PHILADELPHIA WASTE REPORT

THE MOST COMPREHENSIVE COLLECTION OF EXAMPLES OF GOVERNMENT WASTE, FRAUD, AND ABUSE OF PHILADELPHIAN'S TAX DOLLARS

TAXPAYERS PROTECTION ALLIANCE

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About Taxpayers Protection Alliance

The Taxpayers Protection Alliance (TPA) is a rapid response taxpayer group dedicated to analyzing and researching the consequences of government intervention in the economy. TPA examines public policy proposals through a non-partisan focus, identifying how government waste and overreach impacts taxpayers and consumers regardless of the political party responsible. TPA holds government officials in the United States, and around the world, accountable through editorials, statements, coalition letters, public interest comments, and radio and television interviews. TPA recognizes the importance of reaching out to concerned citizens through traditional and new media, and utilizes blogs, videos, and social media to connect with taxpayers and government officials. While TPA regularly publishes exposés and criticisms of politicians of all political stripes, TPA also provides constructive criticism and reform proposals based on market principles and a federalist philosophy. TPA empowers taxpayers and consumers to make their opinions known to their elected and non-elected officials and embraces bold solutions to hold an ever-growing government in check.

TAXPAYERS PROTECTION ALLIANCE

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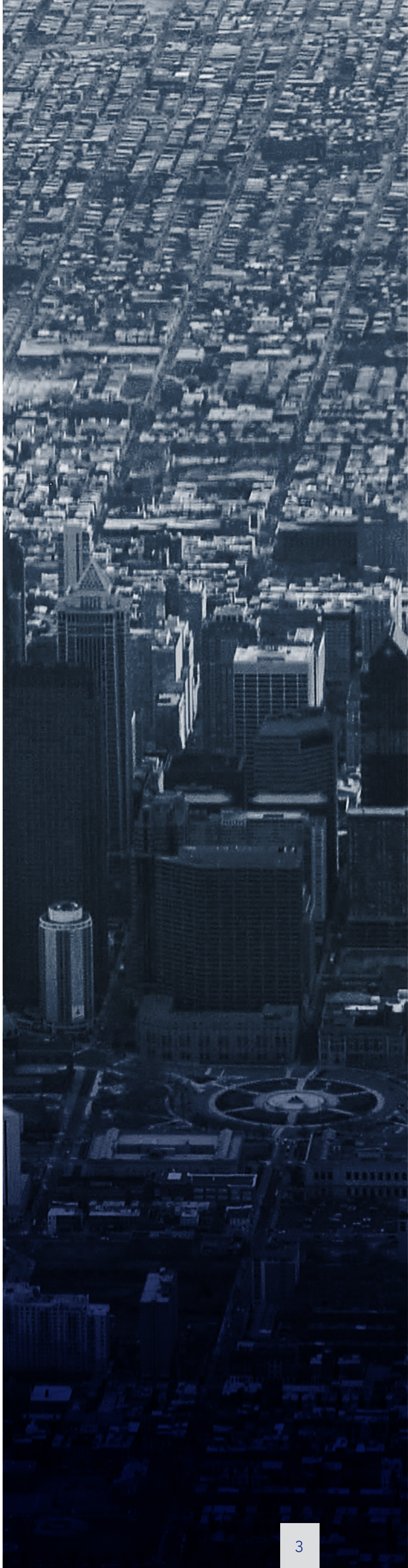
FOREWORD FROM TPA PRESIDENT

Philadelphia is my hometown. I remember going to the Mummer's Parade when I was a small boy. I watched the Eagles and Phillies with my dad, being disappointed more often than being happy by season's end (until last year's Super Bowl). I ate my share of cheesesteaks. But the experience that gave me my greatest sense of what it means to be a Philadelphian was my time spent as an intern for the Philadelphia Police Department. I saw a part of Philadelphia few have seen and witnessed the daily struggle faced by many residents of the City of Brotherly Love.

My career in taxpayer advocacy took me to our nation's capital but I head back frequently to the city I call "home" and that has sadly become a national example of government mismanagement. Over the past years Philadelphia has transformed into a city with no economic vitality, high unemployment and inordinate poverty. Stores continue to shutter as families and businesses flee for more favorable places to live and work. The result is less opportunity for Philadelphians, less prosperity for average working people, less hope.

I write this report not as a requiem for a once-proud city but as a wake-up call to the elected and unelected bureaucrats of Philadelphia. My heart will always be in Philadelphia and I hope that this report helps shine a light on disparities that if addressed will lead to a resurgence of economic growth and the kind of city we know Philly should be.

David E. Williams
President
Taxpayers Protection Alliance



INTRODUCTION

Philadelphia's city government will spend a staggering $2,989 for every man, woman and child living in the City of Brotherly Love.[1] One and a half times higher than the median spent per citizen in the largest 100 cities throughout the United States.[2]

The problem is that this money is often used to fund wasteful endeavors with little oversight or accountability. The *Philadelphia Waste Report* highlights what amounts to rampant wasteful spending by city officials.

The information contained in this report results from an analysis of the city budget, audits, contracts, and grants, as well as interviews with policymakers and bureaucrats. The Taxpayers Protection Alliance has been able to produce a comprehensive collection of examples of government waste, fraud, and abuse of Philadelphians' tax dollars.

In total, this report highlights $282 million in annual wasteful spending taking place in dozens of city programs and agencies. Philadelphia's policymakers should either spend those hard-earned tax dollars more effectively or not spend them at all and return them to taxpayers in the form of tax cuts.

This report is intended as both an exposé informing taxpayers how poorly their local tax dollars are spent, and a guide for Philadelphia's government officials looking for opportunities to trim waste in the city budget and reduce the burden of government on Philadelphia's taxpayers.

Such a close look at the city's spending habits is needed now more than ever. The City of Philadelphia is on a path to financial ruin. According to the city budget, during the 2019 fiscal year, which runs July 1, 2018 – June 30, 2019, the city will spend $108 million more than it brings in.[3] As a result, city leaders are dipping into rainy day funds to keep the city afloat.

Despite a litany of tax increases and calls for fiscal restraint, Philadelphia's policymakers have yet to seriously pursue the sort of reasonable and responsible budget management needed to prevent additional and unnecessary tax increases and curb the runaway growth of spending.

In a July 2018 ranking of the best- and worst-run cities in America by Wallet Hub, Philadelphia ranked 134 among the 150 largest U.S. cit-

1 Based on FY2019 obligations of $4.725 billion (per City of Philadelphia. "The Mayor's Operating Budget in Brief for Fiscal Year 2019 as Approved by the Council – June 2018." P. 4. June 17, 2018.) and a population of 1,580,863 (per Joe Trinacria. "Pew report: Philadelphia remains the poorest of America's 10 largest cities." Philadelphia Magazine. April 6, 2018. (Available at: https://www.Philadelphiamag.com/news/2018/04/06/pew-report-poverty/.)

2 Ballotpedia. "Analysis of spending in America's largest cities." Accessed August 27, 2018. (Available at: https://ballotpedia.org/Analysis_of_spending_in_America%27s_largest_cities)

3 City of Philadelphia. "The Mayor's Operating Budget in Brief for Fiscal Year 2019 as Approved by the Council – June 2018." P. 3-4. June 17, 2018.

ies.[4] In other words, Philadelphia is the 17th-worst run city in America… and it gets worse.

Of cities with a population of more than 1 million, only New York City (nearly six times the population of Philadelphia) spends more tax dollars per resident than Philadelphia, according to a review of municipal budgets by the website Ballotpedia.[5]

In fact, the City of Brotherly Love spends considerably more per resident than U.S. cities with similar populations as Philadelphia. Philadelphia's government leaders spend 69 percent more per resident than San Antonio, 29 percent more than San Diego, 24 percent more than Phoenix, and 17 percent more than Houston.[6]

Despite Philadelphia's higher per-capita spending, the other three similarly sized cities fared much better in a ranking of the quality of city services. Phoenix ranked 44th out of the 150 largest cities in the United States, San Diego places 15th, while San Antonio places 48th, and Houston came in at 89th. Philadelphia rated near the very bottom – 138th out of 150.[7] Only economically devastated and crime-ridden cities such as Detroit, MI; Gary, IN; St. Louis, MO; and Flint, MI, fared worse.

More government spending does not necessarily equate to a better life for Philadelphians. In fact, it appears to be contributing to the city's high levels of unemployment and staggering poverty rate.

According to unemployment numbers released in October 2018 by the U.S. Department of Labor's Bureau of Labor Statistics, the unemployment rate in the Philadelphia metro area is 4.6 percent – 18 percent higher than the national average.[8] The Philadelphia area is tied for the 298th-best employment rate among the 388 U.S. metropolitan statistical areas.

Philadelphia has the highest poverty rate of any large city in America. In fact, 26 percent of the city's residents – approximately 400,000 people – live in poverty. Nearly half of those Philadelphians live in "deep poverty," according to a recent report by the Pew Charitable Trust.[9] That means one adult with two children lives on an income of less than $10,000 a year.

4 Adam McCann. "2018's best-and worst-run cities in America." Wallet Hub. July 9, 2018. (Available at: https://wallethub.com/edu/best-run-cities/22869/.)

5 Ballotpedia. "Analysis of spending in America's largest cities." Accessed August 27, 2018. (Available at: https://ballotpedia.org/Analysis_of_spending_in_America%27s_largest_cities.)

6 Ibid.

7 Ibid.

8 Bureau of Labor Statistics. "Local area unemployment statistics." United States Department of Labor. October 3, 2018. (Available at: https://www.bls.gov/web/metro/laummtrk.htm#laummtrk.f.p.)

9 Joe Trinacria. "Pew report: Philadelphia remains the poorest of America's 10 largest cities." Philadelphia Magazine. April 6, 2018.

TAXPAYERS PROTECTION ALLIANCE

PHILADELPHIA'S CITY GOVERNMENT WILL SPEND A

$2,989

FOR EVERY MAN, WOMAN, AND CHILD LIVING IN THE CITY

$278.9M

IN ANNUAL WASTEFUL SPENDING SPREAD

DURING THE 2019 FISCAL YEAR, THE CITY WILL SPEND

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MORE THAN IT BRINGS IN

PHILADELPHIA IS

17th

WORST RUN CITY IN AMERICA

UNEMPLOYMENT RATE

4.6%

18% HIGHER THAN THE NATIONAL AVERAGE.

26%

OF THE CITY'S RESIDENTS LIVE IN POVERTY

APPROXIMATELY 400,000 PEOPLE LIVE IN POVERTY

The city's hunger rates are increasing as well. From 2012 to 2017, the percentage of Philadelphians living in households the federal government classifies as "food insecure" increased from 16.7 to 18.3 percent – a nearly 10 percent spike.[10] During the same time span, national food insecurity numbers fell 29 percent.[11]

To make matters worse, the murder rate is at its highest level in more than a decade and 1,200 Philadelphians died of drug overdoses in 2017 – more than any other city in the country.[12]

Not surprisingly, fewer and fewer families want to call Philadelphia home. For every 100 families with children moving to Philadelphia, 270 are moving out, according to research from the Center for Labor Markets and Policy at Drexel University.[13]

The issues plaguing Philadelphia can be traced back to poor economic opportunities created by an environment that continues to foster high taxes, wasteful use of public resources, and an unwelcoming business climate caused by burdensome regulations and an uneven playing field for entrepreneurs.

What follows is a diagnosis of the full effect of the problem, which is the necessary first step in curing Philadelphia City Hall's addiction to wasting taxpayers' hard-earned money and an opportunity to jump-start the city's economy.

Contrary to what many city officials claim, Philadelphia does not have a revenue problem. As this report proves, the city has a spending and accountability problem. Philadelphia's elected officials and bureaucrats recklessly and wastefully fritter away money on projects and programs that do little to benefit residents.

Philadelphia's city budget is in dire need of an overhaul. This document provides a starting point for city leaders and citizens towards creating a Philadelphia that respects taxpayers enough to spend their money carefully and effectively.

10 Alfred Lubrano. "Report: Hunger in Philadelphia increases 22 percent." Philadelphia Inquirer. November 12, 2018. (Available at: http://www2.philly.com/philly/news/hunger-free-america-philadelphia-poverty-rate-food-insecurity-median-income-20181112.html?clearUserState=true.)

11 Ibid.

12 Ibid. and Crime Maps and Stats. "Current crime stats." Philadelphia Police Department. Accessed October 29, 2018. (Available at: https://www.Philadelphiapolice.com/crime-maps-stats/.)

13 Alfred Lubrano. "Philadelphia's population increased, but it's not all good, according to Census data." Philadelphia Inquirer. March 22, 2018. (Available at: http://www2.Philadelphia.com/Philadelphia/news/philadelphia-population-census-data-20180322.html.)

Philadelphia: the "Business Unfriendly" City

Philadelphia has long had a reputation as a "business unfriendly" city, where nickel-and-diming and onerous, unpredictable rules get in the way of enterprise, and a license is needed for almost anything. Individuals seeking to sell items on a recurring basis from their property (ie. multi-day yard sale) have to pay a $50 application fee for a Neighborhood Vending District License, followed by an additional $280 should the city approve the application. [14]

Sidewalk vendors need a Sidewalk Sales License ($330) but this is impossible to obtain unless the vendor already has a Use Registration Permit ($100) and a (free) Commercial Activity License. But sidewalk vendors only have the privilege of going through all of these steps if they're not on the "prohibited streets list," which contains 17 pages-worth of streets that are no-enterprise zones. [15]

To make matters worse, there's good reason to believe that these laws are not being impartially enforced. Philadelphia's law requiring a curfew time of 11 p.m. for takeout restaurants in residential neighborhoods is selectively enforced, according to the owners of 21 Chinese restaurants in the city.

According to an account published in *Philadelphia Magazine*, "the owner of Choy Yung Inn, a Chinese takeout located in the Point Breeze section of South Philadelphia, says that the restaurant has received 10 code violation tickets from police while a nearby pizza takeout restaurant routinely stays open after 11 p.m. and has never received a ticket." [16]

An astounding 96 percent of tickets referenced the ordinance in FY 2015, making Chinese small restaurant owners feel that they are being targeted for their ethnic background. Whether for racial or other reasons, favoritism in regulatory enforcement makes businesses think twice before investing resources into their enterprises, reducing prosperity and resulting in less taxable income being generated.

Even for larger businesses, onerous taxes make it difficult to expand, hire more workers, and offer competitive prices to consumers. The Business Income and Receipts Tax (BIRT), for instance, ensnares nearly 40,000 businesses with a 6.4 percent levy. Additionally, the city's Net Profit Tax claims up to 3.9 percent on noncorporate business income. [17]

While these taxes combined bring roughly $300 million worth of revenue to City Hall, lawmakers and city policymakers fail to consider the negative tax implications of limiting business opportunities and growth in this way. Workers employed in Philadelphia pay a wage tax rate of between 3 and 4 percent (depending on residency status), which means fewer jobs and, in combination with the higher BIRT or Net Profit Tax, less revenue opportunities for the city.

While it is difficult to estimate how consolidating taxes, in regulations, reducing prohibited activity areas, and rooting out police partiality would impact the city's fiscal picture, the breadth of barriers toward business in Philadelphia likely keeps revenue out of City Hall while diminishing trust between the city and its residents.

14 Mónica Marie Zorrilla. "Do you need a permit for a sidewalk sale in Philly? It depends." Billy Penn. July 25, 2018.
15 Ibid.
16 Victor Fiorillo. "Owners of 21 Chinese Restaurants Sue Philly for Racial Discrimination. Philadelphia Magazine. November 15, 2018.
17 Joseph N. DiStefano. "Another trim for Philly's many business taxes?" The Philadelphia Inquirer. October 25, 2018.

GOVERNMENT OPERATIONS

TAXPAYERS PROTECTION ALLIANCE

City Bookkeepers Misplace Millions

Sloppy bookkeeping is nothing new for the City of Philadelphia, which made at least $924 million in bookkeeping errors in 2017 alone.[18] Still, the incompetence of Philadelphia's finance leaders reached new lows when it was revealed the city could not find $33.3 million that went missing from its largest cash account.[19]

City Controller Rebecca Rhynhart told CBS 3's Eyewitness News the money could be anywhere. "It could be the money was mistakenly deposited in the wrong city account," she said. "It could be worse. I mean, it could be that a portion of it is actually missing or it could be theft."[20]

According to Rhynhart, "the finance director and the treasurer didn't reconcile [the city's main cash account] for close to three years, from fiscal year 2015 to almost the end of fiscal year 2017. Every day, the Treasurer's Office is supposed to take a report from the Finance Department, and they're supposed to check that [report] with the amount of money in the bank. It wasn't done at all for close to three years."[21]

Since the city was incapable of figuring out where the cash went, Philadelphia residents were forced to pay $500,000 to an outside accounting firm in hopes of tracking down the money.[22]

The firm was able to locate most of the money, over $500,000 remainder missing as of February 2019.

City Government Faces a Sexual Harassment Epidemic

A city audit released in July of 2018 revealed that taxpayers were forced to pay out $2.2 million to settle sexual harassment claims between July 2012 and April 2018.[23] Law Department documents unearthed as part of the audit show that a minimum of 63 instances of sexual harassment by city employees were investigated and substantiated during that period.

The shocking $377,143 in average annual settlement expenses almost certainly does not represent the full amount the city has forced residents to pay in order to sweep sexual harassment claims under the rug.

According to a review of the audit by *Philadelphia Inquirer* reporter Anna Orso, the city has "inadequate internal systems meant to track litigation, making it nearly impossible for officials to identify all sexual misconduct cases."[24] As a result, the total amount paid out in sexual harassment claims is likely considerably higher than the $2.2 million discovered during the audit process.

Unfortunately, the city seems largely disinterested in doing the one thing that would unquestionably reduce the cost of sexual harassment settlements to taxpayers: prevent sexual harassment in the first place.

Auditors found that more than 70 percent of city employees working in positions responsible for overseeing sexual harassment complaints either had never been trained or had outdated training regarding sexual harassment prevention.[25] A charter amendment passed by city voters in May of 2018 mandates that city employees receive sexual harassment training every three years. The majority of the city's sexual harassment training, however, will take place online.[26] Many experts believe online pro-

18 Claudia Vargas. "Sloppy city bookkeeping ripe for abuse, Philly Controller says in audit." Philadelphia Inquirer. June 12, 2018. (Available at: http://www2. Philly.com/Philly/news/politics/philadelphia-worst-accounting-942-million-errors-missing-33-million-rebecca-rhynhart-20180612.html.)
19 Greg Argos. "Tens of millions of taxpayer dollars missing from Philadelphia's largest cash account." CBS 3. April 27, 2018. (Available at: https://philadelphia.cbslocal.com/2018/04/27/33-million-dollars-philadelphia-taxpayer-money-missing/.)
20 Ibid.
21 Claire Sasko. "Rebecca Rhynhart explains how the Philly managed to misplace $33 million." Philadelphia Magazine. June 14, 2018. (Available at: https://www.Phillymag.com/news/2018/06/14/rhynhart-controller-audit-report/.)
22 Greg Argos. "Search continues for tens of millions in missing Philadelphia taxpayer money." CBS 3. May 7, 2018. (Available at: https://philadelphia.cbslocal.com/2018/05/07/search-continues-for-tens-of-millions-in-missing-philadelphia-taxpayer-money/.)
23 Ballotpedia. "Analysis of spending in America's largest cities." Accessed August 27, 2018. (Available at: https://ballotpedia.org/Analysis_of_spending_in_America%27s_largest_cities)
24 Ibid.
25 Ibid.
26 Ibid.

grams are far less effective than in-person training.[27]

The biggest indication that the city refuses to take sexual harassment seriously is the continued employment of Philadelphia Sheriff Jewell Williams despite persistent allegations of inappropriate behavior. No fewer than three women have accused Williams of sexual harassment or sexual misconduct. In 2018, the City Controller's Office substantiated at least one of the harassment claims against Williams.[28]

Philadelphia City Council Approves Exorbitant, Unnecessary Expenses

Philadelphia city council members receive a very unusual – and unnecessary – perk: A new car to use as their own, as well as an unlimited supply of gas.[29] In some places in America, city and county mayors have use of a car. But it is highly unusual for an entire city council to get a free set of wheels and all the gas they can use.

In 2017, the city spent $320,970 purchasing the council members a fleet of 13 brand new Chevrolet Equinox SUVs.[30]

The expenses didn't stop there.

Last year alone, council members stuck city residents with a $46,000 bill to pay for maintenance and the 8,790 gallons of gas they used. Councilwoman Jannie Blackwell devoured 1,294 gallons of gas at taxpayers' expense in 2017 – 35 percent more than the next most gas-guzzling council member.[31]

Councilwoman Cherelle Parker not only burned through 959 gallons of gas last year, she also cost taxpayers $3,485 after she was involved in a fender-bender just a few months after she received her new ride.[32]

Philadelphia council members are already among the best-paid local elected officials in America, earning annual salaries of $130,000 or more – in a city where the median household income is just over $41,000 a year.[33] There is no reason that taxpayers who are struggling to make ends meet should be expected to buy brand new cars and an unlimited supply of fuel for public servants who make comfortable six-figure salaries.

Rampant Misuse of Petty Cash

During their annual inspection of the departments within the Philadelphia municipal government, city auditors found dozens of examples of misused and poorly managed petty fund accounts.

Money that is supposed to be used for small, incidental costs to save the trouble of writing a check is often given out without documentation or spent on things, or in ways, that aren't allowed under city rules.

In one instance, an Office of the Managing Director employee used $41 from the petty cash drawer to pay for a parking ticket.[34] In another, the Office of Fleet Management circumvented the city's $500 petty cash limit by splitting $900 and $700 payments into a number of smaller payments.[35]

Other departments can't locate sizeable sums of money from their petty cash accounts. More than $10,000 in petty cash has been lost or stolen from the Office of the Sheriff.[36] The Streets Department can't find $2,994 in petty cash; the City Commissioners Office's petty cash drawer is missing $1,962; $199 has vanished from the Department of Parks and Recreation's petty cash ac-

27 Anna Orso. "You can vote to mandate sexual-harassment training for Philly city employees. But will it work?. Philadelphia Inquirer. May 14, 2018. (Available at: http://www2.Philly.com/Philly/news/philadelphia-ballot-sexual-harassment-training-election-day-primary-20180514.html.)

28 Anna Orso and Holly Otterbein. "A sexual harassment complaint against Sheriff Jewell Williams was substantiated this year, documents show." Philadelphia Inquirer. July 19, 2018. (Available at: http://www2.Philly.com/Philly/news/philadelphia-sheriff-jewell-williams-sexual-harassment-case-substantiated-mayors-office-controller-20180719.html.)

29 Max Marin. "Council members guzzle free gas in new city-owned cars." Philadelphia Weekly. March 19, 2018. (Available at: http://www.philadelphiaweekly.com/news/council-members-guzzle-free-gas-in-new-city-owned-cars/article_11fe5d78-2b5f-11e8-82c5-d74b4751bcef.html.)

30 Ibid.

31 Ibid.

32 Ibid.

33 Ibid. and Fabiola Cineas. "Here's How Much Income Puts You in Philadelphia's Top 1 Percent." Philadelphia Magazine. June 16, 2017. (Available at: https://www.phillymag.com/business/2017/06/16/philadelphia-top-1-percent-income/.)

34 City of Phil0adelphia, Pennsylvania. Office of the Controller. "Annual Auditor's Report on Philadelphia City Departments Fiscal Year 2017." March 20, 2018. P. 19. (Available at: http://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/FY_2017_Annual_Departmental_Audit_Report_.pdf.)

35 Ibid. P.61.

36 Ibid. P. 127.

count; and the Office of Homeless Services has a petty cash shortage of $107, according to an audit published in March of 2018.[37]

It's against city guidelines for local government agencies to use petty cash on food or refreshment for internal meetings. That didn't stop at least six government departments from doing exactly that. Among the departments that enjoyed snacks and sodas at the expense of taxpayers were:

- → $3,266 for the City Council;
- → $1,426 for the Department of Parks and Recreation;
- → $997 for the Department of Streets;
- → $973 for the Law Department; and
- → $666 for the District Attorney's Office.[38]

In total, more than $24,231 in petty cash funds were reported lost or misused during the 2017 fiscal year.

City Regularly Loses Track of Assets

The City of Philadelphia owns hundreds of millions of dollars' worth of equipment ranging from heavy machinery to healthcare equipment to computers. A 2017 audit determined that the city does a horrible job at keeping track of all that taxpayer-funded gear.

In a sample conducted as part of the audit, 53 percent of the equipment owned by the city couldn't be properly located in the database used to keep track of city assets.[39] Worse, out of the 350 city-owned items tested by auditors, 187 items worth more than $300,000 have vanished.[40]

The highest price tags for pieces of equipment that the city can't seem to locate include:

- → $16,665 for a GPS system (irony alert) purchased by the Office of Innovation & Technology;
- → $14,997 for a defibrillator purchased by the Fire Department;
- → $12,326 for a generator purchased by Fleet Management;
- → $11,844 for a 192 GB Dell server purchased by the Police Department;
- → $8,611 for a thermal imaging camera purchased by the Fire Department;
- → $6,590 for a Panasonic DVR purchased by the Office of Innovation & Technology.[41]

Also found missing were: 48 desktop computers, 29 portable communication radios, 11 laptop computers, 11 monitors, 2 cameras, an electronic easel, a sound system, a mountain bike, a pool vacuum, a commercial lawn mower, and a pneumatic jackhammer.[42]

As of June 2016, the city government's inventory database included more than 121,000 pieces of equipment valued at almost $600 million.[43] If city bureaucrats are as bad at keeping track of all equipment as they were at keeping tabs on the 350 objects inspected in the audit, almost $318 million worth of taxpayer-purchased items may be lost or misplaced.

City Using Costly, Antiquated Computer System to Manage Prisons

The computer system used by the Philadelphia Department of Prisons is in serious need of an upgrade. The Department's $259 million annual budget, which funds the incarceration of more than 5,200 individuals, is managed using a 20-year-old software platform.[44] To make matters worse, the system is so antiquated that

37 Ibid. Pgs. 28, 42, 56, and 130.
38 Ibid. Pgs. 3, 23, 28, 43, 94, and 123.
39 City of Philadelphia, Pennsylvania. Office of the Controller. "Procurement Department: City Lacks Accountability and Control over Computer and Other High-Tech Equipment." September 12, 2017. P. 5. (Available at: https://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/CityEquipmentAudit_September2017.pdf.)
40 Ibid.
41 Ibid.
42 Ibid. P. 5-6.
43 Ibid. P. 3.
44 Samantha Melamed and Claudia Vargas. "How Philly spent $5 million and got … absolutely nothing." Philadelphia Enquirer. August 8, 2018. (Available at: http://www2.Philly.com/Philly/news/pennsylvania/philadelphia/Philly-city-hall-saic-jail-management-system-upgrade-it-failure-20180808.html.)

the only person capable of providing technical support for the software is a Colorado rancher that breeds and trains horses as his primary job.[45]

In 2014, the Department offered a $7.2 million contract to Science Applications International Corporation (SAIC) to create an Integrated Jail Management System.[46] The modern, cloud-based software system would replace the Clinton administration-era platform and oversee prisoner, staff, and budgeting data.

But it never happened.

The D.C. area company chosen for the project was largely unfamiliar with designing software platforms for jails and based the system on Salesforce, a customer-relationship management platform that was never tested for inmate management capabilities.[47] It was later determined that the Department of Prisons allowed SAIC to write the request for proposals, all but guaranteeing that the company would win the contract for the project.[48]

Ultimately, SAIC received $5.6 million from taxpayers before the city finally gave up and terminated the company's contract in March of 2018.[49] City officials now concede that off-the-shelf software designed specifically for prison management would have been a much cheaper and more successful alternative.[50]

In the end, the Department of Prisons wasted $5.6 million dollars from Philadelphia residents and still uses the software program from 1995 to oversee its operations.

Wasted Funds on Incomplete Software Projects

Wasting money on unused computer upgrades is nothing new for Philadelphia's city officials. The $5.6 million squandered on a Department of Prisons software platform overhaul that was never completed is just the tip of the iceberg.

In fact, since 2011, the City of Philadelphia has spent at least $44.8 million on computer software projects that are either incomplete, saddled with massive cost overruns, or altogether abandoned.[51]

The city's costly tech disasters also include:

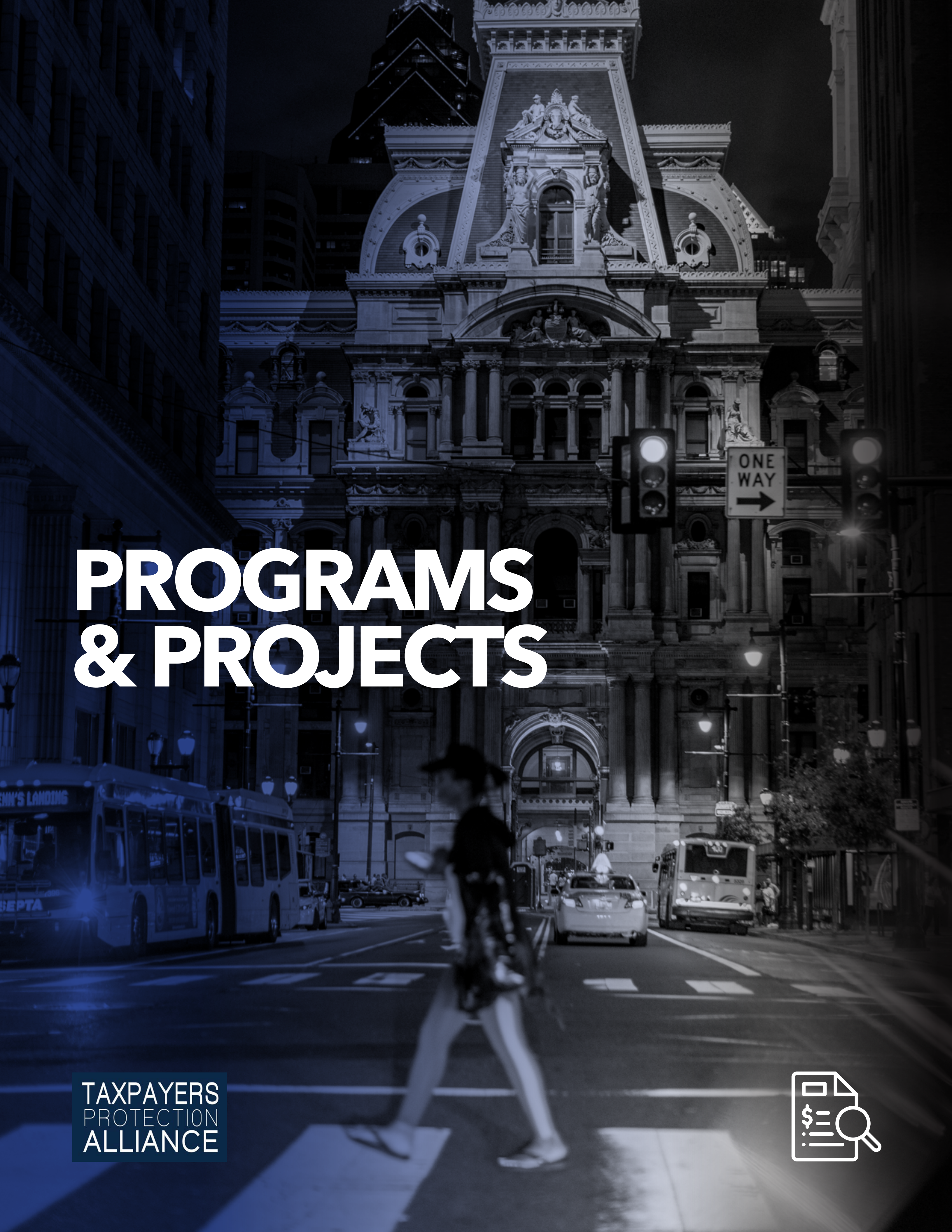
- → OnePhilly, a platform to manage city personnel, pension, benefits, and payroll data, that has ballooned in price from $15.3 million to $26.3 million and is at least 4 years behind schedule.
- → An electronic commercial licensing system with an original price tag of $4 million was slated to be operational in 2015, but is still only half-completed despite expenditures increasing to $10.7 million.
- → A new budgeting system that cost taxpayers $1.6 million, but does not currently work and will likely be completely scrapped.[52]

Perhaps the city's most notorious hi-tech boondoggle involved its seemingly never-ending struggle to develop an updated computerized property assessment system. In 2011, after already paying $4.3 million, the Nutter administration scrapped an online platform to generate more accurate property assessments and tax bills.[53] Four years later, the city agreed to a $4.7 million contract to build a Computer Assisted Mass Appraisal system that was never ratified due to disagreements over completion dates.[54]

In 2018, city officials signed a $7 million contract to give the property assessment platform another shot – but there's no guarantee that the third time will be a charm for taxpayers.[55]

45 Evans Gait. "Training." September 2, 2018. (Available at: http://www.evansgait.com/.)
46 Ibid.
47 Ibid.
48 Ibid.
49 Ibid.
50 Ibid.
51 Claudia Vargas. "City Hall computer upgrades plagued by years of delays, millions in extra costs." Philadelphia Inquirer. August 4, 2017. (Available at: http://www.Philly.com/Philly/news/politics/city/city-hall-computer-upgrades-plagued-by-years-of-delays-millions-in-extra-costs-20170804.html?arc404=true.)
52 Ibid.
53 Ibid.
54 Ibid.
55 Ibid.

PROGRAMS & PROJECTS



TAXPAYERS PROTECTION ALLIANCE

The City Is Throwing Millions of Dollars in the Trash

In 2009, Philadelphia spent millions of dollars installing hundreds of $3,700 solar-powered Bigbelly trash compactor trash cans throughout the city.[56] At the time, the city sold Philadelphia residents on the pricey trash cans by claiming they would be more durable than a traditional $100 wire trash can, as well as save man hours and fuel costs by decreasing the frequency of trash collections.[57] But the trash cans have been a boondoggle for taxpayers, wasting more than $6.5 million since the ill-fated experiment began.[58]

Issues plaguing the city's Bigbelly trash care program include:

- → Maintenance for the trash cans was originally estimated at $45,000 a year, but is actually at least $171,693 annually, almost four times the originally estimated cost;
- → The city forgot to include the trash cans' annual software monitoring costs of $130,000 in the project's original budget estimates;
- → The cost of expensive accessories needed for the Bigbelly compactors to operate, such as door parts ($75,000), batteries ($75,000), skin wraps ($46,000), and solar panels and kits ($53,000), were omitted in the city's initial estimates; and
- → The Streets Department paid a professional services contractor to clean 697 Bigbelly units at a cost of $88,000, or $126 each, even though the city could have contracted with Bigbelly to clean the bins for about $15,000 cheaper.[59]

Former City Controller Alan Butkovitz called the trash bins "practically useless" after his office determined the city was not effectively using the monitoring technology to keep track of when the cans were full.[60] To make matters worse, at any given time about one-third of all the Bigbelly trash cans in the city were not working correctly, according to an investigation by the Office of the Controller.[61]

A private company recently paid for a new set of 275 Bigbelly trash compactors in exchange for revenues generated by covering the massive garbage cans in ads.[62] While that's promising news for taxpayers, the city still pays to maintain about 1,000 Bigbelly trash cans throughout Philadelphia at a cost of about $260,000 per year.[63]

City officials need to recognize what many taxpayers have known for a long time: the Bigbelly trash bins are garbage. If the city buys any more of them, it will just be throwing good money in the trash.

Taxpayers Foot Bill for Upscale Golf Clubhouse

Philadelphia may have the highest poverty rate of any large city in America, but that didn't stop city officials from spending big bucks on a game that appeals largely to the rich.

Golfers in America have an average household income of $100,980 -- more than double that of non-golfers – and an average net worth of $768,400.[64] But for some reason, the mayor and city council decided this well-heeled demographic needed a handout of Philadelphians' tax dollars.

The 2018 city budget chipped in $1.6 million towards the construction of a new clubhouse at Cobbs Creek Golf Club to replace a previous clubhouse that was lost in a fire.[65] The swanky new taxpayer-subsidized clubhouse includes a bar, golf shop, and several big-screen TVs, all of which will be used by almost none of Philadelphia's 400,000 residents who live in poverty.[66]

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56 City of Philadelphia, Pennsylvania. Office of the Controller. "Follow-up Review of Bigbelly Operations." June 2017. P. 1. (Available at: https://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/BigbellyReport_June2017.pdf.)

57 Ibid. P. 1-2.

58 Ibid. P. 3.

59 Ibid. P. 2-3, 6.

60 Hayden Mitman. "City Controller: Philly threw millions in the trash through 'solar' garbage bins." Metro. June 22, 2017. (Available at: https://www.metro.us/news/local-news/philadelphia/city-controller-Philly-threw-millions-the-trash-through-solar-garbage.)

61 Ibid.

62 Danya Henniger. "A map of Philly's new foot-pedal Bigbelly trash cans." Billy Penn. November 16, 2017. (Available at: https://billypenn.com/2017/11/16/map-where-Phillys-foot-pedal-bigbelly-trash-cans-are-located/.)

63 City of Philadelphia, Pennsylvania. Office of the Controller. "Follow-up Review of Bigbelly Operations." June 2017. P. 3.

64 Bench Craft Company. "Golfer Demographic." Accessed October 2, 2018. (Available at: https://www.benchcraftcompany.com/demographics/.)

65 Philadelphia City Council. "FY 2018 Mayor's Operating Budget Detail – Book 2." Sec. 45, p. 4. (Available at: http://phlcouncil.com/wp-content/uploads/2018/03/Book-2-Sections-39-59.pdf.)

66 Morning Read. "Philly's Cobbs Creek reopens clubhouse." September 25, 2017. (Available at: http://www.morningread.com/releases/f0f-

Regressive Tax Used to Fund Program Waste

In 2016, Philadelphia City Council enacted a massive and regressive tax increase on sweetened beverages. Sodas, certain fruit drinks and even calorie-free diet beverages were slapped with a tax of 1.5 cents per ounce – a rate 24 times higher than Pennsylvania's state tax on beer.[67]

Local lawmakers justified the Philadelphia Beverage Tax by promising to spend a majority of the revenues collected by the new tax on expanding the number of pre-kindergarten classrooms available to the city's children.

Since the tax has been in effect, it has failed to generate projected revenues. The soda tax was supposed to produce $92 million annually for the city, but revenues consistently underperform estimates by more than $1 million a month. In the 2018 fiscal year, the tax brought in just $77.4 million – nowhere close to the expected revenues – throwing the entire pre-K funding structure into doubt.[68]

In recent years, state and local governments have eliminated or reformed regressive taxes, such as sales taxes on groceries and fees that increase the cost of driving, which make poorer citizens pay higher taxes relative to their incomes than wealthier people. Philadelphia has gone the other way by passing a tax that disproportionately harms the city's low-income residents for services that will serve all Philadelphians, regardless of income level.

The tax has also proved destructive to city businesses. A report from Mathematica Policy Research found that 33 percent of Philadelphians now buy beverages and other groceries outside the city limits to avoid the tax.[69] This has cut into the bottom lines of supermarkets and convenience stores throughout Philadelphia. It also left more than 100 Philadelphia residents unemployed; local Coca-Cola and Pepsi distributors reported laying off a combined 140 workers as a result of the tax.[70]

To make matters worse, the tax was passed under some very dubious circumstances.

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Mayor Kenney was supported in his effort to ratify the soda tax by a group called Philadelphians for a Fair Future. The organization allowed out-of-town billionaire political puppet masters like former New York City Mayor Michael Bloomberg and ex-hedge fund trader John Arnold to siphon money into TV ads, polls, and lobbying without having to come clean about their spending.[71]

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Additionally, five different groups and individuals who lobbied for the passage of the soda tax failed to legally disclose their lobbying activities.[72] The Philadelphia Board of Ethics penalized the offenders with a litany of fines and fees. The board also determined that the Mayor's Office and one of the lobbyists who violated city ethics laws contrived a plan to protest a councilmember who opposed the tax.[73]

And now, two years into the tax's implementation, much of the tax revenue isn't directly going to students in the new pre-K program. It turns out that a sizeable chunk of money collected by the already questionable Philadelphia Beverage Tax is wasted by pre-K providers who scam the city by overbilling for students who never attended the program. By reviewing a limited sample of pre-K classrooms, auditors found that the Philadelphia Health Management Corporation, which administers the pre-K program for the city, paid a total of $102,350 to four pre-K sites for students who were eligible for the program, but never showed up.[74]

Inspectors also determined that a number of the city's

84bce-027c-4135-9890-560e9ce64558.) and Joe Trinacria. "Pew report: Philly remains the poorest of America's 10 largest cities." Philadelphia Magazine. April 6, 2018.

67 Courtney Shupert and Scott Drenkard. "Soda Tax Experiment Failing in Philadelphia Amid Consumer Angst and Revenue Shortfalls. Tax Foundation. August 3, 2017. (Available at: https://taxfoundation.org/philadelphia-soda-tax-failing/.)

68 Ibid. and Alison Burdo. "First full year of soda tax revenue puts city $13M+ short of goal." Philadelphia Business Journal. January 26, 2018. (Available at: http://www.bizjournals.com/philadelphia/news/2018/01/26/Philly-beverage-tax-soda-tax-pbt-2017-year-revenue.html.)

69 Adam Hermann. "Philadelphia's soda tax is just making people buy their sugary drinks outside city limits." Philadelphia Magazine. Septe,ber 21, 2018. (Available at: https://www.phillyvoice.com/philadelphias-soda-tax-just-making-people-buy-their-sugary-drinks-outside-city-limits/.)

70 Ibid.

71 Holly Otterbein. "Meet the dark money forces behind Philly's soda tax." Philadelphia Magazine. June 26, 2016. (Available at: http://www.Phillymag.com/citified/2016/06/27/jim-kenney-soda-tax-dark-money/.)

72 Ryan Briggs. "Board of Ethics cites lobbying groups linked to Philly soda tax push." City and State Pennsylvania. July 19, 2018. (Available at: https://www.cityandstatepa.com/content/board-ethics-cites-lobbying-groups-linked-Philly-soda-tax-push.)

73 Ibid.

74 City of Philadelphia, Pennsylvania. Office of the Controller. "Mayor's Office of Education: Review of PHL Pre-K Initiative." December 20, 2017. P. 21. (Available at: https://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/Final_Report_ENG_206618.pdf.)

pre-K classroom locations did not meet promised quality standards. Contractors received money from the city to host pre-K classes in classrooms with "mice that scurried by, walls and floors that were very dirty, gaping holes inside and outside of the premises, and several other obvious safety deficiencies."[75]

An Antipoverty Effort That Left Philadelphians Poorer

The Office of Community Empowerment and Opportunity (OCEO) was created by executive order in 2013 by then-Mayor Michael Nutter. When it was created, OCEO was tasked with reducing poverty by expanding access to public benefits, increasing housing and economic security, creating jobs, and improving early childhood learning.[76] Despite spending more than $65 million in combined city, state, and federal money over the past five years, OCEO has done almost nothing to improve the lives of Philadelphia's poor.

OCEO has managed to help less than 1 percent of the city's poor, according to *The Inquirer*. In fiscal year 2017, the agency helped just "4,720 people — about 1 percent of the city's poor — sign up for benefits, 99 people improve their credit score by at least 35 points, and 45 people open bank accounts," the paper found.[77]

In fact, a recent progress report published by OCEO admitted that only four of the Office's 25 stated goals were met.[78]

Since the Nutter administration concocted OCEO, Philadelphia's poverty levels have remained constantly above 25 percent.[79] At the same time, the national poverty rate plummeted 17 percent to less than 1 in 8.[80] Philadelphia now has the highest poverty rate among the 10 largest U.S. cities.

While OCEO has failed in reducing poverty, the Office has proven adept at wasting tax dollars. For example, OCEO gave $7 million in state funds to the Jewish Employment and Vocational Service.[81] The money was supposed to be used to find jobs for low-skilled workers and individuals on welfare. With that $7 million, however, the nonprofit helped just 108 individuals find jobs.[82]

As a result, taxpayers paid nearly $65,000 for every person who found a job through the program.

The OCEO is also known for handsomely rewarding its failing leadership with bloated salaries. Even though the Office has been an abject failure and a near-total waste of money under his leadership, OCEO's executive director Mitch Little rakes in $130,000 a year courtesy of taxpayers.[83]

Last year, Little spent an additional $55,000 on an assistant, $40,000 on a scheduler, and $160,000 on consultants, including a personal speechwriter.[84]

Prison System Inventory Errors

PhilaCor is a program managed by the Philadelphia Prison System to prepare incarcerated persons for re-entry into society by teaching job skills. This well-intentioned effort robs taxpayers of their hard-earned money, according to a December 2015 audit.

The Controller's Office found that PhilaCor's poor inventory management system led to unnecessary and erroneous purchases. For example, PhilaCor accidentally placed a duplicate order for office chairs. Ordering twice as many chairs as were needed wasted $31,359. Rather than sending back the extra chairs, PhilaCor recorded them as "personal property," apparently in hopes of hiding the mistake.[85]

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75 Ibid. P. 9.

76 Claudia Vargas and TyLisa C. Johnson. "Philly antipoverty office: Lack of clout, vision, and leadership." Philadelphia Enquirer. September 13, 2018. (Available at: http://www2.Philly.com/Philly/news/special_packages/broke-in-Philly/philadelphia-anti-poverty-office-few-measurable-accomplishments-20180913.html?clearUserState=true.)

77 Ibid.

78 The Office of Community Empowerment and Opportunity. "One City. One Future. Shared Prosperity 2017." Pp. 29-33. 2017. (Available at: http://sharedprosperityphila.org/documents/CEO_Shared_Prosperity_Progress_Report_2017.pdf.)

79 Statista. "Poverty rate in the United States from 1990 to 2017." 2018. (Available at: https://www.statista.com/statistics/200463/us-poverty-rate-since-1990/.)

80 Ibid.

81 The Office of Community Empowerment and Opportunity. "One City. One Future. Shared Prosperity 2017." Pp. 29-33. 2017.

82 Ibid.

83 Ibid.

84 Ibid.

85 City of Philadelphia, Pennsylvania. Office of the Controller. "PhilaCor: Improvements Needed In Accounting and Operational Procedures." Pp. 15-16. December 2015. (Available at: https://controller.phila.gov/wp-content/uploads/2018/06/PrisonSystem_PhilaCorAudit_December2015.pdf.)

The Office of Violence Prevention Fails to Prevent Crime

Last year, after coming under fire for unaccountable spending and failing to reduce gun violence, city leaders streamlined a number of violence-prevention efforts into a centralized Office of Violence Prevention.

No one can agree exactly how much this new agency spends trying to reduce violent crimes. City officials identified $60 million annually in federal, state, and city funding that went towards preventing gun violence in 2017. The Office of Violence Prevention now claims that figure is closer to $48 million.[86]

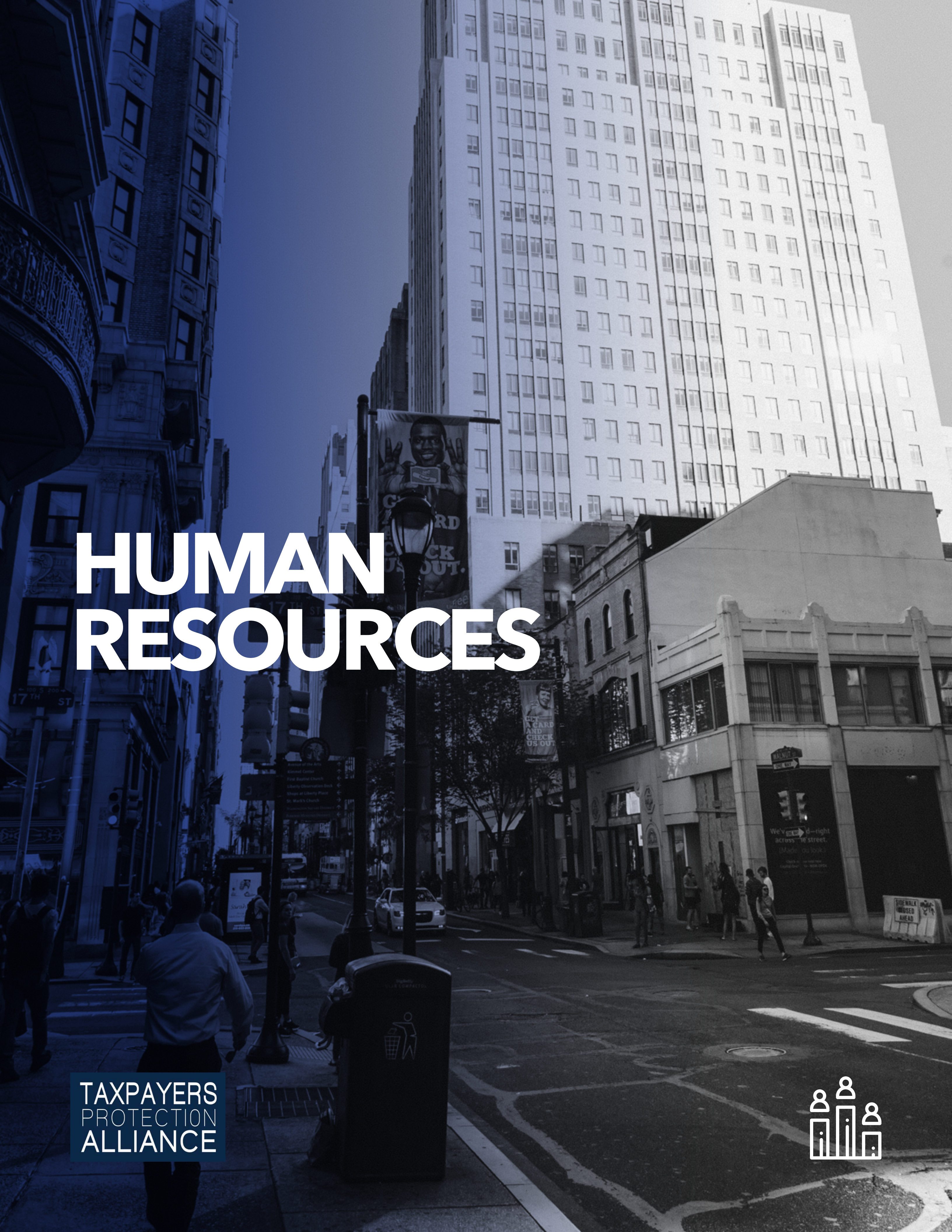
Either way, it's a lot of money. And either way, it's not working. Fatal shootings have increased by more than 20 percent from 2017 to 2018, and gun violence is up nearly 15 percent over the past year.[87]

As the Office of Violence Prevention unsuccessfully attempts to thwart crime, program administrators rake in six-figure salaries.

According to *Daily News* columnist Helen Ubiñas, the deputy managing director for Criminal Justice and Public Safety, Garrett Harley, earns $164,800 annually.[88] Taxpayers spend $133,900 a year to pay the salary of Theron Pride, the city's senior director of Violence Prevention Strategies and Programs. In addition, Shondell Revell, the head of the Office of Violence Prevention makes $118,450, despite a marked increase in murders since he was hired specifically to reduce the number of murders in Philadelphia.[89]

86 Helen Ubiñas. "When will the millions Philly spends on antiviolence actually work." Philadelphia Enquirer. September 28, 2018. (Available at: http://www2.Philly.com/Philly/columnists/helen_ubinas/philadelphia-office-of-violence-prevention-guns-violence-helen-ubinas-20180928.html.)
87 DataHub. "Philadelphia Shooting Victims." Philadelphia Media Network. October 1, 2018. (Available at: http://data.Philly.com/Phill/crime/shootings/?csYear=)
88 Ubiñas. September 28, 2018
89 Ibid.

HUMAN RESOURCES



TAXPAYERS PROTECTION ALLIANCE

Overtime Pay Policies Regularly Abused

It seems that Philadelphia city employees either have an insurmountable workload or are slow-walking available work; the city spent an astonishing $175 million in overtime during the 2018 fiscal year, nearly $40 million more than was budgeted.[90]

While overtime can be a reasonable and necessary part of any workplace from time-to-time, it seems many Philadelphia city workers are taking advantage of lax overtime policies to pad their hours and pocket extra money every month.

Unfortunately, due to the way the city's retirement system is set up, municipal employees have a large long-term incentive to unnecessarily seek overtime hours. City workers' pensions are calculated at 80 percent of the average of their three highest salaries over the course of their career.[91]

Since City of Philadelphia employees can retire at 55 with a full lifetime pension, a worker who pads his salary by an average of $10,000 in overtime pay during his final three years of employment costs city taxpayers a total of $240,000 extra if he collects a pension for 30 years.

As a result, when city employees game the overtime system, they not only fleece taxpayers in the short term, but are helping to bankrupt Philadelphia and contribute to the insolvency of the city's retirement fund for decades to come.

Philadelphia youth-detention counselor Joy Hurtt hasn't been helping matters.

Hurtt more than tripled her $49,551 salary by working thousands of hours of overtime. The 66-year-old claimed to work 71 additional 40-hour weeks' worth of extra pay. In total, Hurtt raked in a total of $161,000 during the 2018 fiscal year, according to *Philadelphia Inquirer* reporter Claudia Vargas.[92]

While Hurtt was certainly one of the more extreme examples, she is not alone. Her 79 youth-detention counselor colleagues collected an average of $23,000 in additional overtime pay and thousands more city employees are bilking taxpayers by claiming excessive and unnecessary overtime.[93]

Other examples of excessive overtime pay in city departments include:

- → The Philadelphia Police Department, which doles out an average of $1.7 million per month in overtime payments to officers sitting in court waiting to testify about cases.[94]
- → The Division of Aviation, where a payroll clerk was paid 197 days of overtime totaling more than $42,000 in a seven-month period, despite no documentation to support the excessive overtime hours worked.[95]
- → The Department of Revenue's Mail Center, which, during an eight-week span in 2016, falsified more than $9,385 worth of overtime payments for employees who were not at the job site.[96]

Faulty Payroll Software Gives City Workers Same Pay for Less Hours

A glitch in a new human resources computer system means almost half of the city government's workforce will either work 10 fewer hours a week for the same pay, or work their current schedule and make thousands more per year beginning in 2019.

90 Claudia Vargas. "Philly city worker triples salary with overtime, adding to record OT bill for year." Philadelphia Inquirer. August 16, 2018. (Available at: http://www2.Philly.com/Philly/news/politics/philadelphia-city-government-record-overtime-expenses-20180816.html.)

91 Claudia Vargas. "Big pensions add to city's retirement fund woes." Philadelphia Inquirer. May 23, 2016. (Available at: https://www.Philly.com/Philly/news/20160523_Big_pensions_add_to_city_s_retirement_fund_woes.html.)

92 Claudia Vargas. "Philly city worker triples salary with overtime, adding to record OT bill for year." Philadelphia Inquirer. August 16, 2018.

93 Ibid.

94 Claudia Vargas and Chris Palmer. "Philly cops waiting to testify in court cost city millions in OT." Philadelphia Inquirer. April 5, 2018. (Available at: http://www.Philly.com/Philly/news/politics/philadelphia-police-overtime-57-million-waiting-to-testify-in-court-20180403.html?arc404=true.)

95 City of Philadelphia, Pennsylvania. Office of the Controller. "Annual Auditor's Report on Philadelphia City Departments Fiscal Year 2017." March 20, 2018. P. 91. (Available at: http://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/FY_2017_Annual_Departmental_Audit_Report_.pdf.)

96 City of Philadelphia, Pennsylvania. Office of the Controller. "Revenue Department Mail Center Operations: Review of Time Fraud." October 11, 2016. (Available at: https://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/MailCenter_TimeFraud_October2016.pdf.)

The city has thousands of workers whose job requires them to work 7.5 hours a day, and thousands more who work eight-hour days. Apparently the $44 million software program has difficulty keeping track of both groups, so city officials opted to classify 13,400 employees as working 7.5 hour days rather than create confusion for the computers. The decision will cost Philadelphia taxpayers minimum of $7 million in additional payroll expenses annually.[97]

According to the *Philadelphia Inquirer*, the exorbitant costs arise because "(s)ome employees who currently work eight-hour days will be moved to a 7.5-hour schedule but paid the same salary. Other workers whose jobs require them to work eight hours must maintain that schedule and will be paid *more* for what, on paper, will be considered an extra 30 minutes a day. And the shorter workday means 11,000 who are eligible for overtime will see a 10 percent increase in their overtime pay rate."[98]

City employee costs and overtime costs are already at an all-time high, and will undoubtedly be exacerbated by a $44 million payroll software system that can't manage to separate two categories of employees. City leaders are forcing taxpayers to shell out millions of additional dollars rather than fixing the software's shortcomings.

Deferred Retirement Allows for Double Dipping by City Employees

DROP – or the Deferred Retirement Option Plan – is a wasteful and widely reviled program that allows municipal employees to double-dip by collecting both their salaries and their pensions during their four final years on the job.[99] The goal of the program is to incentivize long-term employees to stay in their positions longer. These workers can continue to receive paychecks and stop paying into their pensions. Then, once they retire, the city cuts them a check for the amount they would've collected in pension payments for the four years they could've been retired but continued to work.

The program was intended to keep high-quality firemen and police officers from retiring early to collect their pension, then taking another job elsewhere. But Philadelphia expanded its DROP program to allow almost any city worker to participate – and more than 11,000 have opted in.[100] As a result, DROP has decimated the city's pension fund, which is already $6.1 billion in the red, by forcing the account to unnecessarily make massive outlays it can't afford.[101]

Between 2010 and 2017, the DROP program cost city taxpayers $62 million – an average of $7.8 million per year – according to a study by the Center for Retirement Research at Boston College.[102]

Philadelphia Magazine determined that on just one single day in 2013, 93 city workers retired and collected a total of $18.8 million in DROP bonuses.[103]

Some of the largest DROP payouts in recent years include:

- → $566,039 to former City Council President Anna Vern;
- → $539,343 to Carl Ciglar, the deputy executive director at the city's Parking Authority;
- → $493,411 to Police Captain John Cerrone;
- → $482,691 to William P. Murtha, a captain of detectives in the District Attorney's Office;
- → $457,916 to Police Lieutenant James D. Gould Jr.; and
- → $456,964 to former Mayor John Street.[104]

Former Mayor Ed Rendell, who installed the scheme as part of an effort to curry favor with labor unions, admitted that creating the largest DROP plan in America was a mistake. "If I knew then what I know now, obviously we wouldn't have done it," said Rendell.

Others were more pointed when speaking about the program.

97 Claudia Vargas. "Philly's new payroll system to give workers a pay bump: 'That sounds crazy but . . .'" Philadelphia Inquirer. September 27, 2018. (Available at: http://www2.Philly.com/Philly/news/politics/philadelphia-city-payroll-system-delays-cost-overruns-ciber-20180927.html.)
98 Ibid.
99 Ralph Cipriano. "The Looming DROP Apocalypse." Philadelphia Magazine. September 15, 2018. https://www.Phillymag.com/news/2018/09/15/drop-plans-deferred-retirement-option-philadelphia/
100 Philly Voice Staff. "Analysis: DROP program cost Philadelphia as much as $62 million since 2010." Philly Voice. December 12, 2017. (Available at: https://www.Phillyvoice.com/analysis-drop-program-cost-city-much-62-million-2010/.)
101 Ibid.
102 Ibid.
103 Ralph Cipriano. "The Looming DROP Apocalypse." Philadelphia Magazine. September 15, 2018.
104 Ibid.

"I think DROP is disgusting," Philadelphia's at-large City Councilman Allan Domb told *Philadelphia Magazine*. Sam Katz, the former chairman of the Pennsylvania Intergovernmental Cooperation Authority, the agency tasked with overseeing municipal budgets in the commonwealth, described DROP as "stupid."[105]

City leaders have promised to get rid of DROP for more than a decade, but have yet to follow through. Philadelphia's pension crisis is forcing their hand and the only responsible response is to end the DROP program for all new municipal government employees.

Phantom Payments to Former City Workers

Shoddy bookkeeping and a lack of oversight allowed some former Philadelphia city employees to continue receiving a portion of their salaries even after quitting or being fired. In some cases, the department responsible for these costly mistakes never asked the former worker for the money back, leaving the ex-employees with a pocketful of tax dollars they didn't deserve.

During the 2018 fiscal year, auditors from the Controller's Office determined these phantom payments cost taxpayers a minimum of $2,574.

Among the examples of extra payments to former city workers are:

- → $1,789 by the Office of the Mayor;
- → $310 by the Police Department;
- → $247 by the Philadelphia Water Department; and
- → $228 by the Division of Housing and Community Development.[106]

Regular Abuse of Sick Days

An audit by the Office of the Controller discovered some news that should make taxpayers sick: the city government spent at least $47,329 in tax money paying for city workers to skip work by using sick days they don't have.[107]

According to City of Philadelphia rules, employees receive eight sick days annually, no questions asked. Justification is required to miss work beyond the eight allotted to each worker. That didn't prevent some employees from getting paid for skipping work with no verified excuse, doctor's note, or other documentation of an injury or illness.

The worst offenders include four Law Department employees, three City Council employees, and three District Attorney's Office employees who each took more than twenty undocumented sick days in 2017.[108]

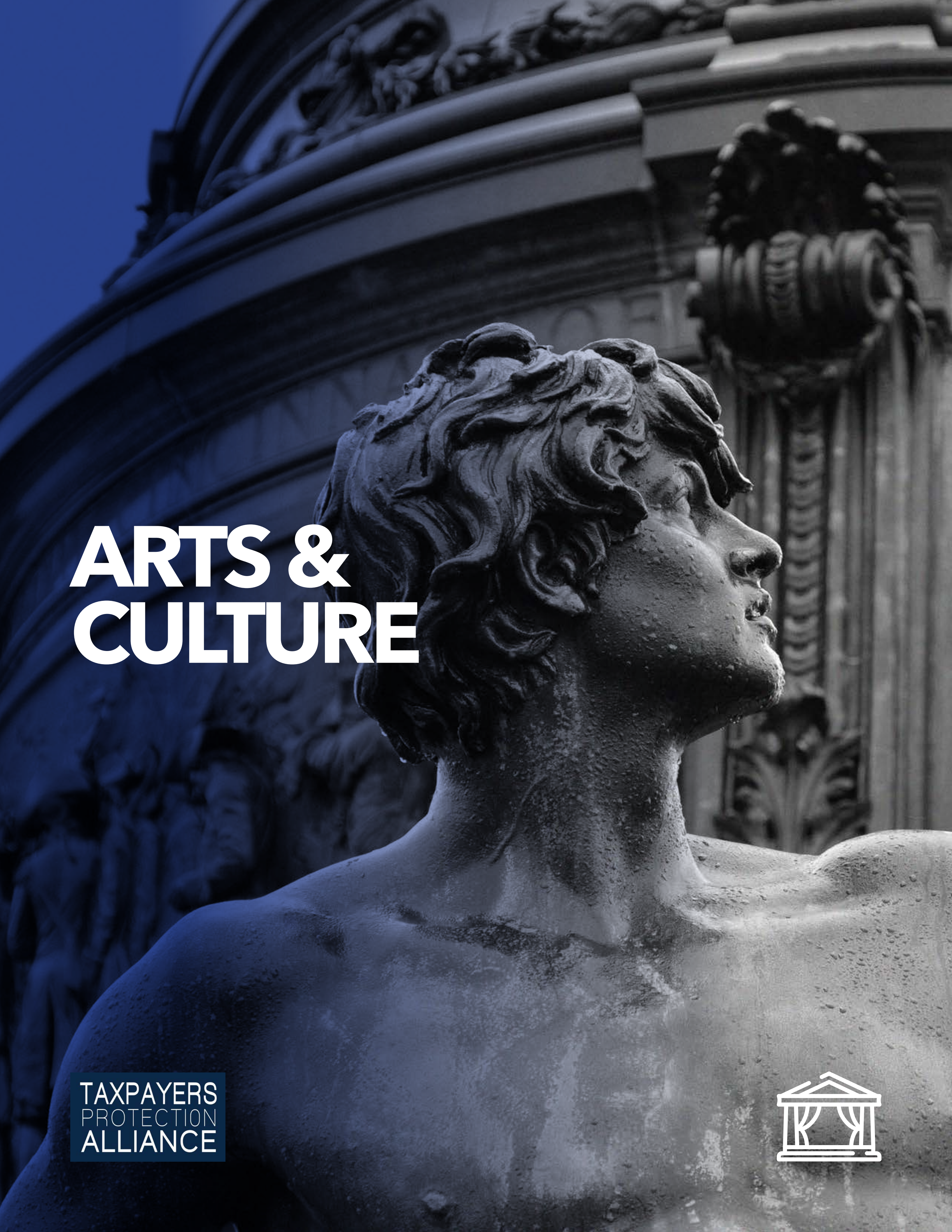
105 Ibid.

106 City of Philadelphia, Pennsylvania. Office of the Controller. "Annual Auditor's Report on Philadelphia City Departments Fiscal Year 2017." March 20, 2018. Pgs. 11, 15, 24, and 70. (Available at: http://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/FY_2017_Annual_Departmental_Audit_Report_.pdf.)

107 City of Philadelphia, Pennsylvania. Office of the Controller. "Annual Auditor's Report on Philadelphia City Departments Fiscal Year 2017." March 20, 2018. Pgs. 4, 95, and 124. (Available at: http://3og1cv1uvq3u3skase2jhb69-wpengine.netdna-ssl.com/wp-content/uploads/2018/06/FY_2017_Annual_Departmental_Audit_Report_.pdf.)

108 Ibid.

ARTS & CULTURE



TAXPAYERS PROTECTION ALLIANCE

Taxpayer Funding of Bizarre, Nude Dancing

Brian Sanders' JUNK is a dance company known for raunchy, hedonistic, near-pornographic routines subsidized with $6,304 of Philadelphia taxpayers' money in 2018.[109] While the troupe's edgy brand of dance undoubtedly appeals to some arts aficionados, it's hard to believe that all of Philadelphia's taxpayers want their money used to fund the nude, overly sexual displays characteristic of JUNK shows.[110]

Other taxpayer-subsidized JUNK performances included:

- → An all-nude "steamy erotic duet in chocolate pudding" performed in a church.[111]
- → Prodigious on-stage vomiting, which dancers in nothing but dance belts then slid around in.[112]
- → Naked men engaging in a towel-snap war, then lathering each other up for a bath.[113]
- → A woman in nothing but body paint.[114]
- → Loud flatulence.[115]
- → A dancer taking off his pants then gyrating on a water-spurting commode to 1980s hit "What a Feeling."[116]

In an interview, JUNK's choreographer Brian Sanders mentioned that he was particularly proud of a performance that included "speaking vaginas that also sing, and drumming penises, and the use of circumcised foreskins from a bris that (was) disturbing in a strange way."[117]

Further Taxpayer Funding of Over-the-Top Theater

Many of the Philadelphia Cultural Fund's taxpayer-funded grants go toward theater groups that put on productions that would make some Philadelphia residents cringe.

The Bearded Ladies Cabaret, which received $11,932 from Philadelphia taxpayers in 2018, host a monthly event called "Get Pegged Cabaret."[118] The title references a sexual act, and according to the production's promotional material, the "uncensored and stimulating entertainment from the sexy, satirical, daring, delightful, and dangerous performers" will "make you feel like you are being [**redacted**] by someone wearing a [**redacted**].[119]

"I Promised Myself to Live Faster" is described as "an intergalactic gay extravaganza featuring closeted extraterrestrials, high-stakes pursuits, and nuns from outer space." The protagonist is required to "retrieve the Holy Gay Flame from the clutches of the evil emperor to save the race of Homosexuals and restore the balance of power in the universe."[120] Philadelphia taxpayers paid the Pig Iron Theatre Company $11,804 in

109 The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/4/?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.)

110 Brian Sanders' JUNK. "My Funny Bone." Between Pictures. May 2, 2017. (Available at: https://www.youtube.com/watch?v=g2woaSnKcqw.)

111 Samantha Melamed. "Finally ready to make art about AIDS: 30-year survivor puts story on stage." Philadelphia Inquirer. September 7, 2016. (Available at: http://www.Philly.com/Philly/living/20160907_Finally_ready_to_make_art_about_AIDS__30-year_survivor_puts_story_on_stage.html.)

112 Lewis J. Whittington. "All that JUNK can be & Rock School with Curtis." The Dance Journal. May 15, 2017. (Available at: https://philadelphiadance.org/dancejournal/2017/05/15/junk-can-rock-school-dance-education-curtis-symphony-orchestra/.)

113 Debra Miller. "Talking Sex, Substance, and SUSPENDED with Brian Sanders." Phindie. August 17, 2014. (Available at: http://phindie.com/talking-sex-substance-and-suspended-with-brian-sanders-4839/.)

114 Debra Miller. "Winter's Hottest Forecast: SNOWBALL 2016 by Brian Sanders' JUNK will blow you away!" Phindie. January 20, 2016. (Available at: http://phindie.com/10329-winters-hottest-forecast-snowball-2016-by-brian-sanders-junk/.)

115 Lewis J. Whittington. "All that JUNK can be & Rock School with Curtis." The Dance Journal. May 15, 2017.

116 Ibid.

117 Debra Miller. "Talking Sex, Substance, and SUSPENDED with Brian Sanders." Phindie. August 17, 2014.

118 The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/2/?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.)

119 The Bearded Ladies. "Get Pegged Cabaret." Accessed September 2, 2018. (Available at: http://beardedladiescabaret.com/shows/get-pegged-cabaret/.)

120 Pig Iron Theatre Company. "I Promised Myself to Live Faster." Accessed September 7, 2018. (Available at http://www.pigiron.org/productions/i-promised-myself-live-faster.)

2018 to bring these productions to the stage.

In 2018, Tiny Dynamite, a theater company hosting a performance of "The Audience Disturbs Marcel's Bath Time and He Is Very Upset with You All" raked in $9,892 from the Cultural Fund.[121] Here's how the play is described by a synopsis of the production on the National New Play Network website: "Marcel is taking a bath. You are watching him take a bath. Marcel catches you watching him taking a bath. A metatheatrical experience ensues."[122]

Finally, the Tribe of Fools snagged $2,356 from Philadelphia's hardworking taxpayers in 2018.[123] The cash went largely to fund the theater company's "Annual Holiday Burlesque." The Tribe of Fools website says the "sex-positive" show is an "adults-only," "minimally covered" opportunity to "celebrate and lament the anxieties of the holidays with Dirty Santa, Sexually Anxious Rudolph, Nasty Frosty and a merry band of holiday delinquents who will warm your... um, heart, let's just say heart for now."[124]

City Funding of Polarizing Partisan Speech

Some recipients of Philadelphia Cultural Fund grants use their taxpayer-funded gifts to make political statements that run counter to the beliefs of many of the people whose money went to pay for such grants.

For example, Lightning Rod Special, which received $2,579 from local residents in 2018, recently performed "The Appointment," a pro-choice play that mocks anti-abortion activists.[125]

thINKing Dance, an organization focused on dance and dance writers, pocketed $2,753 in public money in 2018.[126] Just a few months earlier, the group's website gushed over "Bricolage: A DIY Response to Trump," a series of dances responding to the "grief" and "rage" following the election of President Donald Trump.[127]

Cleaver Magazine routinely features divisive, politically charged articles. The publication and website, which bills itself as "Philadelphia's international literary magazine," collected $4,094 from Philadelphia taxpayers in 2018.[128] Cleaver used that money to publish a short fiction piece titled "F*** Donald Trump," and an advice column imploring a reader who asked if she should date a Trump supporter "Do not date him! Run!"[129]

121 The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/8/?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.); and Tiny Dynamite. "The Audience Disturbs Marcel's Bath Time and He is Very Upset with You All." Accessed September 7, 2018. (Available at: http://tinydynamite.org/the-audience-disturbs-marcels-bath-time/.)

122 New Play Exchange. "The Audience Disturbs Marcel's Bath Time and He Is Very Upset With You All by Ryan Bultrowicz." National New Play Network. Accessed September 7, 2018. (Available at https://newplayexchange.org/plays/194314/audience-disturbs-marcels-bath-time-and-he-very-upset-you-all.)

123 The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/8/?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.)

124 Tribe of Fools. "Tribe of Fools' Annual Holiday Burlesque." Accessed September 19, 2018. (Available at: http://www.tribeoffools.org/.)

125 Lightning Rod Special. "The Appointment." Accessed September 6, 2018. (Available at: https://lightningrodspecial.com/the-appointment/.) and The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/5?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.)

126 The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/8?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.)

127 Janna Meiring. "Bricolage: A DIY Response to Trump." thINKing Dance. March 24, 2017. (Available at: http://thinkingdance.net/articles/2017/03/24/Bricolage-A-DIY-Response-to-Trump.)

128 The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/2?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.)

129 Kyle Kouri. "Fuck Donald Trump." Cleaver Magazine. March 22, 2017. (Available at: https://www.cleavermagazine.com/fuck-donald-trump-by-kyle-kouri/.), and "Ask June." Cleaver Magazine. December 8, 2017. (Available at: https://www.cleavermagazine.com/ask-june-the-handsome-trumpster-and-the-incorrigible-cousin/.)

Robbing the Poor and Giving To the Rich

In one of the more shocking examples of Robin Hood-in-reverse imaginable, the Philadelphia's city leaders take $2.6 million annually from taxpayers living paycheck-to-paycheck and give it to the ultra-wealthy Philadelphia Museum of Art.[130]

According to recent IRS documents, the Philadelphia Museum of Art is sitting on more than $822 million in assets and collects annual revenues in excess of $115 million, making it one of the wealthiest cultural institutions in America.[131] That does not prevent the mayor and city council from showering the museum with $2.6 million every year for maintenance expenses related to the city-owned building that houses the museum.[132]

The taxpayer-funded Philadelphia Cultural Fund also regularly gives grants to the Barnes Foundation, including:

→ $11,185 in 2018;

→ $13,914 in 2017; and

→ $12,754 in 2016.[133]

The Foundation, it turns out, would have managed just fine without the tax dollars. Public records indicate the Barnes Foundation has nearly $200 million in assets and averaged $20.8 million in annual revenues over the past four years.[134]

It is shameful that city officials force struggling families and small businesses to provide welfare handouts to flourishing museums with hundreds of millions of dollars in the bank.

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130 Philadelphia City Council. "FY 2018 Mayor's Operating Budget Detail – Book 1." Sec. 9, p. 4. March 2017. (Available at: http://phlcouncil.com/wp-content/uploads/2017/03/Mayor27s-FY-2018-Operating-Budget-Detail-Book-1.pdf.)

131 The Internal Revenue Service. "Form 990: Philadelphia Museum of Art." P. 1. May 12, 2017. (Available at: https://www.guidestar.org/FinDocuments/2016/231/365/2016-231365388-0e2773ad-9.pdf.)

132 Philadelphia City Council. "FY 2018 Mayor's Operating Budget Detail – Book 1." Sec. 9, p. 3.

133 The Philadelphia Cultural Fund. "2018 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/2/?tax_recipients_year=2018&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.); The Philadelphia Cultural Fund. "2017 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/page/2/?tax_recipients_year=2017&tax_recipients_program=art-culture-grants&wpas=1#038;tax_recipients_program=art-culture-grants&wpas=1.); and The Philadelphia Cultural Fund. "2016 Art & Culture Grant Recipients." Accessed September 7, 2018. (Available at: https://www.philaculturalfund.org/grant-recipients/?tax_recipients_year=2016&tax_recipients_program=art-culture-grants&wpa s=1.)

134 The Internal Revenue Service. "Form 990: The Barnes Foundation." P. 1. November 14, 2017. (Available at: https://www.guidestar.org/FinDocuments/2016/236/000/2016-236000149-0ea5605e-9.pdf.)

EVENTS & FESTIVITIES

TAXPAYERS PROTECTION ALLIANCE

Good Lord, That's A Lot of Money

After Pope Francis' historic visit to Philadelphia for the World Meeting of Families gathering, the city left taxpayers holding a hefty tab thanks to confusion surrounding the city's contract for the event.

When the Roman Catholic Church agreed to pay for the 2015 papal festivities, Philadelphia residents were left with the impression that they wouldn't be responsible for any costs related to the event. Ham-handed handling of the finances by then-Mayor Michael Nutter, however, resulted in an $8 million invoice for taxpayers.[135]

The city's contract with the Catholic officials behind the World Meeting of Families event required the organization to reimburse the city government for any expenses related to the Pope's visit incurred between September 12 and October 2, 2015 – a total of almost $17 million.[136] After the event, though, the city asked the Church to repay the city for just the expenses related to the two days Pope Francis was in Philadelphia.

That error cost city taxpayers $8 million, according to the City Controller's Office. While the controller pleaded with Nutter to ask World Meeting of Families executives for additional funding to cover the shortfall, taxpayers are still out the money.[137]

Taxpayers Forced to Foot Democratic Convention Bills

When the 2016 Democratic National Convention came to Philadelphia, it was supposed to be a time for Philadelphia to roll out the welcome mat and bask in the national spotlight. Instead, city agencies, as well as the committee of local politicians in charge of hosting the event, used the convention as an opportunity to rip off America's taxpayers.[138]

A scathing audit by the U.S. Department of Justice's Office of Inspector General determined that Philadelphia wasted $14.9 million of a $49.9 million federal grant to provide security to delegates, visitors, and residents of the city during the 2016 Democratic National Convention.[139]

According to the audit, the 2016 Philadelphia Host Committee doled out $7.6 million in unverified and improper payments for security work.[140] Additionally, the host committee awarded another $6 million to subcontractors chosen by the Democratic National Committee.[141] The DNC's involvement in how money was spent on things such as credential services, buses, and private security could allow for "inappropriate political influence in the award process," according to the audit.[142]

The Host Committee, which included Philadelphia-area political luminaries such as former Philadelphia Mayor and Pennsylvania Governor Ed Rendell, former Philadelphia Mayor Michael A. Nutter, and current Philadelphia Mayor Jim Kenney, also failed to follow basic procedures when awarding contracts and monitoring how money was spent. A large number of non-competitively bid contracts were offered, opening up the opportunity for bribery, cronyism, and other forms of waste and corruption.

These questionable contracts included:

→ $349,232 in improperly awarded contracts for parking lot providers and hotel security contractors;[143]

→ $61,500 in overpayments to a security service consultant who charged more than market rate; [144] and

→ $11,875 in excessive payments to cybersecurity consultants above the federally allowed maximum rate for such services.[145]

135 Mark Dent. "Why Philly taxpayers got stuck with an $8 million Pope Francis bill." Billy Penn. December 3, 2015. (Available at: https://billypenn.com/2015/12/03/why-Philly-taxpayers-got-stuck-with-an-8-million-pope-francis-bill/.)
136 Ibid.
137 Ibid.
138 Mark Scolforo. "Feds say Philly mishandled security grant for Dem convention." The Citizens' Voice. September 27, 2018. (Available at: https://hosted.ap.org/citizensvoice/article/f4a2827bf4634d1082cf0e5f27c07bb0/feds-say-Philly-mishandled-security-grant-dem-convention.)
139 Office of the Inspector General in the United States Department of Justice. "Audit of the Bureau of Justice Assistance grant awarded to the City of Philadelphia, Pennsylvania, for the 2016 Democratic National Convention." September 2018. (Available at: https://oig.justice.gov/reports/2018/g7018014.pdf.)
140 Ibid. Pgs. 12-16.
141 Ibid. Pgs. 18-20.
142 Ibid. pg. 20.
143 Ibid. Pg. 17.
144 Ibid.
145 Ibid. Pg. 18.

Additionally, the Justice Department auditors determined that the Philadelphia Fire Department charged the federal government for more than $1 million in exaggerated costs and another $9,530 worth of duplicate payments.[146]

The audit did not inspect another $10 million payment given to the Host Committee by the Pennsylvania Department of Community and Economic Development. State taxpayers footed the handout, which functioned as an extremely questionable direct subsidy to the Democratic Party.

A portion of state money went to rent out the Wells Fargo Center – the arena used for the festivities – and paid for transportation, communications and technology systems, and office space.[147] Additional Community and Economic Development funds went towards $900,000 in bonuses to Democratic Party staffers and operatives.[148] The largest bonus went to Kevin Washo, the host committee's executive director. According to *The Caucus*, Washo received a $310,000 bonus on top of his $13,000 monthly salary.[149]

Mayor's Nonprofit Is a Major Slush Fund

The Mayor's Fund for Philadelphia is a nonprofit agency within the city intended to promote tourism, business, economic development, education, culture, health initiatives and job growth. Unfortunately, the account has become a slush fund, apparently paying for trips, fancy dinners, jewelry, shoes and other unjustified expenses, according to a series of audits and reports released between September 2016 and March 2017 by then-City Controller Alan Butkovitz.[150]

The fund is largely bankrolled by revenues from the Philadelphia Marathon, but a considerable chunk of tax dollars goes to underwrite the account. In some years, as much as $550,000 of the $7-to-$10 million the Mayor's Fund annually manages comes from Philadelphia's taxpayers.[151]

Butkovitz determined that the three credit cards used by Mayor's Fund officials frequently lacked receipts or records to substantiate purchases made using the cards. During a five-month period, the Controller's Office determined that $133,567 of $242,067 in total credit card expenditures were not justified or properly approved.[152]

The City Controller's Office also found that Desiree Peterkin Bell, the Fund's former chairwoman, was guilty of using her Mayor's Fund credit card to purchase a number of personal items and pay for a series of unapproved expenses. According to the report, "there was no supporting documentation to substantiate any of the purchases of the former chairwoman's American Express card in these months."; these allegations led her to be charged by the state Attorney General for misusing state funds.[153]

Peterkin Bell's questionable expenses included:

→ $8,738 for 458 unapproved Uber rides;

→ $2,095 for two hotel stays at the 5-star Jefferson Hotel, Washington DC;

→ $1,999 for a curious charge at the Seaport Hotel WTC in Boston;

→ $1,388 for unexplained Amtrak tickets;

→ $460 for craft beer and snacks at The Foodery at Rittenhouse Square;

→ $370 for Comcast cable bills;

→ $114 for an upscale dinner in Portland, Oregon;

→ $101 for an electric bill for someone in California;

→ $56 for charges at J. Crew; and

146 Ibid. Pgs. 10-11

147 P2016. "Philadelphia 2016 Host Committee Financials Fact Sheet." Democracy in Action. August 2017. (Available at: http://www.p2016.org/demconv16/philhostfin.pdf.)

148 Dake King. "In-depth: DNC committee awarded more than $900,000 in bonuses, $1.2 million in grants." The Caucus. June 13, 2017. (Available at: https://lancasteronline.com/news/local/in-depth-dnc-committee-awarded-more-than-in-bonuses-million/article_8fa1225c-4e0f-11e7-808f-d33a597ff6b7.html.)

149 Ibid.

150 City of Philadelphia, Pennsylvania. Office of the Controller. "Mayor's Fund for Philadelphia follow-up review." P. 4. March 2017. (Available at: https://controller.phila.gov/wp-content/uploads/2018/06/MayorsFund_FollowUpReport_Final.pdf.)

151 Philadelphia City Council. "FY 2019 Mayor's Operating Budget Detail – Book 1." Sec. 5, p. 19; Sec. 21, p.47; Sec. 25, p. 25. March 2018. (Available at: http://phlcouncil.com/wp-content/uploads/2018/03/Book-1-Sections-1-38.pdf.)

152 City of Philadelphia, Pennsylvania. Office of the Controller. "Mayor's Fund for Philadelphia follow-up review." P. 6-7.

153 Ibid. P. 7.

→ $39 for necklaces purchased at Macy's.[154]

Additionally, Peterkin Bell ran up a $2,778 bar tab for a happy hour event at The Black Sheep, a Center City pub. The titanic tab totaled more than 160 alcoholic beverages, including 130 beers costing as much as $8 a piece, a number of $9 glasses of wine, and several shots and mixed drinks ranging from $5 to $9.50 each.[155]

On top of the lavish lifestyle she created for herself by misusing the nonprofit's money, Peterkin Bell pocketed a salary of $150,000 to "oversee" the Mayor's Fund.[156] She served as chairwoman of the Mayor's Fund until 2016, when Mayor Michael Nutter left office.

The Controller's Office has demanded that Peterkin Bell and Nutter repay about $240,000 to replenish fund money that went toward "questionable expenses."[157] It appears that Peterkin Bell and Nutter have yet to return a penny of the money they misused.

While Bell was arrested and charged in November for the misuse of public funds, Former Mayor Nutter has yet to be held accountable for misuse under his watch. He now serves as David N. Dinkins Professor of Professional Practice in Urban and Public Policy at Columbia University and as a political commentator for CNN, among a number of other lucrative positions.[158]

Simply put, the city should not be in the business of managing a nonprofit. The mix of funding sources and the indirect management of the Mayor's Fund will always leave the account susceptible to abuse. The Fund is made even more troubling by the optics that the account is a slush fund for the city's mayors to hand out resources to favored recipients in exchange for praise and positive press, even though none of the money comes from the mayor.

Tree Lighting Ceremony Funds Shadily Pocketed

The Controller's investigation into the use of Mayor's Fund money found that individuals administering the fund apparently wrote bogus invoices for costs associated with the city's Christmas tree lighting ceremony and may have pocketed the money paid for the invoices.

Fifteen of a total of 35 invoices for costs related to the Mayor's 2015 Christmas Tree Lighting Ceremony did not come from vendors and did not appear to pay legitimate expenses related to the event. According to the report, those 15 bills "were prepared by individuals associated with the Mayor's Fund and/or the Office of the City Representative and not the vendors themselves."[159] Those allegedly unjustified payments totaled $15,100.[160]

The administrators of the Mayor's Fund also spent approximately $23,000 more on the event than the approved amount – and that money came from the pockets of marathon participants and Philadelphia taxpayers.[161]

Under the direction of former Mayor's Fund chairwoman Desiree Peterkin Bell, the total cost of the tree lighting event increased by 500 percent over the previous year – from $14,289 to $72,921 – with little justification or improvement to the event.[162]

A Party That Left Taxpayers with No Reason to Celebrate

The Mayor's Fund was raided a final time by the Nutter Administration for – what else? – a farewell celebration for Mayor Nutter. A pair of parties were held in December 2015 and January 2016 at a combined cost to the Fund of $22,100.[163]

Unsurprisingly, taking money from the Mayor's Fund for parties celebrating the mayor's accomplishment did not

154 Ibid. P. 7-9.
155 Ibid. P. 38.
156 Claudia Vargas and David Gambacorta. "Former chair of Mayor's Fund spent $52,000 with no documentation." Philadelphia Inquirer. March 17, 2017. (Available at: http://www2.Philly.com/Philly/news/politics/Former-chair-of-Mayors-Fund-spent-52000-with-no-documentation.html.)
157 Claire Sasko. "Mayor's Fund to undergo major restructuring." Philadelphia Magazine. June 29, 2017. (Available at: https://www.Phillymag.com/news/2017/06/29/mayors-fund-restructuring/.)
158 Michael A. Nutter. "Biography." Accessed September 8, 2017. (Available at: https://mikenutterllc.com/biography.)
159 City of Philadelphia, Pennsylvania. Office of the Controller. "Mayor's Fund for Philadelphia follow-up review." P. 13.
160 Ibid.
161 Ibid.
162 Ibid. P.14.
163 City of Philadelphia, Pennsylvania. Office of the Controller. "Mayor's Fund for Philadelphia follow-up review." P. 15.

go over too well with the City Controller's Office. An audit report pointed out that payments related to the celebrations were not "approved by the Board and did not appear to be grant-related or consistent with the mission of the Mayor's Fund."[164]

Marathon revenues and taxpayer funds were carelessly appropriated for a number of celebration items/services, including:

- → $3,280 for Philadelphia-themed snacks including pretzel nuggets and mini cheesesteak sandwiches;
- → $2,325 for meat carving stations featuring beef tenderloin and roasted turkey breast;
- → $800 for four bartenders to ensure that guests' glasses were regularly topped off;
- → $500 for a platter of 200 cilantro lime shrimp;
- → $300 for three cakes with the phrase "Thank you for 8 Wonderful Years" written out in icing; and
- → $281 for a champagne fountain.[165]

Since the guest list for the events consisted of Nutter's closest cronies, including his executive office staffers and campaign workers, the controller's report determined that the parties "benefited only select individuals with close connection to the former Mayor."[166]

164 Ibid.
165 Ibid. P. 34-36.
166 Ibid. P.16.

ANNUAL WASTE TOTALS

ANNUAL (FY 2017) WASTE TOTALS (IN MILLIONS)

SPENDING CATEGORY	ESTIMATED WASTED EXPENDITURES
GOVERNMENT OPERATIONS	$8.7M
PROGRAMS AND PROJECTS	$141.7M
HUMAN RESOURCES	$98.8M
ARTS AND CULTURE	$4.7M
EVENTS AND FESTIVITIES	$25.0M
TOTAL	$278.9M

RECOMMENDATIONS

The nearly $279 million in annual wasteful spending outlined in this report shows that the City of Philadelphia doesn't have a revenue problem. Rather, officials in Philadelphia City Hall have a spending addiction and a penchant to not conduct meaningful oversight of programs. Fortunately, local lawmakers looking to conduct meaningful oversight, curb their spending addiction and provide real savings for taxpayers have many options.

City leaders should go beyond cutting the examples of government waste outlined in this report and implement policy solutions to ensure tax dollars are consistently spent in a careful and effective manner. Fortunately, there are several simple, commonsense options available to Philadelphia's elected leaders to identify, prevent, and eliminate wasteful spending of tax dollars, and pass the savings back to taxpayers or along to deserving city programs.

First, city leaders must do more to abide by the Commonwealth's Right-to-Know rules so that citizens receive the information they request completely and in a timely fashion. Philadelphia's media outlets do a laudable job of tracking tax dollars, and city controllers past and present deserve praise for exposing waste and corruption by policymakers and bureaucrats. Still, city agencies make it nearly impossible for Philadelphians hoping to hold government accountable to receive the public records that are rightfully theirs.

Open records officers in many city agencies are frequently unhelpful and appear to take joy in slow-walking requests or unnecessarily complicating the Right-to-Know process. The city should strengthen Right-to-Know rules so that open records officers who are found to intentionally obstruct citizens' efforts to receive government records are punished and, in extreme cases, are fined or terminated.

Second, the state should establish a Philadelphia version of the Grace Commission – the presidential committee that carefully analyzed government spending and provided cost savings recommendations to Congress. The commission saved federal taxpayers more than $1.5 trillion since 1984.[167]

The local version of the commission would function as an independent committee led by business leaders, former policymakers and taxpayer advocates to uncover waste, fraud, abuse, and mismanagement of tax dollars. After identifying opportunities to stop wasteful expenditures of tax dollars, the commission would present those recommendations to city lawmakers and then follow up to ensure that their budget reduction suggestions were being carried out.

Third, the City of Philadelphia should create an Office of the Repealer, a one-time, four-year independent position with the sole responsibility of making recommendations to City Council in areas of government waste, duplication, and out-of-date regulations that should be taken off the books. The "repealer" position was first introduced in Kansas, where the office identified scores of regulations, laws and executive orders that act as a drag on the state, including a burdensome state fee on pest control operators and the appointment process for (now-nonexistent) jail matrons.

Fourth, Philadelphia's leaders should finally adopt zero-based budgeting. Neighboring Montgomery County has saved taxpayers tens of millions of dollars since the concept was first adopted in 2012.[168] Rather than submitting a

167 Thomas A. Schatz. "Under Trump, the disruptors return to Washington (that's a good thing)." The Hill. January 18, 2017. (Available at: https://thehill.com/blogs/pundits-blog/economy-budget/314837-under-trump-the-disruptors-return-to-washington-thats-a.)

168 Larry Plant. "Ideas we should steal: Zero-based budgeting." The Philadelphia Citizen. January 16, 2016. (Available at: https://thephiladelphiacitizen.org/ideas-we-should-steal-zero-based-budgeting/.)

request for a percentage raise in their budgets each year, zero-based budgeting asks agencies to determine their core functions and figure out how much money is needed to perform those functions.[169]

Using zero-based budgeting, Montgomery County Commission Chairman Josh Shapiro and the county's other elected leaders turned a $10 million budget hole and a structural deficit of $49 million into a $1.6 million surplus while increasing investment in human services, education, and public safety.[170]

Philadelphia was prepared to adopt zero-based budgeting in 2016. Unfortunately, Mayor Jim Kenney reneged on his campaign promise to implement the system and the city returned to an irresponsible system of spending-as-usual.[171]

Finally, rather than creating taxes that finance wasteful spending, the city should limit its funds in order to force the mayor and city councilmembers to spend tax dollars more responsibly.

During the fiscal year 2019 budget hearings, city leaders rejected a 6 percent property tax increase proposed by Mayor Jim Kenney.[172] Rather than taking $900 million from the pockets of taxpayers and spending it in ways that likely did little to improve lives of residents, the City Council exercised fiscal restraint and took its oversight responsibility seriously. As a result, the city held off on $95 million in unnecessary prison outlays, committed to generate $93 million by cracking down on delinquent tax collections, and chose to hold city spending in check.[173]

Along with cutting the waste highlighted in this report, the city should begin lowering property taxes and repeal onerous taxes such as the Philadelphia Beverage Tax.

In April 2018, many Philadelphians were shocked to receive their property tax bills. New property tax assessments increased the median market value of single-family homes in Philadelphia by 10.5 percent.[174] As a result, most residents' property tax bills jumped considerably overnight.

In some cases, residents' property tax bills more than doubled overnight. The *Inquirer* reported that homeowners living in modest rowhouses on one South Philadelphia street saw their property tax bills jump from around $1,000 a year to more than $2,000.[175]

Whole neighborhoods were hit with onerous new tax burdens. The "North Philadelphia/West" neighborhood — containing Brewerytown and Strawberry Mansion — increased 47.1 percent. South Philadelphia's Point Breeze neighborhood saw the median assessed market value for single-family homes skyrocket 43 percent.[176]

Mayor Kenney and members of City Council owe it to Philadelphia's homeowners to restrain government spending so that property tax rates can be ratcheted down in order to ease the burden created on Philadelphia families by high property tax bills.

As previously mentioned, the highly controversial soda tax has a shady history and has proven both extremely regressive and incapable of generating projected or stable revenues. Eliminating the tax would end a dubious scheme that disproportionately hammers poor Philadelphians. All told, soda tax repeal would put $77.4 million back in the pockets of city residents and the programs funded by the soda tax could be easily funded by cutting just a small portion of the examples of wasteful spending highlighted in this report.[177]

169 Ibid.

170 Ibid.

171 Claudia Vargas. "Forget about starting from $0; Kenney shifts to different budgeting method." Philadelphia Inquirer. February 11, 2016. (Available at: http://www2.philly.com/philly/blogs/heardinthehall/Forget-about-starting-from-0-Kenney-shifts-to-different-budgeting-method.html.)

172 Brian X. McCrone and Vince Lattanzio. "Philadelphia Mayor Jim Kenney Proposes $900 Million in New Taxes, Funding for City Schools." NBC 10 Philadelphia. March 8, 2018. (Available at: https://www.nbcphiladelphia.com/news/local/Philadelphia-Mayor-Jim-Kenney-Proposing-6-Percent-Property-Tax-Hike-to-Fund-City-Schools-475458263.html.)

173 Claudia Vargas, Holly Otterbein and Kristen A. Graham. "Council comes up with a city budget that won't increase Philly property taxes." Philadelphia Inquirer. June 5, 2018. (Available at: http://www2.Philly.com/Philly/news/politics/philadelphia-property-tax-increase-budget-city-council-mayor-jim-kenney-20180605.html.)

174 Claudia Vargas and Caitlin McCabe. "Philly's new property assessments are out - and your tax bill is likely climbing." Philadelphia Inquirer. April 8, 2018. (Available at: http://www2.Philly.com/Philly/news/politics/philadelphia-property-assessments-2019-tax-increase-kenney-20180408.html.)

175 Ibid.

176 Ibid.

177 Alison Burdo. "First full year of soda tax revenue puts city $13M+ short of goal." Philadelphia Business Journal. January 26, 2018.

CONCLUSION

Wasteful spending and questionable programs that fail taxpayers are rampant in the Philadelphia municipal government. Simply shuttering ineffective programs and cutting the wasteful projects exposed in this publication would save Philadelphia's taxpayers hundreds of millions of dollars with little to no noticeable impact on the quality of services provided to Philadelphians.

While trimming the fat from the budget would be a massive victory for taxpayers, it is just a temporary fix to a systemic problem. Philadelphia's leaders need to enact simple, commonsense reforms that identify and prevent the waste, fraud, and abuse of tax dollars, and quickly eliminate already-enacted unnecessary spending programs.

If Philadelphia's elected officials eliminated the waste highlighted in this report and put systems in place to reduce future government waste, the stifling tax hikes recently considered by the mayor and city councilmembers would be unnecessary. In fact, Philadelphia's leaders in City Hall could begin lowering taxes for residents and businesses – and that would go far in fixing many of the city's problems.

Less government spending and lower taxes would spur economic growth and entice new residents to a city starving for new jobs, investments, and opportunities.

TAXPAYERS
PROTECTION
ALLIANCE