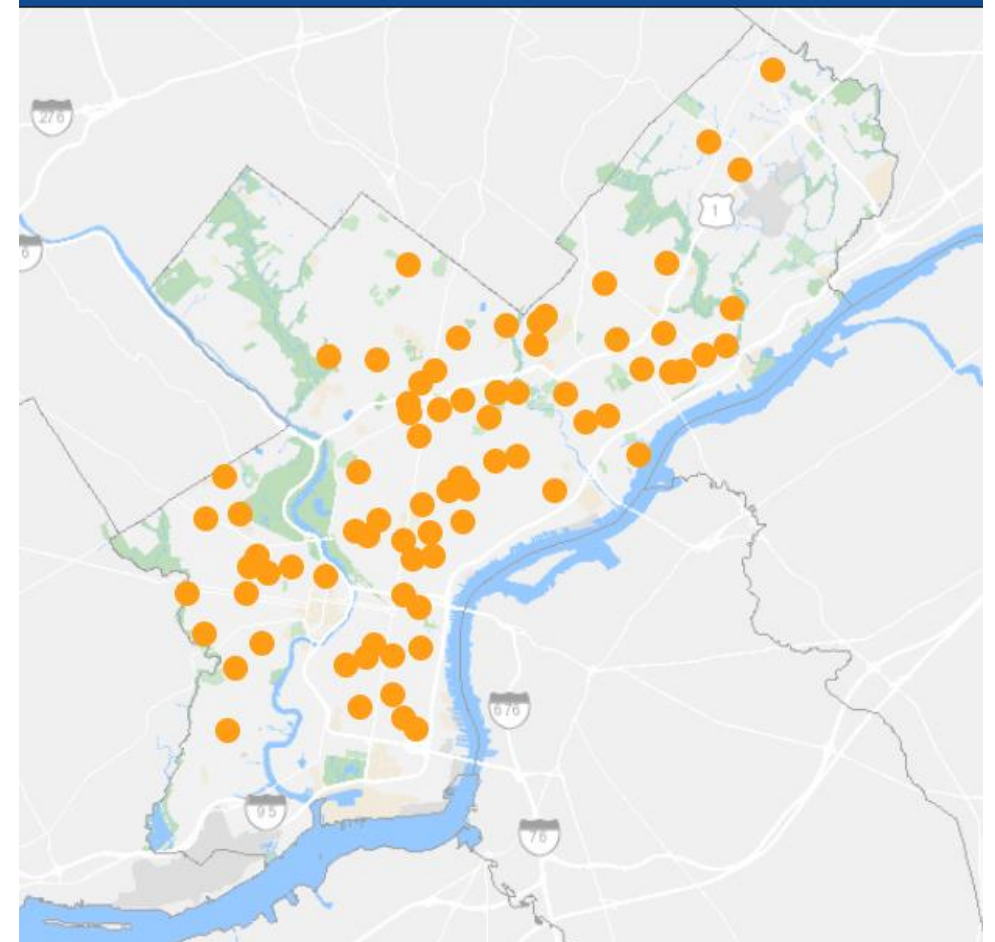
Equitable Response

- Food distribution efforts focused on serving those most in need.
- Over 679,000 boxes of shelf-stable foods were distributed to families.
- Over 5.6 million meals distributed to more than 766,000 school-aged students who lost traditional access to meals when schools closed.
- Over 258,000 meals served to people experiencing homelessness and neighbors, who could not access traditional feeding sites due to health restrictions.
- More than 85,000 meals distributed to seniors.



Equitable Response

- The shift to virtual learning has exacerbated the long-standing digital divide.
- PHLConnectED and Access Centers focused on ensuring that children without reliable internet at home can complete their virtual education in a safe environment.
- **77** access centers launched citywide
- Estimated cost to City: **\$3M from CRF Funds**





Inclusive Procurement

- Due to the nature of the pandemic, many of the City’s major purchases relate to health care services, medical equipment, food, technology, and human services – and had to occur on an expedited basis. Federal guidelines require a competitive procurement process.
- CAO established an **emergent contracting committee** and partnered with Law, Procurement, and OEO to promote equity and diversity while also complying with the CARES Act. This group reviews COVID-19 related procurements and tries to identify areas to maximize participation.
- Preliminary spend on COVID-19 related contracts from March 1 through Sept 1:
 - Non-profits: \$6,670,169
 - For-profits: \$32,953,491
 - MBE: \$7,526,041 (23% of for-profit spend)
 - WBE \$1,791,269 (5% of for-profit spend)
 - Multiple M/W/D Categories \$408,210 (1% of for-profit spend)



What's Next



Upcoming Activities

- Prepare for a potential increase in COVID cases this fall/winter
- Embed a racial equity approach into recovery programs and processes (ex. hiring, procurement)
- Keep Philadelphians in their homes by evaluating and adjusting the rental assistance program
- Support kids and families by expanding Access Centers for remote learning
- Support small businesses through identifying gaps in state and federal relief programs
- Advocate for additional flexible funding to offset revenue losses.
- Maximize grant dollars through strong compliance and documentation for federal reporting. Two reports will be submitted in October detailing FY20 Q4 and FY21 Q1 spending activity, by project.



Thank you!

Questions?

Please email us at
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christopher.rupe@phila.gov

www.phila.gov/recoveryPHL