



Financial Forecast & Snapshot

Office of the City Controller
Financial & Policy Analysis Unit

MARCH 2010

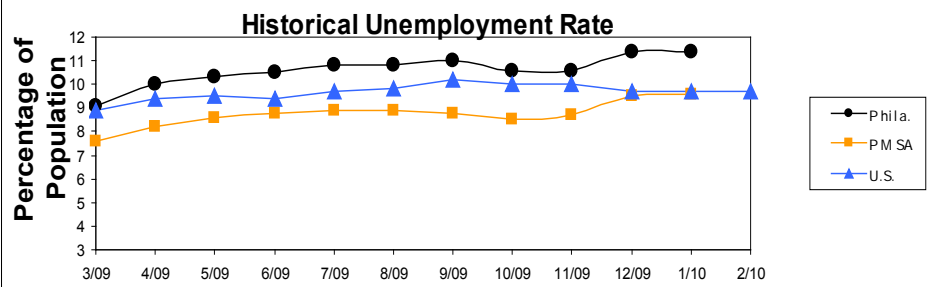
Snapshot Highlights

The City's General Fund tax collections in March were \$238.8 million, an increase of nearly 5% from March 2009. All major taxes saw increases over the previous year except the Real Estate tax.

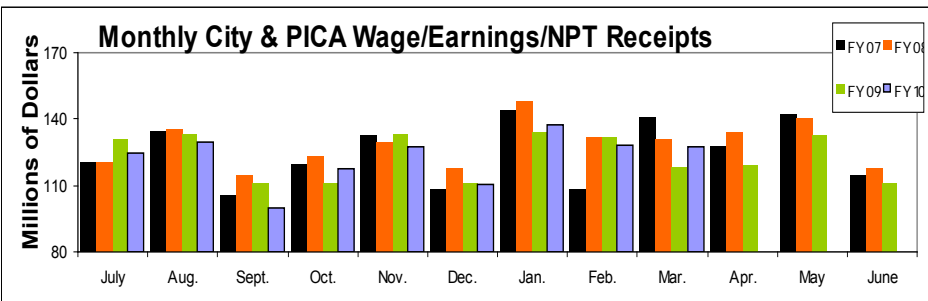
However, Sales tax collections of \$16.6 million in March were considerably lower than expected, an indication, according to PICA, of continuing deterioration in the City's sales tax base at an annual rate of nearly 14%. PICA warned that this deterioration "raises a concern about the City's ability to meet" even its revised year end sales tax projection of \$199.8 million. In order to meet this projection, the City would have to collect just over \$25 million, which it didn't even meet in February when revenues for the holiday shopping season were reported, each month for the remainder of the fiscal year to meet this projection, an unprecedented amount and unlikely even with October's doubling of the City's Sales tax rate.

Unemployment in the City remained high but steady at 11.4%, mirroring stability in the national rate. According to the Philadelphia Federal Reserve, regional job losses in the education and health care sectors in February were completely reversed in March, as expected, but the region suffered higher than average losses in manufacturing jobs.

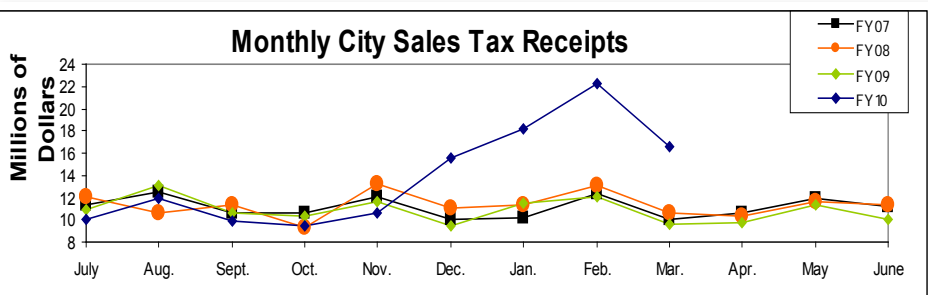
Federal data released this month indicated that Philadelphia lagged other cities in timely responses to the census. The deadline for mailed responses passed this month, with nearly 37% of Philadelphia households yet to be formally counted (see included Census Report).



| | <u>Feb.10</u> | <u>Jan.10</u> | <u>Change</u> | <u>Feb. 09</u> |
|--------|---------------|---------------|---------------|----------------|
| City - | 11.4% | 11.4% | 0% | 9.6% |
| MSA - | 9.6% | 9.5% | 1.25% | 8.0% |
| | <u>Mar.10</u> | <u>Feb.10</u> | <u>Change</u> | <u>Mar.09</u> |
| US - | 9.7% | 9.7% | 0.00% | 8.5% |



| (in millions) | <u>FY2010</u> | <u>FY2009</u> | <u>Change</u> |
|-----------------------------------|---------------|---------------|---------------|
| Wage/NPT/Earnings - (City & PICA) | \$1,102.86 | \$1,128.16 | -2.24% |



| (in millions) | <u>FY2010</u> | <u>FY2009</u> | <u>Change</u> |
|---------------|---------------|---------------|---------------|
| Sales - | \$124.47 | \$99.42 | 25.20% |

Key Trends





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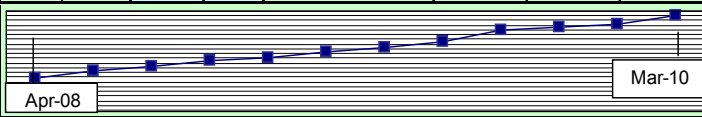
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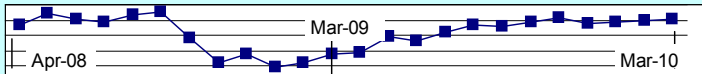
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Forecast Highlights

The expansion of the region's manufacturing sector is continuing, according to firms polled for the Philadelphia Fed's April Business Outlook Survey. The broadest survey measures remained positive this month, with measures of general activity and new orders showing a slight improvement from March. More firms reported higher input prices this month, but prices for manufactured goods remained nearly steady.

The survey's broad indicators of future activity continued to suggest that the region's manufacturing executives expect business activity to increase over the next six months. The Survey indicates that future general activity index remained positive for the 16th consecutive month. The future new orders and shipments indexes changed only slightly and remain at high levels. For the 12th consecutive month, the percentage of firms expecting employment to increase over the next six months (34 percent) exceeded the percentage expecting declines (12 percent). Firms continue to forecast increases in inventories, unfilled orders, and delivery times. The Conference Board Leading Economic Index continued its rise and is now at its highest point, at 109.6, since August 2007.

| United States | | Last Update | Current GDP | 2010 GDP | | 2011 GDP | | 2010 Consumer Price | | Current Unemployment | | 2010 Unemployment | | 2011 Unemployment | | |
|---|--|-------------|----------------------------|----------|---|--|---|---------------------|---|----------------------|--|-------------------|-------|-------------------|------|---|
| 2 | economy.com—Précis: Metro/ US | Jan-10 | 4th Qtr. 2009 - 5.7% | 2.3% | ↗ | 3.8% | ↗ | n/a | ○ | | | 10.4% | ↗ | 9.6% | ↘ | |
| 3 | FRB Phila—Livingston Survey | Dec-09 | | 2.7% | | 2.9% | | 2.2% | ↗ | | | | 10.2% | ↗ | 9.4% | ↘ |
| 4 | FRB Phila—Survey of Professional Forecasters | Feb-10 | | 3.0% | ↗ | 2.9% | ↘ | 1.7% | ○ | | | | 9.8% | ↗ | 9.2% | ↗ |
| 5 | NABE Outlook | Nov-09 | | 3.1% | ↗ | | ↗ | -0.8% | ○ | | | | 8.8% | ↗ | | ↗ |
| 6 The Conference Board—U.S. Leading Indicator * | | | Level of Business Activity | Mar-10 | |  | | | | | | | | | | This chart tracks the indicator for the last 12 months. |
| | | | | 109.6 | | | | | | | | | | | | |

| Regional (U.S. N.E. & Phila. Metro) | | Last Update | Current GRP/GMP | 2010 GRP/GMP (percent) | | 2011 GRP/GMP | | 2010 Personal Income | | 2011 Personal Income | | 2010 Net Migration | | 2011 Net Migration | | |
|---|--|-------------|---------------------------|------------------------|---|--|---|-----------------------|---|-----------------------------|---|--------------------|---|--------------------|---|---|
| 7 | economy.com — Précis: Metro/NORTHEAST | Jan-10 | 2730.1 | n/a | ○ | n/a | ○ | 2.7% | ↗ | 2.8% | ↘ | -68.3 | ↘ | -76.0 | ↗ | |
| 8 | economy.com — Précis: Metro/Philadelphia | Jan-10 | 152.1 | 0.6% | ↘ | 2.7% | ↗ | 2.0% | ↗ | 2.6% | ↗ | -4.9 | ↗ | -6.1 | ↗ | |
| | | | Current (2010) Employment | 2010 Employment | | 2011 Employment | | Business (U.S. = 100) | | Current (2010) Unemployment | | 2011 Unemployment | | 2012 Unemployment | | |
| 7 | economy.com — Précis: Metro/NORTHEAST | Jan-10 | 28,665 | -2.7% | ↗ | 1.0% | ↘ | 109 | ↗ | 9.4% | | 8.4% | ↗ | 6.7% | ↗ | |
| 8 | economy.com — Précis: Metro/Philadelphia | Jan-10 | 1,875 | -0.1% | ↘ | 1.3% | ↗ | 105 | ↗ | 9.0% | | 8.4% | ↘ | 6.9% | ↘ | |
| 10 FRB Philadelphia — Bus. Outlook Survey | | | Leading Indicator | Apr-07 to Mar-10 | |  | | | | | | | | | | This chart tracks the indicator for the last 24 months. |
| | | | | 20.2 | ↗ | | | | | | | | | | | |

RESOURCES

| | |
|---|---|
| American Bankers Association - Forecast & Outlook | -outlook delivers a one-year forecast for mostly banking-related indicators as well as general economic measures |
| economy.com - Précis: Metro/US/Northeast/Philadelphia | -includes five-year forecasts of eleven key indicators |
| FRB Philadelphia | -3rd District - eastern PA, southern NJ and state of Delaware |
| FRB Philadelphia - Livingston Survey | -summarizes the forecasts of economists from industry, government, banking and academia |
| FRB Philadelphia - Professional Forecasters | -quarterly survey of macroeconomic forecasts in the U.S. |
| FRB Philadelphia - Regional Employment Forecasts | -regional indicator predicting job growth and unemployment rate one year from now |
| FRB Philadelphia - Business Outlook Survey | -monthly survey of manufacturers in the Philadelphia area indicating the change in expected business activity six months from now |
| NABE Outlook | -presents the consensus of macroeconomic forecasts by 37 professional forecasters from NABE |
| Conference Board - U.S. Leading Indicator | -gauges the whereabouts of the U.S. economy in nine months |

PHILADELPHIA DEMOGRAPHICS

| Population | Other |
|------------|--------------|
| 1,540,351 | 8.50% |
| Male | Hispanic |
| 46.78% | 10.46% |
| Female | Pov. Rate |
| 53.21% | 25.10% |
| White | Under 18 |
| 41.83% | 25.58% |
| Af. Amer. | Over 65 |
| 44.33% | 13.00% |
| Asian | Md. Hse Inc. |
| 5.30% | \$33,229 |

(2006 Census American Community Survey)



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United States
Census
2010
IT'S IN OUR HANDS

CENSUS REPORT

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A REVIEW OF CENSUS PARTICIPATION

Since the census filing deadline April 16, 2010, mail-in census participation rates have been tracked at a local, state and national level. The following data has been compiled as of **April 26, 2010**. (source: <http://2010.census.gov>)

The current participation rates for the United States and Pennsylvania stand at 72% and 76%, respectively. The City of Philadelphia's current participation rate of **63%** is two percent higher than its 2000 participation rate. The City's low participation rate makes it the 62nd lowest participation rate of Pennsylvania's 67 counties.

When compared to the top 10 most populated cities, Philadelphia ranks 8th, above Chicago and New York City, for the lowest census participation rate. San Jose and San Diego lead the list with rates of 74% and 70%, respectively. Phoenix, which is comparable in population size to Philadelphia, has a rate of 67%.

| City | Participation Rate |
|---------------------|--------------------|
| San Jose | 74% |
| San Diego | 70% |
| San Antonio | 69% |
| Phoenix | 67% |
| Los Angeles | 67% |
| Houston | 66% |
| Dallas | 64% |
| Philadelphia | 63% |
| Chicago | 62% |
| New York City | 60% |

Census Facts*

- Each gain or loss of 500,000 residents is worth about \$1.5 billion to a state
- Pennsylvania's 2000 census participation rate was 76%
- Pennsylvania stands to lose one Congressional seat due to a population decrease
- The census will put the overall U.S. population at 310 million, up 10.3 percent from 281 million in 2000

| Cities & Towns | |
|-------------------|-----|
| Altoona | 79% |
| Bethlehem | 77% |
| Erie | 74% |
| Allentown | 72% |
| Pittsburgh | 71% |
| Scranton | 70% |
| Lancaster | 70% |
| State College | 70% |
| Reading | 67% |
| York | 66% |
| Harrisburg | 63% |
| Suburban Counties | |
| Chester | 80% |
| Montgomery | 79% |
| Bucks | 78% |
| Burlington, NJ | 78% |
| Gloucester, NJ | 76% |
| Delaware | 75% |
| Camden, NJ | 73% |

*compiled from the Kiplinger Report - Vol.87, No.14

