

**THE CITY BUDGET:
TIGHT TIMES, TOUGH CHOICES**

A REPORT TO THE COMMUNITY, THE MAYOR AND HIS CABINET
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The Penn Project for Civic Engagement conducted four community forums, called *The City Budget: Tight Times, Tough Choices*, between February 12, 2009 and February 23, 2009, with an overall estimated attendance of more than 1700 taxpayers as follows:

- Thursday, Feb. 12 — St. Dominic's School, 8510 Frankford Ave. (Northeast); more than 450 participants
- Wednesday, Feb. 18 — Mastery Charter School — Pickett Campus, 5700 Wayne Ave (Germantown); more than 420 participants
- Thursday, Feb 19 — St. Monica's Catholic School, 16th and Porter Streets. (South Philadelphia); more than 440 participants
- Monday, Feb. 23 — Pinn Memorial Baptist Church, 2251 N. 54th Street (West Philadelphia); more than 400 participants.

Here is a rough demographic breakdown of the participants: a majority was female (65 percent); the racial mix was 57 percent Anglo white, 32 percent African-American, 11 percent other minority. The median age was between 36 and 45, and the median income between \$40,000 and \$60,000. (For more details see attached demographic table.)

Each forum was designed to engage participants in a small group conversations in which they would work through a series of choices on how to close the city's estimated \$200 million budget gap. In the process we hoped to accomplish two goals:

- *Inform participants:* Inform the public about the 2010 budget – what is and is not included, where there is some flexibility, and what trade-offs are possible within that flexibility
- *Inform the city:* Engage the public in a process that clarifies the public's priorities (not the priorities of individuals, but the priorities of residents when they come together to confront the trade-offs involved in balancing the budget).

To accomplish these goals each forum had the following structure:

- Harris Sokoloff, director of the Penn Project for Civic Engagement, opened with an overview of the forum followed by a discussion of city officials, moderated by either Chris Satullo of WHY? or Tom Ferrick (past columnist for the Philadelphia Inquirer).
- Small group work. Participants focused on a list of about 30 actions being considered by the city to close a roughly \$200 million annual budget gap; some were cost cuts; some were revenue raisers such as fees and taxes. The task in these small groups (of 20-25 people) was to work collaboratively to agree upon enough actions to pile up 100 points worth of impact. (Thus, each point represented roughly \$2 million worth of impact.)

While in the small groups, participants worked to divide the possible budget closing actions into four "buckets:"

- *The Low-Hanging Fruit*: Actions that the group could agree on quickly. A 75 percent vote was needed to put something in this bucket.
- *The No Way, No Hows*: Actions which, figuratively speaking, made the group's blood run cold. Stuff they wanted off the table, post-haste and permanently. Again, a 75 percent vote was needed to stick something in that bucket. (Most groups found it much easier to fill this bucket than the others.)
- *The Shared Pain*: The actions people really didn't want to approve, but realized they would have to consider if they wanted to make it to 100 points. This is where the evenings' liveliest, most interesting discussions took place. An item could get put onto the Shared Pain list by a simple majority vote.
- *The Gut Wrenchers*: These were the really painful ideas that groups' had rejected earlier, or avoided discussing all night, that ended up getting considered in the last-minute quest to get a decent number of points on the board. Again, a simple majority ruled.
- A fifth bucket, *No Decisions*, developed by default. These were actions the groups either never got around to reviewing, or discussed with no clear conclusion. For many groups, that ended up being the biggest bucket of all.

All told, 53 different breakout groups, varying in size from a dozen to a hundred, did the work. They did it in widely varying ways. A few groups got nearly to 100 points, an amazing display of working through painful tradeoffs. One got only to 4 points. The reports from each of the small breakout groups are available on the web at

<http://www.gse.upenn.edu/ppce/> and <http://www.whyy.org/city>.

- Participants had two opportunities to give individual input: 2 minute video testimonies and short individual comments could be posted on the "wailing wall." More than 162 participants gave video testimony, while more than 441 comments were posted on the wailing wall. Both the videos and wailing wall comments are posted on the web at <http://www.gse.upenn.edu/ppce/> and <http://www.whyy.org/city>.

The report that follows will focus on the citizen work during the small deliberative group work at each forum. Overall, there were 53 small breakout groups:

- 11 on Thursday, Feb. 12 at St. Dominic's School.
- 13 on Wednesday, Feb. 18 at Mastery Charter School, Pickett Campus.
- 15 on Thursday, Feb 19 at St. Monica's Catholic School.
- 14 on Monday, Feb. 23 at Pinn Memorial Baptist Church.

We present the citizen work in two ways: by themes and by the numbers. We'll start with a thematic discussion of the small group work – focusing on the themes that emerge across groups from all four forums. Then the "by the

numbers” summary presents the data for each action area, in the order presented to the citizens in their worksheet. That is followed by an item-by-item analysis of the workshop input, which links the thematic and quantitative analyses. Each item is discussed in terms of the themes that surfaced around it, the key pros, the key cons, and the emblematic statements by citizens. Together, the themes and the numbers represent broad guidance from those citizens to the Mayor and his team.

THEMATIC ANALYSIS

- **Revenue increases.** A steady theme across the four nights was that, in balancing the budget, people wanted steps to increase revenue to play at least an equal role with budget cuts.

Sometimes swiftly, sometimes grudgingly, most breakout groups decided by the end to raise taxes on themselves (not just “the other guy”) in order to support the services they had supported as essential.

A few tax minor tax hikes were widely and swiftly supported. When it came to the big-ticket taxes (sales, wage, real estate), increases were often approved – but often amid lingering doubts that the city really has done all it can to collect what it’s already owed: delinquent taxes, bail fees, PILOTs, reducing abatements etc.

- *Progression of acceptable taxes:* Citizens tended to go through a similar progression in agreeing to tax increases. The first one endorsed usually was the amusement tax. It’s a tax on a voluntary activity and there are free amusements – parks, free concerts, etc. Next came the parking tax, followed by wage taxes (both resident and commuter), then sales and finally real estate. Some groups wanted major tax increases to come with a provision they would be reduced as the economy strengthened. There was concern that the city would get used to those tax rates and keep them – so many people wanted it to be explicit when hikes were temporary and subject to a sunset provision.
- *Fees:* A common plea: If you must raise or create fees, avoid those that would hit the poorest Philadelphians. An increase in the records fee might be OK since it would hit only those needing that service. Residential trash fees might be OK, if rebated to the poor.
- *Don’t cut services that make money:* As people talked about cutting programs and services, they wanted to be sure that departments or programs that bring in revenues were not cut. The film office was mentioned here several times.
- *Advocates had an impact:* The blizzard of leaflets distributed at the meeting did impact discussions. A key handout asserted that the city

had not fully tapped a number of sources of revenue – PILOTs, delinquent taxes, getting rid of the tax abatement – and argued the city should not raise taxes or cut programs until the city exhausted those sources. A significant numbers of participants accepted those claims on face value and supported them. Some breakout groups would not examine other choices or tradeoffs until assured that their support for the claims on the “orange sheet” had been reported to Mayor Nutter. Beyond that, citizens often said they would have liked to have seen the city present more robust choices for revenue.

- **Distrust** – More than a few participants arrived with a great deal of distrust and skepticism. They didn’t believe our numbers or the city’s motives. They worried that this was a sham and that the city already knew what it was going to do and was only looking for cover. A few never got past this, but moderators reported that most people were able to put the skepticism aside, at least temporarily, and get to the work at hand.

More than a few participants chafed at the process and at being asked to work within the choices provided. To a degree, this spoke to a refusal to accept just how serious the fiscal crisis has become, or wishful thinking about magic bullets: “Just use the stimulus money” or “Just collect all those back taxes and we won’t have to cut anything.” But it also spoke to a long history of feeling lied to and manipulated by the political powers that be. It also spoke to a desire to delve into other issues – issues important to the city’s long-term finances but not helpful to the immediate task of balancing the FY 10 budget.

Over time, most participants warmed to the task and grappled with trade-offs and competing concerns – for protecting the poor and the vulnerable, for providing programs that would support youth development and for the business climate. And they began to realize “everything has two sides” and “we’re damned if we do and damned if we don’t.” In some cases, this led to greater empathy for the work facing the Mayor and his budgeting team.

Still, the questions voiced early in forums lingered to the end: Will the mayor really listen to what we have to say? How will we know that he did?

- **Vision** – Many citizens wanted the administration to be more clear about how program savings (cuts, modifications, etc.) and revenue increases (fees, taxes, etc.) fit into the values and the vision for the city that got Mayor Nutter elected. Here was a message to the mayor: Don’t just tell us the size of the deficit and the list of what’s being cut. Tell us what you’re doing to keep the vision alive amid the hard times, about how programs are being reconfigured to address inefficiencies, how services are being modified to meet taxpayer needs.

For forum participants, the most-often favored vision is one of a safe city which retains programs that support youth development and the most vulnerable taxpayers. It is a city in which people are willing to support some tax increases to support effective police, fire and human services, but not waste or ineffectiveness.

The themes that follow describe some of the ways in which citizens would prefer to see that vision enacted:

- **Minimize impact on the most vulnerable taxpayers** – Most participants want services for the most vulnerable to be maintained in these hard economic times. Even when pressed, they were unwilling to see reductions to such budgets as human services, public health and housing. Reductions to recreation and parks were permissible only if those cuts do not reduce service to young people.
- **Balance prevention with safety.** Participants clearly wanted to make sure the city is working to prevent crime by keeping youth engaged in productive activities. They also want to have sufficient police so neighborhoods are safe. And they indicated a willingness to increase taxes to pursue both together.
 - *On the one hand* they see libraries and recreation centers as key to programming for youth development. And they see training and reentry programs for those in prison as key to their becoming productive, taxpaying citizens. Therefore, cuts to prisons should not impact on those programs. Indeed, groups were surprisingly supportive of the idea of closing a prison to save money, but wanted to make sure that released non-violent offenders would be required to participate in training programs or to do alternative service that would contribute to the community.
 - *On the other hand* they don't want to sharply cut the resources police need to fight crime. Thus, reductions to the police were made only after much discussion, with cuts only supported if they would not significantly reduce beat police. Reduce overtime, don't fill open positions, close some of the special units (and return them to neighborhood beats). From earlier work, we know that taxpayers believe having police who are known to neighbors is an important factor.
- **Minimize impact on the most vulnerable workers.** Lay offs should be the last resort. First, leave vacant positions empty then freeze wages and then periodic furloughs (e.g., unpaid time off). Only then should layoffs happen. And do this in a way that minimizes impact on the most vulnerable who are served by programs.

- **Overcome inefficiencies before you cut services.** People didn't talk much about finding "fat" (though there was some discussion of that). Rather, they were upset about ineffective and inefficient work. And they talked about redundancies in the way services are provided. Before you cut, root out those inefficiencies, improve the way services are provided and create alternative ways of meeting a service goal.
 - *Eliminate redundancies in the provision of services.* For example, participants wanted to know if it is always necessary for a fire truck to accompany an EMS responder (and the reverse).
 - *Consolidate services.* Participants discussed services that are provided by more than one department and wondered if those services couldn't be consolidated into one office, with related reduction of costs and improvement in the service.
 - *Redesign programs and services.* Participants argued that the city needs to use new technologies to increase efficiencies and effectiveness while reducing costs. Several kinds of examples here:
 - Health care workers said that people using health care centers often have some form of insurance, yet they said that public health centers don't always apply to those insurance companies for reimbursement. We need systems to insure those reimbursements are applied for and received.
 - Redesign the service boundaries of police, streets departments, etc. so that the nearest available person could respond to a call, whether or not it was in "his turf."
 - And they wondered if the savings could be made in the fire department budget in the same ways.

- **Tackle Long-Range Issues Now, So They Don't Become Issues without End:** As noted, many groups were frustrated by the narrow focus on FY 2010. They wanted to see further discussion of long-term issues of cost and revenue. These include;
 - *Revising work processes to increase efficiency.*
 - *PILOTs.*
 - *Tax abatements.*
 - *Delinquent taxes and fees.*
 - *Ending business tax discounts for banks, utilities etc.*
 - *First Judicial District*
 - *Pensions and health care.*

FINDINGS, BY THE NUMBERS:

The following chart summarizes deliberative citizen discussion on the action areas from the worksheet. Here's how it is organized:

- In the first column, you'll see the action area, followed by the associated point totals.
- Second column: The number of groups that approved the item as Low Hanging Fruit. Some groups fiddled with the actions and point totals to reflect their values (this was encouraged). So in a lot of spots you'll see a breakdown of citizen-adjusted point values: e.g. 6 groups @ 3 points, 2 groups @ 6 points.
- Third column: The number of groups that declared this action a No Way No How, and stuck to its guns all night. (Some groups put an action here initially, but came back to it later as Shared Pain or a Gut Wrencher.)
- Fourth column: The number of groups that approved an action under Shared Pain. Here is where most of the fiddling with point values and actions occurred.
- Fifth column: These are the Gut Wrenchers, the actions that no one really wanted to do and that may have been initially considered "No Way, No How" but which the group eventually agreed to. As you can see, not many groups wanted their guts to be wrenched.
- Sixth column: The number of groups that either never discussed the item, or talked about it without reaching a firm conclusion. Frequently, an item discussed by rejected as Low Hanging Fruit or No Way, No How ended up staying in that limbo for the rest of the evening, without being revived.

This chart is followed by a chart that summarizes two patterns from the "By the Numbers" chart: The first pattern shows which bucket an action area most likely landed in when that action area was voted into a bucket. The second pattern shows where action areas were most often placed when there was a decision to place it into bucket. (Note: given the press of time and the challenge of the task, it was not uncommon for participants to discuss an item and not come to a decision about into which bucket to place it.)

ACTION - POINTS	LOW HANGING FRUIT (# of Groups PLUS Groups voting for different point levels)	NO WAY NO HOW # of Groups	SHARED PAIN (# of Groups PLUS Groups voting for different point levels)	GUTWRENCHER (# of Groups OR # of Groups voting for different point levels)	NO DECISION # of Groups
1) ADMINISTRATIVE - 5 A) RECORDS FEE - 1	17 PLUS 3 @ 2.5 PTS 7	0 0	14 PLUS 1 @ 4 AND 1 @ 2 PTS 6	0 0	17 40
2) COURTS - 10	1 PLUS 2 @ 5 PTS	4	2 PLUS 2 @ 5 PTS	1	41
3) DROP - 4	27 PLUS 1 @ 3 PTS	0	4 PLUS 1 @ 2 PTS	0	20
4) PARKS - 1 OR 2	0	19	0	0	34
5) FIRE - 10 OR 20	0	28	2 @ 10 PTS 2 @ 5 PTS	2 @ 0 PTS	19
6) LIBRARY - 1 OR 3	0	25	0	0	28
7) HOUSING - 7	0	37	1 @ 5 pts	0	15
8) HUMAN SERVICES - 9 OR 19	0	28	0	0	25
9) LAW - 2	7 PLUS 2 @ 1 PT	0	5 PLUS 1 @ 1 PTS	0	40
10) L & I - 4	2 @ 2 PTS	3	3 PLS 4 @ 2 PTS	0	41
11) POLICE - 26 OR 52	2 @ 13 PTS	25	5 @ 13 PTS, 3 @ 26, 1 @ 2.5	3 @ 26 PTS	16
12) PRISONS - 10 or 21	5 @ 10 PTS, 1 @ 21	5	12 @ 10 pts, 3 @ 21, 1 @ 5	1 @ 10 PTS	30
13) PUBLIC HEALTH - 5 OR 7 A) CO-PAYS, FEES 1	0 1	37 6	0 5	1 @ 5 PTS 0	15 41
14) RECREATION - 2, 3, 5	1 @ 2 PTS	30	1 @ 1 PT, 1 @ 2 PTS	1 @ 3 PTS	19
15) STREETS - 10 A) BUSINESS FEE - 2 B) \$5 TRASH FEE - 13	0 13 1	1 0 2	9 PLUS 2 @ 5 PTS 6 5 PLUS 1 @ 6.5 PTS	1 0 0	41 34 44
16) VEHICLE FLEET - 6	36 PLUS 3 @ 3 PTS, 1 @ 5	0	5		8
17) AMUSEMENT TAX - 2	31 PLUS 3 @ 4 PTS, 1 @ 3, 1 @ 16	0	7	1	9
18) BPT GROSS - 2	3, 1 WITH SMALL BIZ EXEMPTION	1	3	0	46
19) BPT NET - 2	2, 1 WITH SMALL BIZ EXEMPTION	1	4	0	46
20) EAGLES - 4	53	0	0	0	0
21) PARKING - 2	30 PLUS 1 @ 4 PTS, 1 @ 16 PTS	0	8	0	13
22) REAL ESTATE - 5	6	1	8 PLUS 3 @ 2 PTS, 3 @ 10, 1 @ 15	0	31
23) R.E. TRANSFER - 2	6	0	6 PLUS 2 @ 4 PTS	1	38
24) SALES - 6	7 PLUS 1 @ 12 PTS		16	0	29
25) WAGE/ RESIDENT - 1, 12	3 @ 1 PT, 3 @ 6, 5 @ 12, 1 @ 24	0	19 @ 12 PTS, 1 @ 1 PT, 2 @ 6, 1 @ 40	1 @ 12 PTS	18
26) WAGE/COMMUTER - 1, 5	10 @ 5 PTS, 1 @ 1 PT, 1 @ 10, 1 @ 25	0	16 @ 5 PTS, 1 @ 1 PT, 1 @ 2.5	1	21
ACTION - POINTS	LOW HANGING FRUIT	NO WAY NO HOW	SHARED PAIN	GUTWRENCHER	NO DECISION

**PATTERN DESCRIPTION OF VOTING ON ACTION AREAS
ACROSS ALL FOUR FORUMS**

WHEN VOTED, IN WHICH BUCKET DID THE ITEM MOST OFTEN LAND

LOW HANGING FRUIT	NO WAY, NO HOW	SHARED PAIN
Administrative	Recreation	Prisons
Records fee	Courts	BPT - Gross
DROP	Fairmount Park	BPT - Net
Law	Fire	Real estate
Trash fee for businesses	Police	Real estate transfer
Vehicle fleet	Free Library	Sales
Amusement tax	Housing	Wage - resident
Parking tax	Human Services	Wage - commuter
Eagles	Public Health	Streets service cuts
	Health co-pays	Residential trash fee
		L&I

<i>MOST OFTEN DECIDED</i> <i>(In declining frequency)</i>	<i>LEAST OFTEN DECIDED</i> <i>(In increasing frequency)</i>
Eagles	BPT – Business
Vehicle fleet	BPT- Gross
Amusement tax	New residents trash fee
Parking tax	Courts
Police	Records fee
Public health	Health co-pays
Housing	Real estate transfer tax
Fire	Law
Administrative	Business trash fee
Recreation	Fairmount Park
Wage tax - resident	Real estate tax
Wage tax - commuter	Sales tax
DROP	Free Library

ITEM-BY ITEM ANALYSIS

ADMINISTRATIVE (20 percent cut) – 5 points

Most common bucket: Low Hanging Fruit

Most common themes: Rather than layoffs, save money first through eliminating waste, leaving positions unfilled, pay cuts and furloughs. Avoid cuts to departments (e.g. Revenue, Film Office) perceived as bringing in more revenue than they spend.

Key pros in favor of action: This is a ripe area for cuts. Mayor's office had added too many high-priced people. Can't we get universities and corporations to volunteer more savvy people to help the city?

Key cons: If you want efficiencies, you need managers who know how to lead, who've done it somewhere else. It's pennywise, pound foolish to lay off people whose efforts, expertise save you money.

Emblematic quote: "Nutter has the largest cabinet the city has ever had. I heard he increased the mayor's office staff 20 percent. Is this necessary?"
"Chief of Staff? Who needs a chief of staff?"

Records fee: - 1 point

Most common bucket: Low Hanging Fruit

This one was rarely discussed in depth. Mostly it was regarded as reasonable given the fiscal situation, though one person objected that it's expensive enough to start a small business in the city already.

COURTS (20 percent cut) - 10 points

Most common bucket: No Way, No How

Most common theme: Enormous support for the idea of a campaign to get the state to pay for the County Court of Common Pleas.

Key pros: Courts are inefficient, too many judges.

Key cons: Justice system already moves too slowly. Do this and state will just find another reason to stick it to Philly.

ENDING DROP – 4 points

Most common bucket: Low Hanging Fruit

Most common themes: One of the most-discussed items. Fierce public outrage over elected and appointed officials being eligible for this. Strong opposition to people retiring for a short time, then returning to work. Support for what is seen as the original purpose: Helping the retirement security of people who've done physical or dangerous work for the city, while clearing the way for younger, cheaper workers.

Key pros: It's a good idea gone bad, being abused by the pols. Cutting it would be a way to save money that doesn't involve anyone losing jobs.

Key cons: Still a useful program for cops, firefighters etc.

Emblematic quote: “This business of quitting for a day and coming back? No way, no how.”

FAIRMOUNT PARK (20%, 30% cuts) – 1 or 2 points

Most common bucket: No Way, No How

Most common themes: Don't touch park funding.

Key pros: We've got to cut somewhere, and fountains and tree pruning aren't that big a deal. Better the park than the rec centers.

Key cons: Park is important to tourism, environment and neighborhoods. Mayor got elected on a promise to boost park funding.

Emblematic quote: “Hey, I need the parks. If nothing else, if I lose my job and my home, I can pitch a tent in the park and live there.”

FIRE (10%, 20% cuts) - 10 or 20 points

Most common bucket: No Way, No How

Most common themes: This is the definition of an essential service. This department took all the cuts it can stand last time around.

Key pros: We need to look at this idea that we have some services built for a city of 2 million and now we have only 1.4 million. This might be one of them. Firefighters are great, but they do spend much of their time sitting around in the firehouse? Maybe we could find some efficiencies. Aren't there computer analyses you can do so that you could shut down houses in a way to minimize impact on reaction time?

Key cons: This is an old city, in terms of housing stock, very prone to fires. This is an old city, in terms of lots of elderly. EMS is critical to the elderly and to public health in general. This is a big city, hard to get around in, with lots of narrow streets. When a fire hits, it's all about reaction time. You can't close down firehouses without hurting reaction time. These guys are heroes; we need them.

Emblematic quote: “You say you could live with a cut in firefighters, but if it's your house that catches fire, you might not live with it.”

FREE LIBRARY (10%, 20% cuts) – 1 or 3 points

Most common bucket: No Way, No How

Most common themes: Look at what other cities have done to raise private support for libraries. Little support for closing any branches, but if it has to be done, do it in affluent neighborhoods where kids have books and computers at home.

Key pros: While there was next to no support for this cut, some said, if cuts had to be made, cutting hours at all branches might be better than closing some branches.

Key cons: Kids desperately need libraries for after school and for learning. Philly still has large digital divide, and libraries are only computer access for many households. Libraries are key to meeting mayor's educational goals.

Emblematic quote: “Look at how few points it is. I can't believe they wanted to do something this damaging for so little result.”

HOUSING (30 % cuts) – 7 points

Most common bucket: No Way, No How

Most common themes: In these economic times, these kinds of services are the last place you should cut. First priority should be preserving services for those most vulnerable to the recession.

Key pros: A few people said they thought curbing money for demolitions was acceptable.

Key cons: This cut got the least support of any on the list. The economic crisis is all about housing. People are losing homes left and right. We need more mortgage counseling and shelter beds, not less.

Emblematic quote: “Have you ever slept a night on the streets? I have. Everyone should have to have that experience before they vote on this idea.”

HUMAN SERVICES (10%, 20% cuts) – 9 or 19 points

Most common bucket: No Way, No How

Most common themes: DHS is just getting its act together after lots of problems. Now is not the time to cut its resources.

Key pros: DHS is notorious for being badly run; there probably are some efficiencies to be had.

Key cons: Why risk losing state and federal dollars? These are preventive services, which will cut down on police and court costs down the road. Give the new leadership a chance.

Emblematic quote: “There are no slackers now at DHS.”

LAW (30 % cut) – 2 points

Most common bucket: Low Hanging Fruit

Most common themes: Lots of “kill the lawyers” joking. Much confusion with people thinking this referred to legal aid or public defenders. Some sophisticated concern that outside counsel had a history of being part of “pay to play” corruption. A few groups opted for a lesser cut: reduce costs for outside counsel, but don’t lay off city lawyers.

Key pros: The city has spent outrageous sums in the past on outside counsel, often for political reasons.

Key cons: Cutting staff lawyers could leave city vulnerable on lawsuits, and impair its ability to go after tax delinquents etc.

L&I (30% cut) – 4 points

Most common bucket: Shared Pain

Most common themes: Given this department’s reputation, surprisingly little discussion or voting on this cut. People were horrified at the idea of no restaurant/vendor inspections, so the groups that voted for this tended to approve a 2-point cut aimed at weeding out bad actors and increasing efficiency, while preserving inspections.

Key pros: It’s been a terribly run department full of red tape and people who don’t do their jobs.

Key cons: Times like these are precisely when restaurants and builders will be temped to cut corners; we can't cut back now on inspections.

Emblematic quote: "I thought we were going to blow up L&I and start over. Still sounds good to me."

POLICE (10%, 20% cuts) – 26, 52 points

Most common bucket: No Way, No How

Most common themes: Police protection is the most essential of all services. City is already unsafe, and the bad economy is just going to lead to more crime. This would be the worst of times to cut capability. That said, many groups did cycle back to Police at the end of the night and approve some cut in funding, usually 5 percent for 13 points, under the reasoning that some efficiencies could be found in cutting back on overtime (particularly wasted time in court).

Key pros: This is where there is big money, so you've got to find some savings there. Some of these special units probably could go.

Key cons: This is what we pay taxes to have, police protection. We'd rather pay more taxes than have fewer police.

Emblematic quote: "With fewer police, it'll be chaos."

PRISONS (10%, 20% cuts) – 10, 21 points

Most common bucket: Shared Pain

Most common themes: Citizens showed strong willingness to consider closing a prison as a major cost saving. More than 20 breakout groups endorsed the idea in some form, and many groups that didn't vote for the cut still weighed it carefully. Some groups didn't vote out of a sense they didn't have a clear enough picture of how exactly it would work. The openness to reducing incarceration levels was tied to a hope that new district attorney would embrace more alternative forms of sentencing, particularly community service. Most groups, however, were horrified at the thought of trimming funds for education, job training or re-entry counseling. Many groups carved a prison closing out of the longer list of cuts, and approved only that idea.

Key pros: We have lots of nonviolent offenders in prison who just don't need to be there. Put them to work instead cleaning up our parks, picking up trash. It's a lot more expensive to lock someone up than to give them some work experience they can use to get a job.

Key cons: Just who would be released? How can we be sure it wouldn't be violent bad actors like the one who just killed that police officer? We need more prisons, not fewer.

Emblematic quote: "We've got all these young men coming out of jail with no hope, nowhere to go. If we cut these services for them, they'll just go back to doing what they did to get in prison in the first place."

PUBLIC HEALTH (20%, 30% cuts) – 5, 7 points

Most common bucket: No Way, No How

Most common themes: The idea of closing a health center tied with cutting shelter beds as the least popular idea in the workshops series. The health

centers did a good job of seeding their workers into most breakout groups, but they didn't have to do much persuading. People were already with them. This was a classic spot for expressions of the theme of preserving services for the most vulnerable.

Key pros: Scattered voices backed the idea of seeking payment for OTC drugs. (That usually evinced sharp rebuttals from others.) A few people thought the region has enough good nursing facilities that the city could get out of that business.

Key cons: Close a health center and there simply is nowhere else for a lot of its clients to get care. People will die.

Emblematic quote: "The health centers are already overwhelmed with demand. With the economy, there will be even more."

Revenue option: Co-pays etc. – 1 point

Most common bucket: No Way, No How

Most common themes: This little item spurred a lot of impassioned debate, as values clashed. Almost as many groups approved this as Shared Pain as rejected it as a No Way No How. Lots of confusion over how it would work.

Key pros: Other cities do this, and it works. City can do more to get insurance reimbursements for the care it gives.

Key cons: It will lead poor people not to seek treatment.

Emblematic quote: "Look, these people already have a drawer full of bills they can't pay. How do you expect them to pay this?"

RECREATION (10%, 20%, 30% cuts) – 2, 3, 5 points

Most common bucket: No Way, No How

Most common themes: Rec centers are vital to giving kids something to do, and keeping them out of trouble. They are a classic case of wise prevention being cheaper than chasing criminals after the fact.

Key pros: You could save some money by opening rec centers only while school is out. Some rec staffers are poorly trained and don't do much. Other entities do a better job with after school programs than a lot of rec centers.

Key cons: Rec centers are the key positive face of the city in a lot of less-affluent neighborhoods. They save kids and change lives. They offer a lot of bang for the buck.

Emblematic quote: "I don't know what I would have done without the rec center, and what they did for my kids."

STREETS (20 % cut) 10 points

Most common bucket: Shared Pain

Most common themes: Many groups saw converting the traffic lights as an acceptable cost-saving measure. Ditto an end to street cleaning, under the notion that that should be a shared community responsibility. Reducing recycling caused more concern, particularly in the Northwest where a)

environmentalism is strong and b) people have had a good experience with Recycle Bank.

Key pros: We've got to cut somewhere, and this department doesn't seem to be particularly efficient.

Key cons: The city is already filthy and the streets bumpy.

Emblematic quote: "I ride a scooter and the potholes nearly kill me already."

Revenue option: Commercial fee – 2 points

Most common bucket: Low Hanging Fruit

Most common themes: Most groups that discussed this saw it as reasonable, but there was an undercurrent of concern about burdening really small businesses.

Key pros: We need revenue and this is a reasonable way to get it. Some businesses are really wasteful, and this might induce them to curb waste and recycle.

Key cons: Businesses already pay high taxes for weak services.

Revenue option: Residential trash fee – 13 points

Most common bucket: Shared Pain.

Most common themes: It was modestly surprising how few groups zeroed in on this large item. Generally, groups tended to talk first about the topics most familiar to them. This item probably was the one most often discussed without a conclusive vote. People were unclear how "pay as you throw" would work, and were put off by the size of the straight fee.

Key pros: Raises a lot of revenue in a simple, easy-to-grasp way. Would spur recycling. "Pay as you throw" is an environmentally smart policy that has worked elsewhere.

Key cons: In Philly, all "pay as you throw" would do is cause an epidemic of short dumping. There's no way you could enforce it; only honest people would pay the fee. The straight fee is too much; \$260 a year is more than many working poor can afford; would only work with a sliding scale based on income. Why do this fee, which isn't tax deductible, when you could just raise the property tax by a proportional amount, and Uncle Sam would subsidize some of this through the tax deduction?

Emblematic quote: "I already pay plenty of taxes to the city to get basic services like trash pickup. Why should I have to pay an extra fee?"

VEHICLE FLEET (20 % cut) – 6 points

Most common bucket: Low Hanging Fruit

Most common themes: A hot-button issue. Often one of the first cuts approved, by large margins. Citizens were full of stories and outrage about city employees abusing use of city car. Many are incensed about City Council members getting cars, drivers and City Hall parking privileges. Lots of support

for making city workers rely on Philly CarShare, ZipCar and mass transit. Many willing to exempt DHS workers from this rule; city cars were seen as needed by DHS workers who must make site visits in tough neighborhoods.

Key pros: Perception is that vehicle fleet is bloated and often misused. If workers use own cars, they can deduct on taxes.

Key cons: Don't like idea of mechanics losing jobs. Don't want to discourage workers from making inspections and site visits.

Emblematic quote: "This bit with Council members having drivers is ridiculous. Why can't they drive their own cars like everyone else?"

AMUSEMENT TAX INCREASE - 2 points

Most common bucket: Low Hanging Fruit

Most common themes: Have to get revenue somewhere and this is relatively painless. Fairly often, someone would try to exempt his/her favorite form of entertainment from the tax.

Key pros: With price of tickets, people will barely notice it. A tax a lot of suburbanites pay.

Key cons: Movies are already so expensive.

BPT-GROSS RECEIPTS INCREASE - 2 points

Most common bucket: Shared Pain

Most common themes: This was very rarely proposed for a vote. The business community's message that this is an unfair, harmful tax seems to have trickled down to the grass roots. Thanks to Coalition for Essential Services "fact" sheet, people were more worked up about certain businesses (e.g. banks and suburban companies that operate in Philly) not paying their fair share under the current rates.

Key pros: Businesses should pay fair share for services.

Key cons: If the city economy is ever going to turn around, small businesses will lead the way, so you don't want to burden them more.

Emblematic quote: "Everyone knows that this tax is crazily complicated and unfair, so it would be crazy to increase it."

BPT-NET INCOME INCREASE - 2 points

Most common bucket: Shared Pain

Most common themes: Same as discussion for BPT-Gross Receipts.

EAGLES - 4 points

Most common bucket: Low Hanging Fruit

Most common themes: Unanimously popular. Some groups played with the idea of tying the Eagles' contribution to preserving recreation programs, giving team some marketing pop out of the deal.

Key pros: They have the money. We built them a stadium. It's outrageous that they won't pay what they owe.

Key cons: Team could move to New Jersey.

Emblematic quote: “Tell you what, if they get to keep the money, they have to spend it on a good wide receiver.”

PARKING TAX INCREASE – 2 points

Most common bucket: Low Hanging Fruit.

Most common themes: Generally a slam dunk, particularly after it was explained that this was about garages and lots, not meters.

Key pros: Mostly paid by affluent, including many suburbanites. Adds to incentive for people to use mass transit.

Key cons: Could discourage some suburbanites from coming to city and spending money.

Emblematic quote: “Let’s quadruple this whole tax.”

REAL ESTATE TAX INCREASE - 5 points

Most common bucket: Shared Pain

Most common themes: This item fueled some of the most widely divergent discussions and results from group to group. Lots of grumbling that this tax should not be raised until an unfair, fouled-up assessment system is fixed. Some people regard this tax as fairly low and a logical place to raise revenue to protect services. For others, the very thought of raising it is a third rail. Many groups that agreed to raise it wanted to include a system of rebates for the elderly and lower-income folks.

Here would be a fitting place to mention and *stress* how widespread and intense was the citizen discontent over the real estate tax abatement. Many people do not understand – or have no patience for – the arguments about how the abatement brings new development/residents/tax revenue into the city. To them, it’s a blatant unfairness to give a tax break to affluent newcomers while they – long-time, working class residents whose taxes built up city services – have to pay. Few people in the neighborhoods know they are eligible for the abatement; it’s seen as a sop to rich condo owners. Even those who know the abatement applies to neighborhoods often see it as fueling gentrification that threatens long-time residents.

Bottom line: Anger over the abatement would severely complicate any bid to raise the real estate tax without ending or severely curtailing the abatement.

Also pertinent here is the agitation by activists around the topic of PILOTs. Many groups responded very positively to the idea that the city should press harder for Penn and other “rich” nonprofits to pay more in PILOTs. The activists’ handout, which offered a figure of \$38 million for the possible revenue bump, was taken by many groups as gospel. Meanwhile, groups barely heard or dismissed as an alibi the city panelists’ explanation that state law limits the city’s leverage in negotiating PILOTs.

Final point about forsaken revenue: What was just said about populist anger over the abatement and PILOTs goes equally for the failure to collect delinquent tax revenue. Until the public is convinced the city is doing a good job of going after deadbeats, it won't accept a property tax increase quietly.

Key pros: Logical tax to support core services. Tax deductible, so Uncle Sam helps subsidize.

Key cons: Regressive tax. Working class and seniors can't afford increases here. Gentrification will increase some long-time homeowners' bills unfairly. Will depress already slumping housing market. Assessment system is a joke. Landlords just pass increase to tenants, who don't get to deduct the tax.

Emblematic quote: "Right now, real estate here has some cost advantage compared to New Jersey and New York. Raise the taxes and you start losing that."

REAL ESTATE TRANSFER TAX INCREASE – 2 points

Most common bucket: Shared Pain.

Most common themes: Willingness to go this route as fairly painless path to revenue, but some concern about raising cost of home sales in a weak market.

Key pros: It's such a small amount in the context of a huge expense like buying a house.

Key cons: This tax is already higher here than elsewhere.

SALES TAX INCREASE – 6 points

Most common bucket: Shared Pain.

Most common themes: Another point of widely divergent views, from individual to individual. Some see this as an easy choice; others revile the sales tax as anti-poor and anti-business.

Key pros: Tiny increase rate draws big revenue. Pennsylvania law exempts food and clothing, so poor are somewhat protected while the big revenue comes from high-income people making big purchases.

Key cons: Sales taxes are traditionally regressive. City is already non-competitive on sales tax with suburbs and Delaware.

Emblematic quote: "Hey, let's let the rich guys buying their Lexuses pay this, so we can raise some money for our services."

WAGE TAX INCREASES – RESIDENT AND COMMUTER – 1, 5, 12 points

Most common bucket: Shared Pain

Most common themes: Here is where you could see most vividly the recurring theme of citizens trying to figure out ways to raise revenue for services, while exempting the unemployed and poor from the burden. Many groups wanted to set up progressive tax rates. Told that the state constitution forbids this (few knew it coming in), they moved on to elaborate systems of exempting the first \$30k or so of income to achieve the same results. Few seemed to know about the Cohen bill, or to understand that you had to exempt a level of income for all taxpayers, so that the loss of revenues from such schemes is greater than

they thought. Not surprisingly, many groups wanted to stick commuters with big increases; one even called it unfair that commuters paid a lower rate. The worksheet incorrectly said that the spread in rates was mandated by law (instead of by political reality); that commonly held misconception was not corrected by us until the final night.

But the key point here is that two-thirds of the groups chose to increase the resident wage tax, in some cases dramatically. They affirmed – whether because they understood it going into the workshop or the exercise drove the point home – that you can't declare a bunch of city services off limits for cuts without also agreeing to tax yourself to raise some revenue for those services.

This might be the most consistent, striking message from the breakout groups: Given a chance to confront the tough tradeoffs, most citizens opted to tax themselves – while struggling to give a tax break to those less fortunate at the same time.

Key pros: We need the money. You have to pay somehow for these services we want. This tax was higher than this rate for most of the decade, and the city economy still did OK. This is a fairer tax than the real estate tax.

Key cons: Our taxes are already really high. The city has long lost jobs and residents over the wage tax. We can't go back to those bad days. It's worrisome enough that the administration has already cancelled the scheduled tax cuts.

Emblematic quote: “These people [suburbanites] come into our city and use our streets and rely on our police and enjoy our cultural things and sports teams. They should pay the same as we do.”

NEXT STEPS

We encourage the Mayor, his budget team and the City Council to use citizen input as part of the way they explain their budget decisions. Tell citizens how the time and energy they put into coming to these forums was used: How did you use the public input in your decision making. Which decisions were reshaped or even triggered by the public input. Why, in areas where your proposals diverge from the input, you made that choice.

We also think there is a strong mandate from the public for longing at longer term issues facing the city budget, what we've called BHAGs (Big Hairy Ambitious Goals) on the back of the Citizens Worksheet, issues like pensions and health care, row offices, the First Judicial District. Perhaps add PILOTS and tax abatements which were identified as key issues in these forums. We'd like to plan such forums for later this year to get focused deliberative public input on those and related issues.

DEMOGRAPHIC CHARACTERISTICS OF PARTICIPANTS IN THE FORUMS
(data as reported on pre-forum surveys returned each evening)

	ST DOMINIC'S SCHOOL		MASTERY CHARTER SCHOOL		ST MONICA'S SCHOOL		PINN MEMORIAL CHURCH		ALL FORUMS	
	NUMBER REPORTING	PERCENT OF FORUM TOTAL	NUMBER REPORTING	PERCENT OF FORUM TOTAL	NUMBER REPORTING	PERCENT OF FORUM TOTAL	NUMBER REPORTING	PERCENT OF FORUM TOTAL	NUMBER REPORTING	PERCENT OF TOTAL
GENDER	103		174		156		144		577	
M	36	34.95%	63	36.21%	54	34.62%	49	34.03%	202	35.01%
F	67	65.05%	111	63.79%	102	65.38%	95	65.97%	375	64.99%
AGE	102		174		159		144		579	
<18	0	0%	1	0.57%	2	1.25%	1	0.69%	4	0.69%
19-25	10	9.80%	14	8.05%	22	13.84%	13	9.03%	59	10.19%
26-35	16	15.69%	20	11.49%	39	24.53%	38	26.39%	113	19.52%
36-45	13	12.75%	25	14.37%	26	16.35%	24	16.67%	88	15.20%
46-55	29	28.43%	44	25.29%	31	19.50%	27	18.75%	131	22.63%
56-65	19	18.63%	55	31.61%	26	16.35%	22	15.28%	122	21.07%
>65	15	14.71%	15	8.62%	13	8.18%	19	13.19%	62	10.71%
ETHNICITY	100		172		153		142		567	
WHITE	81	81%	102	59.30%	96	62.75%	44	30.99%	323	56.97%
BLACK	9	9%	59	34.30%	36	23.53%	76	53.52%	180	31.75%
HISPANIC	2	2%	0	0%	10	6.54%	3	2.11%	15	2.65%
ASIAN	3	3%	7	4.07%	7	4.58%	8	5.63%	25	4.41%
INDIAN	0	0%	0	0%	0	0%	1	0.70%	1	0.18%
MULTIPLE	2	2%	2	1.16%	1	0.65%	8	5.63%	13	2.29%
OTHER	3	3%	2	1.16%	3	1.96%	2	1.41%	10	1.76%
EDUCATION	100		173		156		143		572	
NoHS	1	1%	5	2.89%	3	1.92%	3	2.10%	12	2.10%
HSD	11	11%	10	5.78%	10	6.41%	15	10.49%	46	8.04%
CNoD	18	18%	14	8.09%	13	8.33%	24	16.78%	69	12.06%
BTAD	29	29%	46	26.59%	62	39.74%	35	24.48%	172	30.07%
GWNoD	9	9%	18	10.40%	15	9.62%	12	8.39%	54	9.44%
GD	32	32%	80	46.24%	53	33.97%	54	37.76%	219	38.29%
INCOME	93		164		148		136		541	
<20K	10	10.75%	17	10.37%	27	18.24%	24	17.65%	78	14.42%
20K-39999	16	17.20%	26	15.85%	30	20.27%	36	26.47%	108	19.96%
40K-59999	23	24.73%	32	19.51%	27	18.24%	23	16.91%	105	19.41%
60K-74999	19	20.43%	32	19.51%	27	18.24%	18	13.24%	96	17.74%
>75K	25	26.88%	57	34.76%	37	25.00%	35	25.74%	154	28.47%

