



Financial Forecast & Snapshot

Office of the City Controller
Financial & Policy Analysis Unit



MAY 2010

Snapshot Highlights

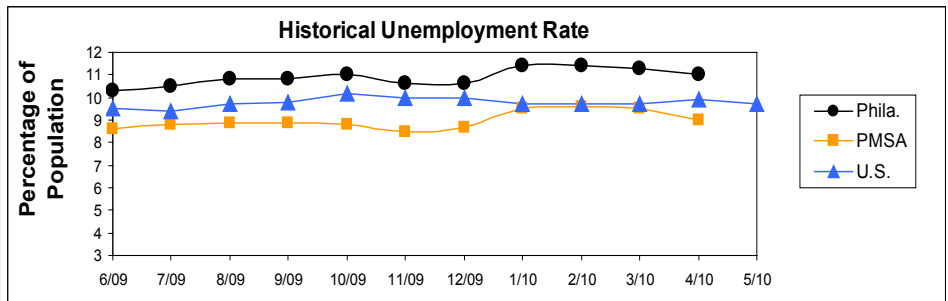
The City's General Fund tax collections for May were approx. \$201 million. This is a decrease of more than 7% over the previous year. Total collections for FY 2010 through May are slightly more than the same period last year.

Sales tax collections in May were a robust \$22.1 million, about twice last May's rate, but still under the pace needed to meet this year's projections by June. The Sales tax collection rate suggests a 3.5 percent reduction in the City's tax base compared to the same time last year.

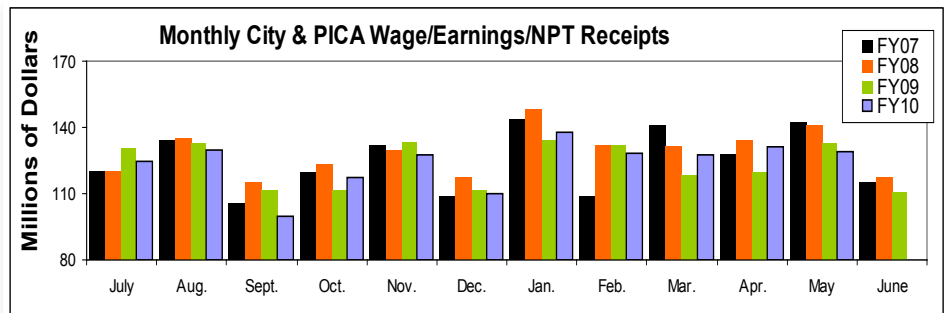
Real Estate taxes and Business Privilege taxes were weaker than projected, but PICA notes an overall trend toward recovery in Wage, Sales and Real Estate Transfer taxes. However, that some of the increase in the Real Estate Transfer tax may be attributed to an acceleration in the timing of transactions in advance of the expiration of the federal tax credit for first time homebuyers on April 30.

The City's unemployment rate has begun to trend downward, dropping from 11.3 percent to 11 percent in April, the latest month for which data is available. Still, analysts warn that employment will not rebound to pre-recession levels for several years given Philadelphia's historical lag in recoveries.

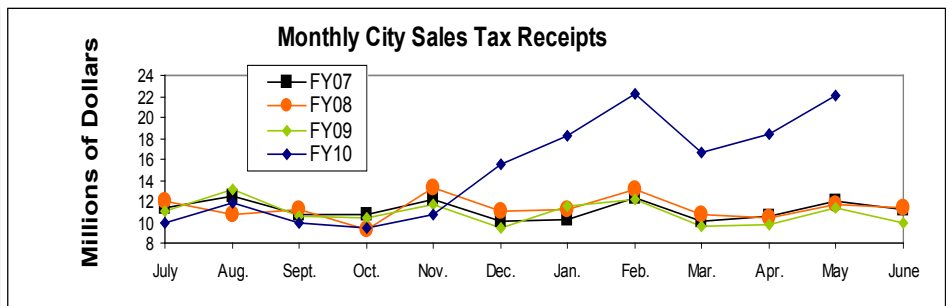
Along with a review of City Collections, this month's report highlights financial health statistics that show Philadelphia leads the state in hospitalization rates in three of four chronic health conditions.



	<u>Apr.10</u>	<u>Mar.10</u>	<u>Change</u>	<u>Apr. 09</u>
City -	11.0%	11.3%	-3.30%	9.1%
MSA -	9.0%	9.4%	-5.26%	7.6%
US -	<u>May 10</u>	<u>Apr.10</u>	<u>Change</u>	<u>May 09</u>
	9.7%	9.9%	-2.23%	9.4%



(in millions)	<u>FY2010</u>	<u>FY2009</u>	<u>Change</u>
Wage/NPT/Earnings - (City & PICA)	\$1,363.00	\$1,379.44	-1.19%



(in millions)	<u>FY2010</u>	<u>FY2009</u>	<u>Change</u>
Sales -	\$165.00	\$120.40	37.04%

Key Trends

 May's General fund tax collections -7% from last year	 City leads state in hospitalization rates for three of four chronic conditions
 Sales tax collections increase in May; still below projections	 Unemployment rate drops to 11%; still higher than last year



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Forecast Highlights

According to the Philadelphia Fed's June Business Outlook Survey, regional manufacturing activity continues to expand. A few indicators, including employment, suggest a slower pace of growth this month. Firms also reported a moderation in cost pressures this month, and more firms reported price reductions than reported increases for their own manufactured goods. Firms expect continued growth in their manufacturing business over the next six months, with over half of the firms expecting growth in activity, new orders, and shipments.

Nevertheless, Moody's Analytics' May 2010 précis for Philadelphia warns that the City's "thorny fiscal troubles" will prevent a vigorous recovery from taking hold, noting that Philadelphia has "noticeably lagged the nation" in recent recoveries. Moody's does not expect employment to recover to pre-recession levels until 2013, with education and health care leading the way. Modest improvements in tourism will slowly translate into permanent jobs, but Moody's does not expect the sector to return to pre-recession levels until 2012.

United States		Last Update	Current GDP	2010 GDP	2011 GDP	2010 CPI	Current Unemployment Rate	2010 Unemployment	2011 Unemployment				
2	economy.com—Précis: Metro/ US	Mar-10	1st Qtr. 2010 3.2%	2.8%	↗	3.7%	↘	n/a	○	10.1%	↘	9.7%	↗
3	FRB Phila—Livingston Survey	Dec-09		3.3%	↗	3.0%	↗	1.7%	↘	9.5%	↘	9.1%	↘
4	FRB Phila—Survey of Professional Forecasters	May-10		3.3%	↗	3.1%	↗	1.6%	↘	9.6%	↘	8.9%	↘
5	NABE Outlook	Feb-09		3.1%	○	3.2%	↗	2.1%	↗	9.9%	↗	9.2%	↗
6	The Conference Board—U.S. Leading Indicator*	May-10	Level of Business Activity	May-10	109.9				This chart tracks the Indicator for the last 12				
Regional (U.S. N.E. & Phila. Metro)		Last Update	Current GRP/GMP	2010 GRP/GMP (percent change)	2011 GRP/GMP (percent change)	2010 Personal Income Growth	2011 Personal Income Growth	2010 Net Migration (thousands)	2011 Net Migration (thousands)				
7	economy.com—Précis: Metro/NORTHEAST	May-10	2843.0	NA	○	3.4%	↗	3.6%	↘	35.4	↗	-12.0	↘
8	economy.com—Précis: Metro/Philadelphia	May-10	154.0	1.4%	↗	1.9%	↘	3.1%	↗	3.9	↗	0.2	↗
			Current (2010) Employment	2010 Employment	2011 Employment	Cost of Doing Business (U.S. = 100)	Current (2010) Unemployment	2011 Unemployment	2012 Unemployment				
7	economy.com—Précis: Metro/NORTHEAST	Jan-10	28,347	-0.5%	↗	109	↗	9.1%	↘	7.3%	↗		
8	economy.com—Précis: Metro/Philadelphia	Jan-10	1,842	-0.9%	↘	104	↘	8.9%	↘	7.3%	↗		
10	FRB Philadelphia—Bus. Outlook Survey	Jun-10	Leading Indicator	June-08 to May-10	8.0				This chart tracks the Indicator for the last 24				

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	1,547,297*	Other	8.50%
Male	46.78%	Hispanic	10.46%
Female	53.21%	Pov. Rate	25.10%
White	41.83%	Under 18	25.58%
Af. Amer.	44.33%	Over 65	13.00%
Asian	5.30%	Md. Hse Inc.	\$33,229

(*2009 U.S. Census figures)



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Financial Health Watch

Philadelphia leads Pennsylvania with the highest hospitalization rates in three of four chronic health conditions, according to a June 2010 report released by the Pennsylvania Health Care Cost Containment Council (PHC4).

Of the state's 67 counties, the City ranks as the highest in rates for diabetes (4.26), asthma (5.40) and heart failure (10.04). Philadelphia's rates for diabetes and heart failure are double the state and national averages and asthma rates are three times higher.

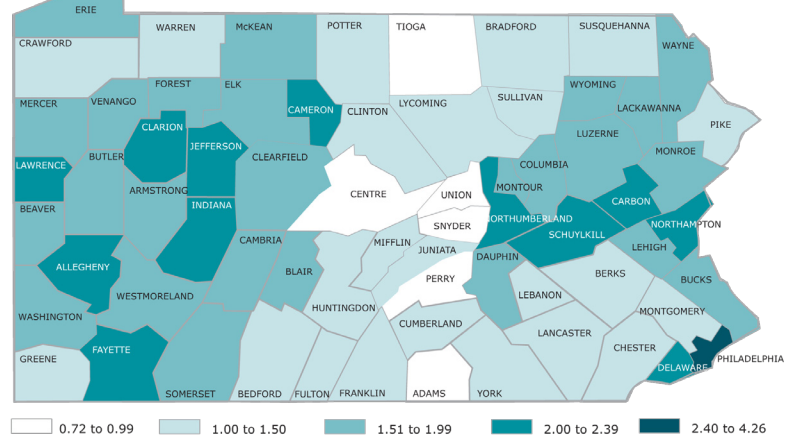
According to PHC4's report and based on the average Medicare payments for each condition, total Medicare payments for all hospitalizations for the four conditions in 2007 were estimated at \$615 million in Pennsylvania.

Comparing Chronic Hospitalization Rates

	Philadelphia	PA	U.S. (2007)
Diabetes	4.26*	1.96	1.77
Asthma	5.40*	1.92	1.33
COPD	5.52	3.84	2.59
Heart Failure	10.04*	5.83	4.50

*Highest rate in Pennsylvania

2008 Hospitalization Rates* for Diabetes



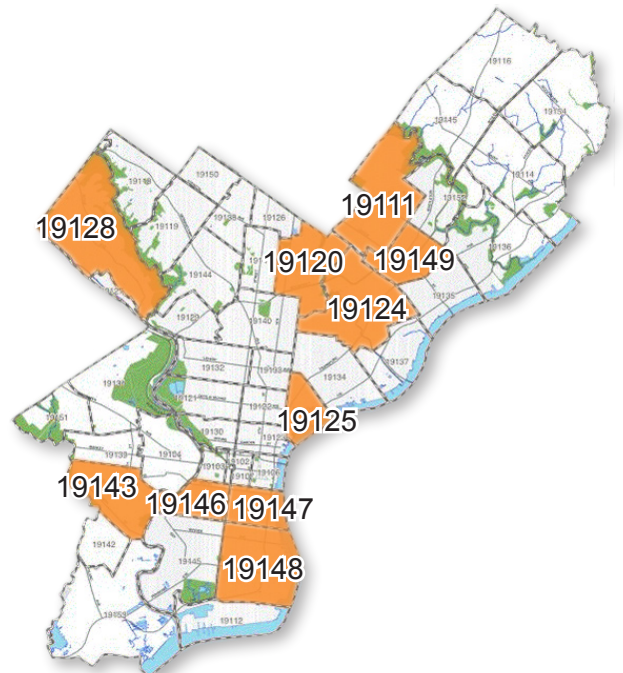
*per 1,000 residents

(State graph published in the PHC4's June 2010, "Chronic Health Conditions in Pennsylvania.")

City Real Estate Sales

MAY 2010 - Top 10 by Sales

ZIP Code	Sales	Foreclosures	% of Sales from Foreclosure
19146	80	5	6.30%
19124	62	11	17.70%
19111	58	2	3.40%
19148	57	6	10.50%
19149	57	4	7.00%
19125	54	7	13.00%
19147	54	7	13.00%
19143	51	13	25.50%
19128	49	2	4.10%
19120	48	10	20.80%



Based on information from TREND for May 2010.