

APPENDICES

APPENDIX I

PHILADELPHIA CITY AND SCHOOL DISTRICT REVENUES

FIGURE I.1
CITY OF PHILADELPHIA
Selected Fund Revenues*
(Millions of Dollars)

Revenue Source	1970	1973	1974	1975	1976	1977
Local						
Property Tax†	\$112.3	\$124.7	\$108.6	\$107.9	\$110.1	\$180.5
Personal Income Tax‡	196.7	257.2	286.2	285.1	296.5	407.8
Business Activity Taxes§	44.9	51.0	52.7	54.5	57.0	82.3
Local Nontax Revenue¶	71.0	93.8	105.2	107.7	114.8	135.0
Total Local	424.9	526.7	552.7	555.2	578.4	805.6
Intergovernmental¶						
Federal						
Revenue Sharing	—	67.9	51.1	52.2	51.1	51.1
Other Federal**	35.2	80.5	90.3	116.7	129.8	228.2
Commonwealth††	35.5	97.8	84.2	112.3	119.1	134.4
Other‡‡	2.0	3.3	1.8	4.3	2.2	3.9
Total Intergovernmental	70.7	249.5	227.4	285.5	302.2	417.6
Total	495.6	776.2	780.1	840.7	880.6	1,223.2

*Selected funds include the General Fund, County Liquid Fuels Tax Fund, Pier Maintenance Fund, and Special Gasoline Tax Fund for all years. Other selected funds are: in 1970 the Model Cities Program Fund, Neighborhood Development Fund, and Office of Economic Opportunity Fund; in 1973 and thereafter the Grants Revenue Fund; in 1974 and thereafter the Aviation Fund; in 1976 and 1977 the Bicentennial Fund, Community Development Fund, and the Traffic Court share of the Parking Facilities Fund. Excluded in all years are the Enterprise Funds, Sewer Fund, and Water Fund.

†Real estate tax and personal property tax.

‡Wage tax and earnings tax.

§Mercantile license tax, net profits tax, real property transfer tax, miscellaneous taxes such as those on amusements, auctions, bowling alleys, and parking lots.

¶Licenses, fines, service charges, other revenues; revenue from City-owned leased utilities; reimbursement for debt service; park, civic center, and sports stadium revenues; Aviation Fund revenues; Pier Maintenance Fund revenues; adjustment for interfund transfers; and Traffic Court share of Parking Facilities Fund (1976 and 1977 only).

¶ Received through the County Liquid Fuels Tax Fund, General Fund, Grants Revenue Fund, Special Gasoline Tax Fund; and the Bicentennial Fund and Community Development Fund (1976 and 1977 only).

**Redevelopment Authority funds in 1970 (\$16.1 million), 1973 (\$20.4 million), 1974 (\$22.0 million), 1975 (\$21.7 million) added for comparability with 1976 and 1977; in 1970 \$13.4 million from Model Cities Fund, Neighborhood Development Fund, and Office of Economic Opportunity Fund. These last three funds, though special funds rather than operating funds, are included here because large portions of these revenues were shifted to the Grants Revenue Fund beginning in 1972.

††Commonwealth grants and combined U.S. and Commonwealth grants.

‡‡Payments from other government agencies such as Philadelphia Housing Authority and Philadelphia Redevelopment Authority.

SOURCES: *Annual Report of the Director of Finance of the City of Philadelphia* 1970, 1973, 1974, 1975, 1976; *City of Philadelphia, Mayor's Fiscal 1977 Operating Budget and Programs*; U.S. Bureau of the Census, *City Government Finances, 1969-70, 1972-73, 1973-74, 1974-75*.

FIGURE I.2
SCHOOL DISTRICT OF PHILADELPHIA
General Fund Revenues*
(Millions of Dollars)

Revenue Source	1970	1973	1974	1975	1976	1977
Local						
Property Tax†	\$95.2	\$105.1	\$127.8	\$144.9	\$149.7	\$158.2
Personal Income Tax‡	7.5	8.3	8.4	8.7	8.5	12.3
Business Activity Taxes§	28.8	29.2	28.7	29.6	29.5	29.6
Local Nontax Revenue	1.7	7.4	8.1	5.1	5.1	4.0
Special Payments¶	—	12.0	—	5.4	7.5	8.0
Total Local	133.2	162.0	173.0	193.7	200.3	212.0
Intergovernmental**						
Federal	6.0	5.0	5.0	4.7	9.6	9.6
Commonwealth††	140.0	210.7	214.5	263.5	314.6	327.1
Total Intergovernmental	146.0	215.7	219.5	268.2	324.2	336.7
Total	279.2	377.7	392.5	461.9	524.5	548.7

*Since 1974 includes Intermediate Unit.

†Current and delinquent real estate taxes.

‡Nonbusiness income tax and pari-mutuel taxes.

§General business tax, corporate net income tax, and rental occupancy tax.

|| Payments in lieu of taxes, public utilities tax, interest on temporary investments, personal property tax, and miscellaneous revenues.

¶ Grant from City in 1973; payment from Cafeteria Fund in 1975 and thereafter.

**Federal grants and funds from the Commonwealth directly as well as indirectly through the Intermediate Unit, Act 194 and 195 nonpublic school programs and Categorical Grants Fund excluded in all years.

††Since 1974 includes Intermediate Unit funds listed separately.

SOURCES: School District of Philadelphia, *Summary of the Proposed Operating Budget* for fiscal years beginning July 1, 1971, 1974, 1975, and 1976; adopted operating budget for 1977 dated May 27, 1976.

APPENDIX II

PHILADELPHIA CITY AND SCHOOL DISTRICT EXPENDITURES: NOMINAL AND REAL DOLLARS

THE DEFLATOR LINKS NOMINAL TO REAL DOLLARS

Nominal or current-dollar measures of expenditures balance or break the budget in any given fiscal year, but it is useful to be able to compare expenditures across time discounting the impact of price changes. A common method of adjusting for price changes is dividing current-dollar figures by a price deflator. These price-adjusted expenditure figures—real expenditures or constant-dollar expenditures—are expressed with reference to the price level in a base year. In this study, the base year is 1970.

Figures II.2, 3, and 4 present three views of expenditures for the City of Philadelphia: nominal dollars, deflators, and real dollars. Figures II.5, 6, and 7 present the nominal expenditures, deflators, and real expenditures for the School District of Philadelphia. The data are presented by major expenditure elements for six fiscal years, 1970 and 1973 through 1977.

METHOD OF CONSTRUCTING DEFLATORS

A product's price deflator is the weighted average of the price changes for the inputs required to produce it—labor, goods, and services. In constructing deflators for the City and School District, the budgets of the major expenditure elements are divided into three appropriation groups: wages and employee benefits, purchases of goods and services, and payments to debt service. Indexes of price change are estimated for all three appropriation groups, and weighted averages are calculated for their indexes: each index is multiplied by the fraction of expenditures its appropriation represents in an expenditure element, and these products are summed. See Figure II.1 for expenditure element weights and the Box in the text for corresponding price indexes.

The basic formula for calculating the deflator is:

$$\text{Deflator} = (\text{Wage Weight} \times \text{Wage Index}) \\ + (\text{Services Weight} \times \text{Services Index})$$

$$+ (\text{Materials Weight} \times \text{Materials Index}) \\ + (\text{Equipment Weight} \times \text{Equipment Index}).$$

The value of a price index or deflator may be interpreted as a percentage with the base value in the series (in this case the 1970 value) equal to 100 percent. An index with a 1976 value of 150 with a base of 1970 = 100 says that what used to cost \$100 in 1970 costs \$150 in 1976. See Figure II.3 for the City deflators and Figure II.6 for the School District deflators by expenditure element.

DEFINITIONS AND SOURCES OF PRICE INDEXES

The individual price indexes used for the appropriation groups and the other special expenditure elements come from a variety of sources.

Overall Deflators. The overall deflators for the City and School District budgets are calculated by dividing the total nominal expenditures by the sum of the real expenditure estimates for the individual expenditure elements.¹

Wage and Employee Benefits Deflators.² Average salaries were calculated for each year, 1973 through 1976. Unless otherwise noted, the wage indexes for 1976 were used for 1977, consistent with the assumption, incorporated into the published budgets, that wages would not be

¹The overall school expenditure index for 1973 was used as the deflator for the City's Special Payment to the School District in that year (Figure II.6).

The School District's Undistributed Items and Refunds deflator was calculated for each year by taking the sum of nominal expenditures for the five education elements, plant operations and maintenance, and administration and support, and dividing it by the sum of real expenditures for these seven elements.

²Bureau of Labor Statistics, Mideast Region, *Philadelphia Municipal Employees, Compensation Chronology, 1953-1971*, Regional Report No. 3, November 1971; *Philadelphia Municipal Employees, Compensation Chronology* (Supplement No. 2), Report No. 15, November 1974.

increased. All salary series were indexed to their 1970 base values. The wage and salary indexes were used for the personal services component found in the individual expenditure elements shown in Figure II.1. They were used also in deflating the Pensions and Employee Benefits elements whose expenditure requirements often are proportional to wages.

Two wage indexes were used for the City—one for uniformed workers (police and firemen) and one for nonuniformed workers. The City Employee Benefits deflator is a weighted average of these two indexes. The price index for uniformed City employees is the average of the maximum and minimum pay for a police patrolman. The same index is used for both police and firemen, whose salaries are negotiated together. The price index for nonuniformed City employees is based on a weighted average of the 1976 average salaries for District Councils 33 and 47, the two unions that negotiate for the City's nonuniformed workers. The corresponding salaries for earlier years were derived from the standard negotiated wage increases for each union.

A single wage index was generated for the School District. An average salary for school employees was derived for each year by weighting the salaries for five typical positions by their shares of 1976 School District employment.³ If a raise took effect in the course of the school year, a weighted average of the two salary levels was used. For 1977, the only raises incorporated into the budget, and consequently into the wage index, were the provisions for the second year of the custodial workers' 2-year contract.

Deflators of Goods and Services. The deflators used in the national income accounts for state and local government purchases of services, nondurable goods, and durable goods, were

taken as price indexes for purchase of services, materials and supplies, and equipment, respectively. Quarterly series were used to calculate indexes for each year 1973 through 1976.⁴ Following the projections of price increases by the major econometric models of the U.S. economy, the 1976 indexes were increased by 6 percent to provide estimates for 1977.

Philadelphia Consumer Price Index. The Philadelphia CPI provides a measure of the overall trend in costs in the local economy. It was used as the deflator for the City's Debt Service and its Special Payment to the Parking Fund (1977).⁵ For the School District, the local CPI was used to deflate Debt Service and Insurance and the Advance Funding Payback.

CITY BUDGET DATA

City data for 1977 are not strictly comparable with data for earlier years for two reasons: (1) The budget includes maximum expected receipts and expenditures from grants from other governmental units to ensure that the Director of Finance will not have to ask Council to raise the budgeted ceiling on expenditures during the year. (2) A large proportion of the Grants Revenue Fund and Community Development Fund is budgeted to administrative offices which apportion it among the various City departments during the year; these expenditures then appear under the spending agencies in the Finance Director's report. The most important example of this is the CETA (Comprehensive Employment and Training Act) funds which were included in the proposed budget for the Commerce Department through 1976 and for the Managing Director in 1977. Actual expenditure figures in previous Finance Director's reports suggest that, in practice, these funds will be spent by many different agencies.

³The positions used were (1) Secretary II, twelve month, Step 7 (previously Step 5); (2) Principal, Class 5, Step 5; (3) Nonteaching Assistant I, ten month, Step 5; (4) Custodial Worker, pay grade 119, twelve month, Step 2; and (5) Teacher, bachelor's degree, Step 10.

⁴*Survey of Current Business*, 56, 1, Part II (January 1976), pp. 65ff., updated by the Department of Commerce by telephone.

⁵U.S. Department of Labor, Bureau of Labor Statistics, Midwest Regional Office, "The Consumer Price Index for Urban Wage Earners and Clerical Workers," issues for January 1970-September 1976.

FIGURE II.1
WEIGHTS USED IN CALCULATING DEFLATORS FOR 1976*

Expenditure Element	Fraction of 1976 Expenditures Going to			
	Personal Services (Wages)	Purchase of Services	Materials & Supplies	Equipment
City				
General Government	.418	.540	.035	.006
Police	.944	.011	.042	.003
Health	.511	.425	.060	.004
Welfare	.429	.520	.051	—
Streets	.738	.186	.072	.004
Courts	.789	.189	.016	.005
Fire	.962	.002	.022	.014
Recreation and Culture	.792	.107	.092	.008
Urban Development	.141	.856	.003	—
School District				
Early Childhood	.699	.272	.029	—
Elementary	.964	.003	.033	—
Junior High & Middle	.962	.008	.030	—
Senior High & Technical	.940	.017	.043	—
Special Education	.584	.391	.026	—
Plant Operation & Maintenance	.633	.068	.298	—
Administration & Support	.651	.164	.186	—

*The City and School District budgets both have eight appropriation classes. In the present study, only the four largest City classes are considered in calculating weights—personal services (wages and salaries), purchase of services (from business firms or other governmental units), materials and supplies, and equipment. For the School District, only the first three classes are considered here. Contracted services for the School District include scholarships and the local share of Federal programs; materials and supplies include equipment as well as books. The expenditure figure used as the base for the percentage calculations is the sum of only these four [City] or three [School District] appropriation classes

rather than the total of expenditures listed in the budget.

SOURCES: City weights for 1973-76 based on *Annual Report of the Director of Finance of the City of Philadelphia* for each year; weights for 1977 based on City of Philadelphia, *Supporting Detail for Fiscal 1977 Operating Budget*. School District weights for 1973-75 based on data from School District of Philadelphia, *Summary of the Proposed Operating Budget* for fiscal years beginning July 1, 1971, 1974, 1975, and 1976. Weights for 1976 and 1977 based on data from the adopted operating budget for 1977, dated May 27, 1976.

DEFINITION OF CITY EXPENDITURE ELEMENTS

The City budget agencies (as used in the annual reports of the Director of Finance) included in each of the Federal Reserve's expenditure elements are listed below. Not all of these agencies appear in every financial report.

General Government: Council, Mayor's Office, Managing Director, Public Property, Art Commission, Licenses and Inspections, Board of Licenses and Inspections Review, Board of Building Standards, Zoning Board of Adjustment, Records, Philadelphia Historical Commission, Office of Director of Finance, Bicentennial, Revenue (formerly Collections), Procurement, Tax Review Board, City Treasurer, City Representative, Commerce, Philadelphia Civic Center, Law, City Planning Commission, Committee on Human Relations, Civil Service, Personnel Director, Auditing, Board of Revision of Taxes, City Commissioners, Fair Housing, Emergency Snow Removal, Fire Loss, Hero Award, Scholarships, Indemnities, Wage and Welfare Adjustment, Information and Complaints, Office of Civil Defense, Economic Development Unit, Development Coordinator.

Police: Police.

Health: Public Health, Philadelphia General Hospital, Advance for Hospital Authority.

Welfare: Public Welfare, Philadelphia Prisons, Riverview, Youth Study Center.

Streets: Streets, Water.

Courts: Clerk of Quarter Sessions, Register of Wills, District Attorney, Sheriff, Traffic Court, Common Pleas and Municipal Courts, Commonwealth Court, Supreme and Superior Courts, Defender Association.

Fire: Fire.

Recreation and Cultural Services: Recreation, Fairmount Park, Atwater Kent Museum, Camp William Penn, Philadelphia Free Library, American Flag House and Betsy Ross Memorial, Community College.

Urban Development: Philadelphia Anti-Poverty Action Commission, Model Cities, Philadelphia Redevelopment Authority, Urban Homestead.

Debt Service: Capital Budget Financing, Sinking Fund Commission.

Pensions and Employee Benefits: Employees' Disability Benefits and Workmen's Compensation Payments, Employees' Welfare Plan, Board of Pensions and Retirement, Social Security.

NOMINAL ÷ DEFLATOR

FIGURE II.2
CITY OF PHILADELPHIA
Selected Fund
Nominal Expenditures*
(Millions of Dollars)

Expenditure Element	1970	1973	1974	1975	1976	1977
General Government	\$68.6	\$97.8	\$106.6	\$147.2	\$178.3	\$255.9
Police	85.2†	126.7	130.7	143.3	149.0	161.0
Health	45.2	79.8	78.1	86.3	97.7	99.8
Welfare	41.0	56.2	57.3	62.7	79.8	75.2
Streets	47.8	66.1	60.6	72.3	81.9	71.7
Courts	23.3	44.6	48.4	52.9	61.1	63.3
Fire	30.0	39.9	41.4	47.8	51.6	52.6
Recreation and Culture	29.2	39.5	39.7	46.6	54.9	54.5
Urban Development‡	29.8	43.4	37.5	37.0	29.8	57.3
Debt Service	59.4	80.0	83.3	84.9	93.8	125.8
Pensions and Employee Benefits	42.2	84.8	85.6	90.6	80.8	113.1
Special Payments§	—	12.0	—	—	—	7.1
Total	501.7	770.8	769.2	871.6	958.7	1,137.3

FIGURE II.3
CITY OF PHILADELPHIA
Deflators
(1970 = 100)

Expenditure Element	1973	1974	1975	1976	1977
General Government	125.6	132.5	141.1	153.1	158.4
Police	132.1	138.8	151.1	163.2	163.8
Health	125.2	132.5	141.2	154.3	158.9
Welfare	124.8	132.3	141.3	153.5	158.9
Streets	126.2	132.8	140.8	156.4	159.1
Courts	127.1	133.3	140.3	156.0	158.0
Fire	132.5	139.1	151.1	163.1	163.6
Recreation and Culture	126.8	133.3	141.3	157.1	159.5
Urban Development	123.2	131.7	141.1	150.4	158.2
Debt Service	114.3	125.4	139.2	148.0	156.9
Pensions and Employee Benefits	129.9	136.0	144.0	159.7	159.7
Special Payments	117.1	—	—	—	156.9
Total	126.0	133.4	143.3	155.9	159.4

REAL

FIGURE II.4
CITY OF PHILADELPHIA
Selected Fund
Real Expenditures
(Millions of Dollars)

Expenditure Element	1970	1973	1974	1975	1976	1977
General Government	\$68.6	\$77.9	\$80.5	\$104.3	\$116.5	\$161.6
Police	85.2	95.9	94.2	94.8	91.3	98.3
Health	45.2	63.7	58.9	61.1	63.3	62.8
Welfare	41.0	45.0	43.3	44.4	52.0	47.3
Streets	47.8	52.4	45.6	51.3	52.4	45.1
Courts	23.3	35.1	36.3	37.7	39.2	40.1
Fire	30.0	30.1	29.8	31.6	31.6	32.2
Recreation and Culture	29.2	31.2	29.8	33.0	34.9	34.2
Urban Development	29.8	35.2	28.5	26.2	19.8	36.2
Debt Service	59.4	70.0	66.4	61.0	63.4	80.2
Pensions and Employee Benefits	42.2	65.3	62.9	62.9	50.6	70.8
Special Payments	—	10.2	—	—	—	4.5
Total	501.7	612.0	576.2	608.3	615.0	713.3

*For a list of the funds used in compiling these data, see Figure I.1, note *.

Certain interfund obligation transactions have been subtracted from obligations to avoid double counting. These are the instances in which the Grants Revenue, Aviation, County Liquid Fuels, or Special Gasoline Tax funds were charged for service and the General Fund was credited with revenue.

†Fairmount Park Patrol expenditures of \$5.3 million have been shifted from Recreation (under the Fairmount Park Commission) to Police in order to make 1970 comparable with succeeding years.

‡See Figure I.1, note ** for details on adjustments

required by the exclusion of Redevelopment Authority funds in 1970, 1973, 1974, and 1975 and special funds in 1970. Amounts equal to those added to Other Federal revenues have been added to Urban Development.

§In 1973, a payment was made to the School District. For 1977, a payment is budgeted from the General Fund to the Parking Fund.

SOURCES: Data for 1970, 1973, 1974, 1975, and 1976 are from the *Annual Report of the Director of Finance of the City of Philadelphia* for each of those years. Data for 1977 are from City of Philadelphia, *The Mayor's Fiscal 1977 Operating Budget and Programs*. Figures calculated by Federal Reserve Bank of Philadelphia.

NOM

FIGURE II.5
SCHOOL DISTRICT OF PHILADELPHIA
General Fund
Nominal Expenditures
(Millions of Dollars)

Expenditure Element	1970	1973	1974	1975	1976	1977*
Education						
Early Childhood	\$6.0	\$7.5	\$7.8	\$8.2	\$10.4	\$10.3
Elementary	66.6	69.2	78.4	92.0	105.2	108.9
Junior High & Middle	37.3	38.8	49.6	51.7	53.4	54.6
Senior High & Technical	47.7	45.3	59.3	66.4	79.3	84.6
Special Education†	13.4	15.0	20.6	25.4	29.5	29.6
Education total	171.0	175.8	215.7	243.7	277.8	288.0
Overhead						
Plant Operations & Maintenance‡	28.1	39.9	45.6	57.6	67.5	66.4
Administration & Support§	34.7	37.1	42.6	57.1	65.1	66.4
Debt Service & Insurance	29.5	56.0	56.4	55.3	48.0	50.0
Advance Funding Payback¶	—	—	—	14.4	15.9	57.7
Employee Benefits¶	18.9	27.0	32.6	42.1	52.2	60.7
Undistributed Items & Refunds	0	4.4	0.6	0.4	0.4	5.7
Overhead total	111.2	164.4	177.8	226.9	249.1	306.9
Total	282.3	340.1	393.0	470.7	526.5	594.9

FIGURE II.6
SCHOOL DISTRICT OF PHILADELPHIA
Deflators
(1970 = 100)

Education Element	1973	1974	1975	1976	1977
Education Elements					
Early Childhood	119.3	128.6	133.9	144.4	148.0
Elementary	117.7	125.4	132.7	142.4	144.7
Junior High & Middle	117.8	125.4	132.7	142.4	144.8
Senior High & Technical	117.8	125.4	132.8	142.8	145.2
Special Education	118.2	125.7	136.1	145.3	145.4
Education total	117.8	125.4	133.1	142.7	145.0
Overhead					
Plant Operations & Maintenance	117.0	134.2	138.3	148.6	152.8
Administration & Support	117.9	125.8	137.0	147.1	149.1
Debt Service & Insurance	114.3	125.4	139.2	148.0	156.9
Advance Funding Payback	—	—	—	—	156.9
Employee Benefits	117.9	125.2	131.9	141.7	143.7
Undistributed Items & Refunds	117.1	126.3	134.9	144.5	147.2
Overhead total	116.3	127.5	137.1	146.6	151.3
Total	117.1	126.2	134.9	144.8	148.2

INFLATION ÷ DEFLATOR = REAL

FIGURE II.7
SCHOOL DISTRICT OF PHILADELPHIA
General Fund
Real Expenditures
(Millions of Dollars)

Expenditure Element	1970	1973	1974	1975	1976	1977
Education						
Early Childhood	\$6.0	\$6.3	\$6.1	\$6.1	\$7.2	\$7.0
Elementary	66.6	58.8	62.5	69.3	73.9	75.3
Junior High & Middle	37.3	32.9	39.6	39.0	37.5	37.7
Senior High & Technical	47.7	38.5	47.3	50.0	55.5	58.3
Special Education	13.4	12.7	16.4	18.7	20.6	20.3
Education total	171.0	149.2	171.9	183.1	194.7	198.6
Overhead						
Plant Operations & Maintenance	28.1	34.1	34.0	41.6	45.4	43.5
Administration & Support	34.7	31.5	33.9	41.7	44.3	44.5
Debt Service & Insurance	29.5	49.0	45.0	39.7	32.4	31.9
Advance Funding & Payback	—	—	—	10.3	10.7	36.8
Employee Benefits	18.9	22.9	26.0	31.9	36.8	42.2
Undistributed Items & Refunds	—	3.8	0.5	0.3	0.3	3.9
Overhead total	111.2	141.3	139.4	165.5	169.9	202.8
Total	282.3	290.5	311.3	348.6	363.6	401.4

*Budget for full-year operation.

†Administrative costs of special education deducted and assigned to administration and support.

‡Plant operation and maintenance has been reported as school facilities since 1974.

§Field operations, school services, career education, instructional services (curriculum and instruction), transportation, superintendent, administrative services, municipal services, services for other funds, subsidy to the cafeteria fund, and administration of special education.

|| Owed to Commonwealth in repayment of advance

funding for Special Education and, for 1977, Vocational Education as well.

¶ All employee benefits expenditures generally distributed by the separate functions in the School District budget, including payments to the Pennsylvania Employees Retirement System and to Social Security as well as other employee benefits.

SOURCES: School District of Philadelphia *Summary of the Proposed Operating Budget* for fiscal years beginning July 1, 1971, 1974, 1975, 1976; adopted operating budget for 1977 dated May 27, 1976. Figures calculated by Federal Reserve Bank of Philadelphia.

APPENDIX III

CITY AND SCHOOL DISTRICT OF PHILADELPHIA EMPLOYMENT PATTERNS

FIGURE III.1
CITY OF PHILADELPHIA
Number of Full-Time Employees by Expenditure Element*

Expenditure Element	January 31, 1970	June 29, 1973	March 22, 1974	June 22, 1975	January 18, 1976
General Government	4,616	4,734	4,480	4,848	4,885
Police	8,187	8,981	9,200	9,264	9,089
Health	3,966	3,931	3,795	3,777	3,726
Welfare	1,858	2,129	2,078	2,445	2,410
Streets	4,107	4,549	3,972	4,855	4,702
Courts	2,410	3,376	3,403	3,429	3,447
Fire	3,064	3,058	2,939	3,236	3,138
Recreation and Culture	2,431	2,501	2,329	2,562	2,508
Urban Development	— †	325	324	319	319
Debt Service	1	1	1	1	1
Pensions and Employee Benefits	22	21	20	20	21
Total	30,662†	33,606	32,541	34,756	34,246

*Full-time employees include permanent and interim employees for 1975 and 1976. For 1970, only permanent employees paid by the General Fund are included; for 1973 and 1974, permanent employees paid by the General Fund, Aviation Fund, Parking Facilities Fund, Regulation 32, and Capital and Print Shop Fund are included, along with "interim full-time filled positions under full funding grants."

†Figures not available for 1970 employment expenditures by Model Cities Fund, Neighborhood Development Fund, Office of Economic Opportunity Fund, and noncapital portion of Redevelopment Authority funds. These

omissions affect both Urban Development and total calculation.

SOURCES: *Trend of Philadelphia Municipal Employment ...* Pennsylvania Economy League Report No. 356, April 1970; City of Philadelphia, Office of the Director of Finance, "Trends in Full-Time Permanent Employment, Selected Years 1956-1974," May 1975; Office of the Director of Finance, "Summary of Filled Positions of Employment of the City of Philadelphia for Payroll Periods Ending December 26, 1971, June 22, 1975 and January 18, 1976 by Fund," March 1, 1976.

FIGURE III.2
SCHOOL DISTRICT OF PHILADELPHIA
Pupils and Staff by Education Element*

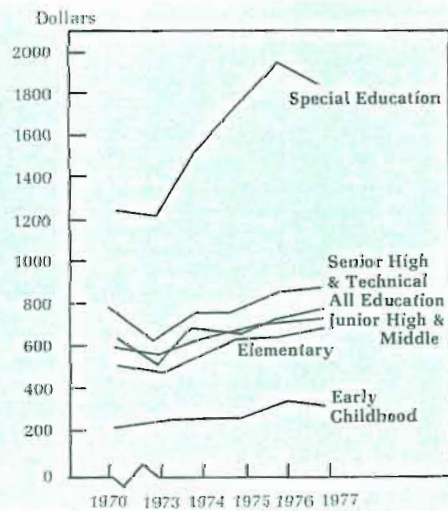
Education Element	1970	1973	1974	1975	1976	1977
Early Childhood						
Pupils	25,200	23,300	22,600	22,500	22,300	22,000
Staff	514	434	429	554	546	539
Pupils per Staff	49	54	53	41	41	41
Elementary						
Pupils	126,100	119,900	114,200	109,100	112,000	108,200
Staff	6,385	5,634	5,802	6,637	7,322	7,229
Pupils per Staff	20	21	20	16	15	15
Junior High & Middle						
Pupils	59,700	62,600	59,900	58,800	51,900	50,500
Staff	3,654	3,845	3,656	3,665	3,521	3,451
Pupils per Staff	16	16	16	16	15	15
Senior High & Technical						
Pupils	62,300	63,100	64,400	65,500	66,300	66,800
Staff	3,702	3,761	3,947	4,189	4,573	4,690
Pupils per Staff	17	17	16	16	14	14
Special Education						
Pupils	10,800	10,500	10,800	10,600	10,600	11,100
Staff	1,314	1,405	1,892	1,851	2,340	3,021
Pupils per Staff	8	7	6	6	5	4
All Education						
Pupils	284,100	279,400	272,900	267,500	263,100	258,700
Staff	15,569	15,079	15,726	16,896	18,302	18,930
Pupils per staff	18	19	17	16	14	14

*Pupils enrolled in November of the fiscal year to nearest hundred and School District teaching and non-teaching staff allocated by education element.

SOURCES: Budget Office, School District of Philadelphia; *Proposed Operating Budget* for each succeeding year.

FIGURE III.3
SCHOOL DISTRICT OF PHILADELPHIA
REAL EXPENDITURES PER PUPIL
BY PROGRAM

SOURCE: Budget Office, School District of Philadelphia.



APPENDIX IV

HOW PHILADELPHIA TAXES COMPARE

The feasibility of raising tax rates in one city depends in part on the size of the tax burden in other cities. The Finance Department of the City of Washington has estimated the 1974 combined state and local tax burdens of hypothetical families in the nation's 30 largest cities.¹ According to these estimates, a Philadelphia family of four with an annual income of \$15,000 paid less tax than comparable families in seven other cities.² Such a family paid approximately 10.4 percent of its income to the major state and local taxes—property, income, sales, and auto.³

While the Philadelphia 1974 tax burden was well above that in Denver, Houston, and Jacksonville, among others, it was only slightly above the 30-city average reflected by Pittsburgh. It was below the average for such other large cities as Boston, New York, and Los Angeles. Rate increases for 1977 raise this Philadelphia family's tax bill from \$1,555 to \$1,871, or from 10.4 to 12.5 percent of its income.⁴ If taxes elsewhere had remained unchanged, Philadelphia's 1977 tax bills still would be below those of Boston, Milwaukee, New York, and Buffalo.

The composition of Philadelphia's revenues is not typical. According to the Washington study, Philadelphians pay relatively low property taxes—much less than the 30-city average and about as little as the residents of Denver and Houston; even at this, the Washington study may have overestimated the property tax bite on Philadelphians.⁵ Further, sales and auto taxes are lower in Pennsylvania than in any of the other states represented. And, finally, the combined state and City income taxes paid by Philadelphia residents are the highest of all the cities sampled. They were more than twice the 30-city average even at the 1974 tax rates. For Philadelphians, then, lower property taxes appear to have been offset by higher income taxes (Figure IV.1).

¹*Tax Burdens in Washington, D. C. Compared with Those in the Nation's Thirty Largest Cities, 1974*, District of Columbia, Department of Finance and Revenue, February 1976.

²*Tax Burdens in Washington*, Table A, p. 24. For the \$15,000 income example, Philadelphia ranked eighth behind Boston, Milwaukee, New York, Buffalo, Los Angeles, Chicago, and Baltimore. The \$15,000 case was selected from among several examples as being the closest to the estimate of Philadelphia's median family income in 1974.

Philadelphia's ranking drops to ninth for the \$20,000 case and to eleventh for the \$30,000 and \$40,000 examples. It rises to sixth and seventh for the \$10,000 and \$5,000 cases, respectively. This suggests that the state and local property tax system in Philadelphia is slightly more regressive than in other places with closely comparable tax burdens. (A regressive tax system is one in which taxes take a larger fraction from lower incomes than from higher ones.) Among all 30 cities, however, Philadelphia ranked as having the thirteenth most progressive tax system. See *Tax Burdens in Washington*, Table I, p.33.

³Federal taxes are assumed to be levied equally throughout the country and consequently do not affect the analysis of tax

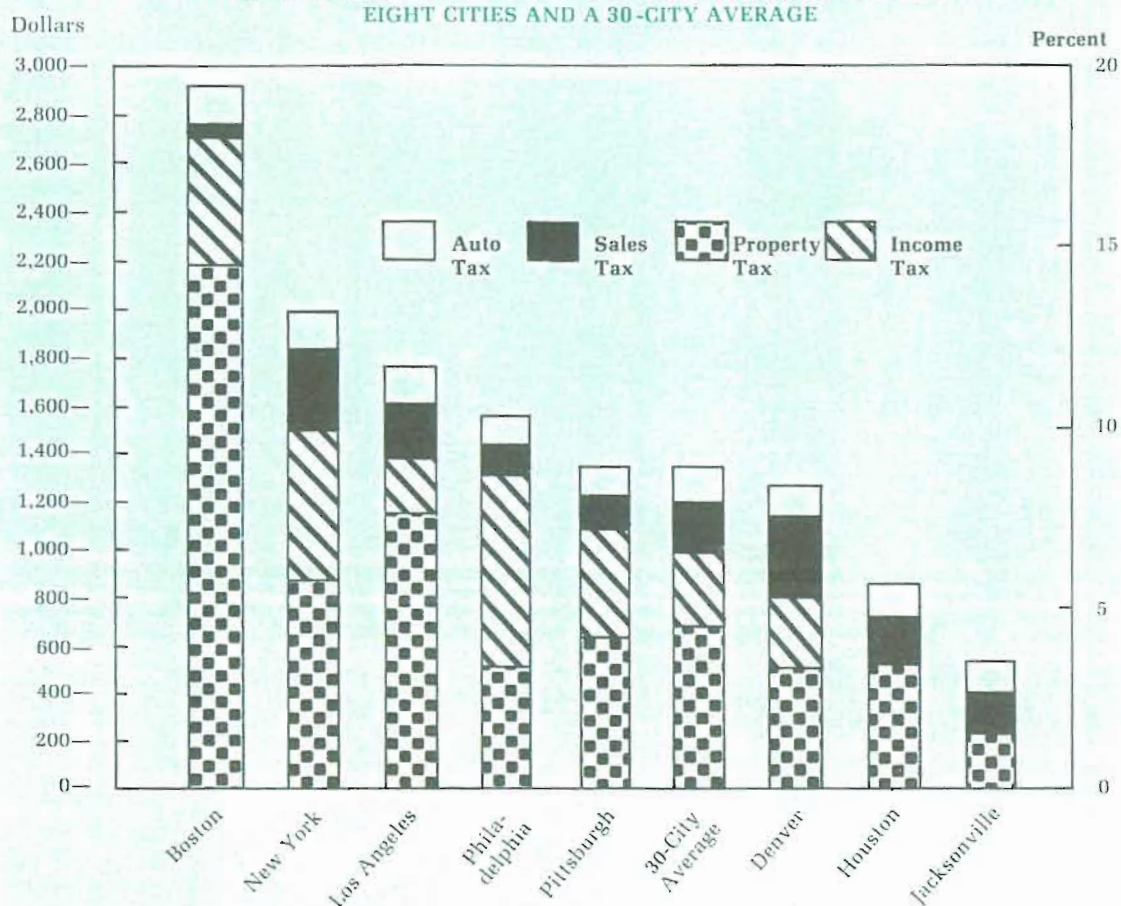
differences. The division of state and local responsibilities for the financing of certain services, however, may vary across states.

⁴Including increases in property taxes of \$150, in income taxes of \$160, and in auto taxes of \$16.

⁵The Washington study estimated property taxes at \$511 for a Philadelphia family with an annual income of \$15,000 and a house valued at \$18,240. But this estimate may not reflect the relatively low values of houses in Philadelphia, where a family with a \$15,000 annual income may own a \$17,000 house or a \$16,000 house and thus have a lower property tax bill. Further, the Washington study based its calculation on an assumption made by Pennsylvania's State Tax Equalization Board that assessment ratios would be set at 62.5 percent, but the ratio in Philadelphia stands at only 41.6 percent. This lower ratio also reduces the tax bill estimate. Nevertheless, the Washington study's figure for Philadelphia has not been adjusted here, since the conditions that make for an overestimate of Philadelphia's tax bills may operate just as strongly elsewhere in Pennsylvania and across the nation.

FIGURE IV.1

MAIN STATE AND LOCAL TAXES FOR A FAMILY OF FOUR EARNING \$15,000 IN 1974:
EIGHT CITIES AND A 30-CITY AVERAGE



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ANTHONY DOWNS

MARTIN MEYERSON

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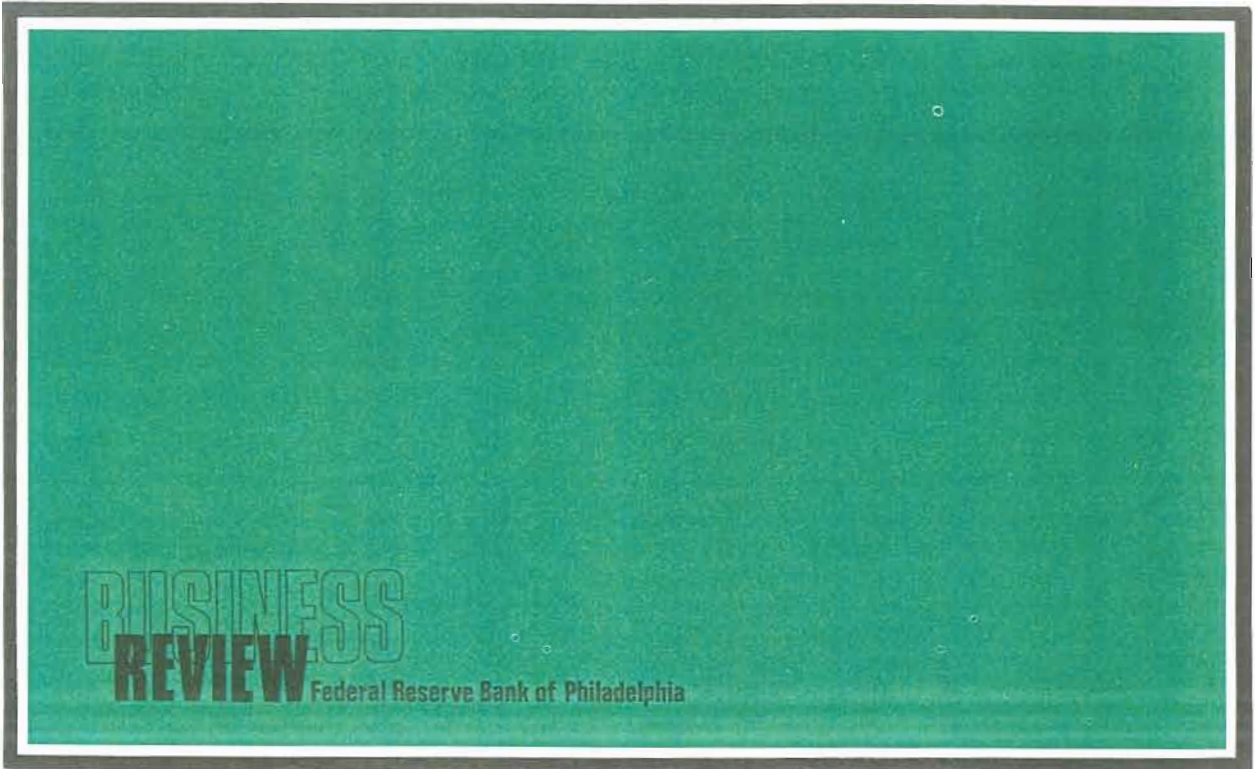
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