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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON COMMERCE AND

4

ECONOMIC DEVELOPMENT

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Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, October 5, 2006
1:00 p.m.

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PRESENT:

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COUNCILMAN W. WILSON GOODE, JR.

11

COUNCILMAN DARRELL L. CLARKE

12

COUNCILMAN FRANK DiCICCO

13

COUNCILWOMAN DONNA REED MILLER

14

COUNCILMAN JUAN RAMOS

15

COUNCILWOMAN BLONDELL REYNOLDS BROWN

16

COUNCILMAN FRANK RIZZO

17

COUNCILWOMAN MARIAN B. TASCO

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BILL 060630 - An ordinance amending Section
19-2604 of The Philadelphia Code, entitled
"Tax Rates, Credits, and Alternative Tax
Computation," by amending the provisions of
the new job creation tax credit...

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20

RESOLUTION 060653 - Resolution authorizing the
Committee on Commerce and Economic Development
to hold hearings related to economic
self-sufficiency.

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V A R A L L O Incorporated

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Litigation Support Services

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Eleven Penn Center

1835 Market Street, Suite 600
Philadelphia, Pennsylvania 19103

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COUNCILMAN GOODE: Good

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afternoon. This hearing is called to

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order. This is a public hearing of the

5

Commerce and Economic Committee on Bill

6

No. 060630 and Resolution No. 060653. My

7

name is W. Wilson Goode, Jr., Chair of

8

this Committee.

9

I would note that a quorum is

10

present. Other Committee members here as

11

well include Darrell Clarke, Donna Reed

12

Miller, Frank DiCicco and Blondell

13

Reynolds Brown.

14

The title of the bill, No.

15

060630, an ordinance amending Section

16

19-2604 of The Philadelphia Code,

17

entitled "Tax Rates, Credits, and

18

Alternative Tax Computation," by amending

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the provisions of the new job creation

20

tax credit with respect to businesses

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that create new jobs for ex-offenders,

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all under certain terms and conditions.

23

The title of the resolution,

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No. 060653, a resolution authorizing the

25

Committee on Commerce and Economic

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2 Development to hold hearings related to
3 economic self-sufficiency.

4 Our first witness will be on
5 the bill and I'd ask the Revenue
6 Commissioner to please approach the
7 witness table.

8 Let me note for the record that
9 Councilwoman Tasco has joined us as well.

10 Commissioner, could you please
11 state your name for the record and then
12 proceed with your testimony.

13 COMMISSIONER KAMMERDEINER:

14 Good afternoon, Councilman Goode and
15 members of the Committee on Commerce and
16 Economic Development. My name is Nancy
17 Kammerdeiner, Revenue Commissioner, and
18 I'm pleased to be with you today to
19 present testimony regarding Bill No.
20 060630. This bill would amend Section
21 19-2604 of The Philadelphia Code,
22 entitled "Tax Rates, Credits, and
23 Alternative Tax Computation," to change
24 the amount of the tax credit for
25 businesses that create new jobs for

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2 ex-offenders.

3 The credit for new job creation
4 was established as a demonstration
5 program in February of 2002 in order to
6 provide a credit against business
7 privilege tax liabilities as an incentive
8 for businesses to establish and maintain
9 new full-time jobs. The program was made
10 permanent in June of 2004. At that time,
11 a definition was also added for
12 ex-offenders and there was a provision
13 included that created employment
14 opportunities for ex-offenders as part of
15 the reserve allocation of 25 percent of
16 the credits for businesses with fewer
17 than 25 employees.

18 Interested businesses must
19 submit an application to the Department
20 of Revenue and must agree to create at
21 least 25 new full-time jobs with an
22 hourly rate of at least 150 percent of
23 the federal minimum wage or to increase
24 the number of employees in Philadelphia
25 by at least 20 percent within five years

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2 of the agreed-upon start date. They must
3 also sign a statement that the company
4 intends to maintain its operations in
5 Philadelphia for five years from the
6 start date. Employment opportunities for
7 ex-offenders must be contracted for a
8 minimum period of at least 180 days.

9 The tax credit was initially
10 established as \$1,000 per new job
11 created, but the legislation was amended
12 in November of 2004 to provide for a
13 credit of an amount equal to two percent
14 of the annual wages paid for each new job
15 or \$1,000 per new job, whichever is
16 higher.

17 Since the inception of this
18 program, the Department of Revenue has
19 approved applications from 32 businesses
20 for the creation of 2,579 new jobs.

21 The bill before you today would
22 increase the credit for each new job from
23 \$1,000 to \$5,000 when the new employment
24 opportunity is created for ex-offenders.
25 All other provisions of Section 19-2604

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2 would remain unchanged.

3 This bill is not expected to
4 materially change the fiscal impact on
5 the City. Based on this and because it
6 will provide supports to ex-offenders
7 reentering the community in order to
8 prevent recidivism, the Administration
9 will support Bill 060630.

10 I'm available to answer any
11 questions you might have.

12 COUNCILMAN GOODE: Thank you,
13 Commissioner, for your testimony.

14 Councilman Rizzo.

15 COUNCILMAN RIZZO: Good
16 afternoon, Commissioner.

17 COMMISSIONER KAMMERDEINER:
18 Good afternoon.

19 COUNCILMAN RIZZO:
20 Commissioner, the way this is
21 administered, I'm curious, knowing how
22 people can manipulate a system, if a
23 person lays someone off or someone leaves
24 and they're an administrative aide, they
25 then take advantage of the tax credit by

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2 hiring a new person that's an
3 administrative assistant. How do we know
4 that this isn't being manipulated where
5 they are just changing titles and
6 creating a new position? Is it based on
7 absolute numbers?

8 COMMISSIONER KAMMERDEINER:

9 It's total numbers of the company. When
10 they provide an application to us, we
11 initially indicate that they are within
12 the parameters, but then they go through
13 another process before they actually get
14 their credit certificate. We review
15 books and records to identify how many
16 positions they already have, how many new
17 positions are created. They come back to
18 us after those positions have been
19 created so we compare their initial
20 numbers to the numbers after the job
21 creation. And there are provisions in
22 the regulations for review on a periodic
23 basis during the time that they are
24 entitled to these credits in that
25 five-year period.

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2 So we do have some cross-checks
3 and they do have to provide additional
4 information to us showing that they've
5 maintained that number of jobs. That
6 doesn't necessarily mean the same person
7 is going to be in those jobs throughout,
8 because we will experience turnover. I'm
9 sure any of these companies will
10 experience turnover.

11 COUNCILMAN GOODE: For clarity
12 of the record, the number of payroll
13 positions has to increase.

14 COMMISSIONER KAMMERDEINER:
15 Correct. And we get a baseline
16 information number from them, and then
17 they have to prove to us that they have
18 payroll that has additional positions
19 before the credits are actually issued to
20 them. So an approved application doesn't
21 necessarily mean that they yet have the
22 credits. They have to demonstrate the
23 filling and maintenance of positions
24 before they get the voucher that they can
25 use for their credit.

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2 COUNCILMAN RIZZO: I hear what
3 the Chairman just said, but there are
4 companies that are modernizing. They are
5 becoming more efficient. They're doing
6 more with less. How do you deal with a
7 company that may automate a particular
8 part of their organization, reduce their
9 workforce and then want to employ an
10 ex-offender or a new employee? How do
11 you do that? My question is, it's great,
12 it's a good process, but how do you keep
13 it honest?

14 COMMISSIONER KAMMERDEINER:
15 Well, we can't control what happened
16 before they come to us with the
17 application. The only thing we can look
18 at is how many employees they had at the
19 time they came forward and applied and
20 how many employees they have during the
21 course of their five-year period to
22 execute on the increase in staff. And we
23 need to make sure that they have in fact
24 added employees after the time of the
25 application, not going back further than

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2 the year before they applied to us.

3 COUNCILMAN RIZZO: Thank you,

4 Mr. Chairman.

5 COUNCILMAN GOODE: Thank you,

6 Councilman.

7 Councilwoman Miller.

8 COUNCILWOMAN MILLER: Good

9 afternoon, Commissioner.

10 COMMISSIONER KAMMERDEINER:

11 Good afternoon.

12 COUNCILWOMAN MILLER: What is

13 the proof or is there some type of

14 requirement to prove that who you're

15 actually hiring and who you keep is an

16 ex-offender?

17 COMMISSIONER KAMMERDEINER: I'm

18 not sure exactly what we have in the

19 regulations. I would have to

20 double-check that and get back to you,

21 but I believe it's just an indication of

22 the prior incarceration of the

23 individual, and we would be monitoring.

24 I have to say we have not yet

25 experienced that. None of the

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2 applications that we have received and
3 processed so far have explicitly
4 requested approval for positions for
5 ex-offenders. That doesn't mean that
6 someone couldn't have applied on a
7 straight job creation and have actually
8 employed an ex-offender, but they haven't
9 come to us yet in terms of saying, Our
10 application is on this basis. We would
11 need to have some evidence from them of
12 the prior incarceration of the
13 individuals they were employing.

14 COUNCILWOMAN MILLER: And is
15 there a time limit? It can be someone
16 that was an ex-offender 20 years ago with
17 a charge?

18 COMMISSIONER KAMMERDEINER: The
19 legislation that was approved by Council
20 on the definition of an "ex-offender" I
21 do not believe had any time limit in
22 there.

23 COUNCILMAN GOODE: It
24 specifically reads "a person previously
25 convicted of a felony or who was

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2 incarcerated for any conviction or who is
3 currently on probation or parole for any
4 conviction." So if a person was at least
5 convicted of a felony at some point in
6 their life, they still qualify as an
7 ex-offender.

8 COMMISSIONER KAMMERDEINER: As
9 a result, it could have been sometime
10 earlier.

11 Thank you, Councilman.

12 COUNCILWOMAN MILLER: And do
13 you know -- and maybe these questions
14 aren't for you. I don't know. I don't
15 really know who keeps the records, but
16 the 2,579 new jobs, were they real jobs,
17 jobs that were filled or just positions
18 that were created?

19 COMMISSIONER KAMMERDEINER:
20 Those are the number of positions that
21 people came forward and said they would
22 create during the five-year period from
23 the start date until the expiration of
24 five years. Some of those have been
25 created. We have had verification from

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2 the employer and have actually issued the
3 credit that they can use against their
4 business privilege tax liability. In
5 many other cases, we're in that interim
6 period while they are filling those
7 positions and coming forward to us for
8 review of their books and records.

9 So it's a combination of
10 things. They're not all created at this
11 juncture.

12 COUNCILWOMAN MILLER: So the
13 Revenue Department --

14 COUNCILMAN GOODE: And for the
15 record, Commissioner, is it safe to say
16 that probably over 2,000 of those jobs
17 are still yet unfilled?

18 COMMISSIONER KAMMERDEINER:
19 It's probably the majority of them, so,
20 yes. There are a significant number of
21 them that remain to be filled, and only a
22 few credits have actually been exercised
23 at this point. Where the jobs have been
24 filled, we've verified that, issued the
25 credit and they've actually used them.

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2 One thing I would add, if we
3 find for any reason in an audit that they
4 did not maintain these jobs, we have the
5 right to revoke that credit and require
6 them to pay the amount of business
7 privilege tax that was covered by the
8 credit previously.

9 COUNCILMAN GOODE: The simple
10 point I was making is that there are
11 probably as many as 2,000 more jobs still
12 available for the employment of
13 ex-offenders, because they have to be
14 created within a five-year period. So
15 this is not just a process moving
16 forward, but there are jobs that are
17 already slated to be created under the
18 program that now we would be creating a
19 greater incentive to hire an ex-offender
20 for those jobs.

21 COMMISSIONER KAMMERDEINER: And
22 with this extra incentive, some of those
23 employers who have come forward before
24 may come back and specifically identify
25 them for ex-offenders. That is the

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2 possibility here.

3 COUNCILWOMAN MILLER: So the
4 Department of Revenue actually becomes
5 the monitoring agency.

6 COMMISSIONER KAMMERDEINER:
7 Correct. The legislation that was
8 established by Council several years ago
9 put us in that position to review not
10 only the initial applications but to
11 monitor their progress along the way and
12 gave us the authority to revoke those
13 credits if they weren't actually used
14 appropriately.

15 COUNCILWOMAN MILLER: All
16 right. Thank you.

17 Thank you, Mr. Chair.

18 COUNCILMAN GOODE: Thank you.
19 Councilman Rizzo.

20 COUNCILMAN RIZZO:
21 Commissioner, I'm working on a program
22 right now where we have inmates, but let
23 me just back up. Are we talking about
24 people just convicted of felonies?

25 COMMISSIONER KAMMERDEINER: I

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2 believe the definition references felons.

3 COUNCILMAN RIZZO: Just a
4 felony, Mr. Chairman?

5 COUNCILMAN GOODE: I'm sorry.
6 I didn't hear your question.

7 COUNCILMAN RIZZO: I'm asking
8 the question are we talking about
9 candidates that have been convicted of a
10 felony?

11 COUNCILMAN GOODE: Not just a
12 felony. The definition reads "a person
13 previously convicted of a felony or who
14 was incarcerated for any conviction or
15 who is currently on probation or parole
16 for any conviction." So not just
17 felonies.

18 COUNCILMAN RIZZO: Now, I'm
19 working on a program where we have at our
20 jail 100 inmates that are all programmed
21 for work release. They have gone through
22 the process. They have the ability to
23 leave the jail in the morning, come back
24 at night.

25 Would an employer of any of

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2 those inmates that are programmed for
3 work release, would any potential
4 employer be able to receive any type of a
5 credit?

6 COMMISSIONER KAMMERDEINER: I
7 would think so if this is worded --

8 COUNCILMAN RIZZ0: But they're
9 still incarcerated. They're not
10 ex-offenders. They're still serving
11 their time.

12 COMMISSIONER KAMMERDEINER:
13 That, I guess, could be a potential
14 problem here. We'd have to look at that
15 definition a little closer, but there is
16 a potential for it and --

17 COUNCILMAN RIZZ0: The problem
18 that we're having --

19 COMMISSIONER KAMMERDEINER:
20 That's a gray area in between.

21 COUNCILMAN RIZZ0: The problem
22 that we're having up at the jail is the
23 fact that 100 inmates are sitting there
24 with no jobs, that have gone through the
25 process for work release, but the warden

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2 has no opportunity for employment. This
3 would really motivate people to hire
4 these men and women.

5 COUNCILMAN GOODE: I believe
6 the way the law is written, that would be
7 open for administrative interpretation
8 and regulations. So we could actually
9 create an administrative regulation that
10 allows that.

11 COUNCILMAN RIZZO: That would
12 be --

13 COMMISSIONER KAMMERDEINER:
14 It's not something that's been raised
15 before, and certainly we will look at it.

16 COUNCILMAN RIZZO: That's why
17 we have these hearings.

18 COMMISSIONER KAMMERDEINER:
19 Exactly.

20 COUNCILMAN RIZZO: So that
21 would be important to me, because this
22 program is really having some issues and
23 it's really depressing to the inmates
24 that have gone through this process
25 hoping that they would get a job. And

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2 right now we're about to -- not that
3 Fairmount Park Commission can take
4 advantage of it, but there's six inmates
5 going to be employed by the Fairmount
6 Park Commission, and the private sector
7 is certainly our next step, and this
8 would be a great, great incentive to the
9 private sector to employ these inmates
10 that are incarcerated waiting for
11 release.

12 So administratively I'm hearing
13 what the Chairman said here, that we
14 might be able to work this in.

15 COMMISSIONER KAMMERDEINER: I'm
16 looking at the language of the
17 definition. Looking at it in writing
18 instead of just hearing it presented
19 makes it a little easier to deal with.

20 Basically many of these
21 individuals would have been convicted of
22 a felony. It doesn't say how much
23 before, but that would factor in, or who
24 was incarcerated for any conviction or is
25 currently on probation or parole for a

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2 conviction.

3 So these people have been
4 incarcerated. In fact, they still are
5 under the definition that you have given
6 for it with the work release program, and
7 so I think there would be a way for us to
8 do that within the --

9 COUNCILMAN RIZZ0: But doesn't
10 it say something about released? They're
11 not released.

12 COMMISSIONER KAMMERDEINER: No,
13 it doesn't say.

14 COUNCILMAN RIZZ0: It doesn't
15 say that?

16 COMMISSIONER KAMMERDEINER: It
17 says "a person previously convicted of a
18 felony or who was incarcerated for any
19 conviction or who is currently on
20 probation or parole for any conviction."
21 So it says "was" incarcerated. I guess
22 that's the one word here that could be a
23 barrier, but we need to look at it more
24 closely and see what we can do within the
25 regulations on that.

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2 COUNCILMAN RIZZO: Maybe,
3 Mr. Chairman, before this comes out of
4 Committee, we can fix that.

5 COMMISSIONER KAMMERDEINER: We
6 base our regulations on the intent of
7 Council, so to the extent that we
8 understand your intent, our regulations
9 would be developed accordingly.

10 COUNCILMAN RIZZO: Great.
11 Thank you, Commissioner.

12 COMMISSIONER KAMMERDEINER:
13 You're welcome.

14 COUNCILMAN RIZZO: Thanks,
15 Mr. Chairman.

16 COUNCILMAN GOODE: You're
17 welcome. Thank you, Councilman.

18 Are there any other questions
19 for this witness?

20 (No response.)

21 COUNCILMAN GOODE: Thank you
22 very much.

23 COMMISSIONER KAMMERDEINER:
24 Thank you.

25 COUNCILMAN GOODE: Is there

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2 someone here from the Philadelphia
3 Workforce Development Corporation?

4 MS. KIRBY: Hello. My name is
5 Susan Kirby and I'm the Director of
6 Ex-Offender Services at the Philadelphia
7 Workforce Development Corporation and I'm
8 here representing Ernie Jones, the
9 President.

10 Chairman Goode, we are pleased
11 to submit this testimony in support of
12 Bill No. 060630 amending Section 19-2604
13 of The Philadelphia Code. We would also
14 like to extend our appreciation to you
15 for your sponsorship of this bill and
16 urge its passage by the City Council.

17 As you are aware, the
18 Philadelphia Workforce Development
19 Corporation, or our acronym, PWDC, is the
20 City's leading workforce development
21 agency. In our role, we work with both
22 employers and job seekers to develop a
23 world-class workforce, which we believe
24 will lead to further economic development
25 in the region. We provide services to

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2 welfare recipients as well as to the
3 general public. In doing so, we
4 encounter with both sets of job seekers
5 the problem of assisting the reentry
6 population, or ex-offenders, in finding
7 suitable employment.

8 PWDC is a member of the
9 Philadelphia CareerLink Consortium, which
10 operates the Pennsylvania CareerLink
11 system in Pennsylvania. This system
12 consists of seven comprehensive centers
13 and over 20 access points located
14 throughout the City. Last year, over
15 30,000 contacts were made by residents of
16 Philadelphia. Of that number, we
17 estimate that 30 to 40 percent were
18 ex-offenders. A similar but slightly
19 lesser percentage of welfare clients were
20 also found to be ex-offenders.

21 This Committee and the City
22 Council are well aware of the barriers
23 created by the existence of a criminal
24 conviction when trying to find
25 employment. In spite of federal bonding

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2 programs and other incentives, we
3 continue to find it extremely difficult
4 to place individuals with criminal
5 records. We commend the City Council
6 when it enacted the ordinance leading to
7 Section 19-2604, which creates a tax
8 credit of \$1,000 for each new job
9 created. That ordinance, however, has
10 not adequately addressed the problem for
11 ex-offenders. We think Bill No. 060630,
12 which increases the tax credit to \$5,000
13 for ex-offenders, will serve as a
14 significant incentive for employers to
15 hire ex-offenders, because employers can
16 now receive a tax credit for any new job,
17 regardless of whether the new employee is
18 an ex-offender or not. The current
19 ordinance does not offer the necessary
20 incentive to hire an ex-offender. We
21 think this bill will create the
22 proverbial "carrot" for employers and
23 will lead to the hiring of many
24 ex-offenders.

25 At the same time, we request

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2 that this Committee look into the
3 definition of what constitutes a "new"
4 job and redefine it so the ordinance
5 serves the purpose for which it was
6 enacted. We have received complaints
7 from employers who state that even if
8 they hire a new individual in the current
9 year, if their overall workforce has been
10 reduced within the last three years, they
11 are not eligible for the tax credit
12 because the job is not considered new.

13 There have also been complaints
14 that the paperwork associated with the
15 tax credit is too onerous. We think
16 changing the definition of "new" job and
17 reducing the paperwork burden will
18 enhance the effectiveness of the new
19 legislation.

20 We at PWDC believe that there
21 exists a strong relationship between
22 unemployment, crime and recidivism, and
23 this connection has been demonstrated in
24 numerous studies. We believe that if the
25 City is serious about addressing these

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2 problems, the employment needs of the
3 reentry population must be addressed.
4 This bill will go a long way towards
5 positively addressing those needs.

6 Thank you for the opportunity
7 for presenting this testimony.

8 COUNCILMAN GOODE: Thank you
9 for your testimony, Ms. Kirby, and please
10 thank Mr. Jones again for submitting the
11 testimony.

12 On the recommendation that we
13 redefine the term "new" job, I believe
14 there probably is a little bit of a
15 disconnect between workforce development
16 and economic development. The truth of
17 the matter is, we had to protect against
18 some of the things that Councilman Rizzo
19 talked about. We cannot create a
20 situation under this program where
21 someone fires someone and then hires
22 someone new and have that treated as a
23 new job. We have to have a program where
24 we're actually creating new positions and
25 people are going to those new positions.

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2 In addition to that, the
3 program is patterned after a State
4 program and we want people to be able to
5 take advantage of both the State job
6 creation tax credit and the local job
7 creation tax credit. In fact, if someone
8 is already authorized to create jobs in
9 the State program, they really don't have
10 to go through most of the process on the
11 local level. If they have a State job
12 creation certificate, they can
13 immediately submit that to the Revenue
14 Department and go into the process of
15 creating new jobs.

16 So, one, we are trying to
17 safeguard against fraud, safeguard
18 against people firing people and then
19 hiring new people for the credit. And
20 then the program is patterned in a
21 certain way after the State program, and
22 essentially changing the program at this
23 point midstream, after the creation of
24 several thousand jobs, just wouldn't
25 work. I will at some point address with

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2 the Administration and the Revenue
3 Department whether we can look at the
4 paperwork, but, once again, that's
5 probably more of an administrative
6 regulation which would not necessarily
7 affect how this legislation is crafted.
8 But, again, we thank you for the
9 testimony.

10 MS. KIRBY: Thank you.

11 COUNCILMAN GOODE: Are there
12 questions?

13 Councilman Rizzo.

14 COUNCILMAN RIZZO: It's been
15 asked of me are we now making the playing
16 field not level. Are we giving an
17 ex-offender an advantage over the -- how
18 do you answer that? How do you explain
19 to someone now that wants to get a job,
20 not an ex-offender, when the ex-offender
21 now has the leg up? I'm not suggesting I
22 agree with that question, but it was
23 asked of me.

24 MS. KIRBY: Oh, I can
25 appreciate anyone asking that question,

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2 and I'm sure we've encountered it with
3 the welfare-to-work population with the
4 tax credits and I guess generally with
5 the disadvantaged population.

6 You're absolutely correct. Why
7 should we help an ex-offender? Since
8 9/11, ex-offenders have found it more and
9 more difficult to find employment. The
10 latest statistic is over 80 percent of
11 employers now do criminal record checks,
12 and employers are saying they won't hire
13 people with an offense even though the
14 crime had nothing to do with the job.

15 So what we're hoping this bill
16 will do is, it will encourage employers
17 to look at qualified ex-offenders for the
18 job, whereas now 80 percent of them will
19 not. If an ex-offender has the
20 knowledge, skill and ability to do the
21 job, they're automatically being
22 disqualified because of their criminal
23 record, and I'm hoping that this tax
24 incentive will open the eyes of employers
25 to at least consider them.

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2 COUNCILMAN RIZZO: I agree with
3 you. I'll give you a quick example. A
4 particular airline in our City was having
5 significant issues with baggage handling.
6 I had an opportunity to bring a workforce
7 almost immediately, but because of FAA
8 regulations, they would not allow an
9 ex-offender or a person that's programmed
10 on the work release to go and help solve
11 a problem, because they kept saying, We
12 can't find people, we can't find people
13 to do this work. Well, they couldn't
14 find them because they weren't paying
15 them enough, but this was a natural --
16 but there are lots of obstacles. As you
17 said, 9/11 has changed the way we live.

18 MS. KIRBY: Well, I think
19 Homeland Security, their rules and
20 regulations would not allow anyone with a
21 criminal record to be hired --

22 COUNCILMAN RIZZO: That's
23 correct.

24 MS. KIRBY: -- at an airport
25 facility.

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2 COUNCILMAN RIZZO: That's
3 exactly correct.

4 MS. KIRBY: So there are some
5 realities of life that this tax incentive
6 will not resolve because of 9/11, but I
7 think it could open the doors for other
8 areas of employment.

9 COUNCILMAN RIZZO: Thank you.

10 MS. KIRBY: Thank you.

11 COUNCILMAN RIZZO: Thank you,
12 Mr. Chairman.

13 COUNCILMAN GOODE: Thank you,
14 Councilman.

15 Councilwoman Miller.

16 COUNCILWOMAN MILLER: Thank
17 you.

18 This is an issue that's near
19 and dear to my heart. It breaks my heart
20 when I go out and so many ex-offenders --
21 some people with misdemeanors and just
22 small crimes can't find employment. And
23 recently I actually had someone that
24 actually has worked for about 30 years,
25 retired, forgot all about an assault when

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2 he was 19 years old, applied for a job
3 and the assault pops up, and he was
4 pretty much devastated.

5 But I'm really glad that
6 Workforce Development -- I call you PIC.
7 I still call you PIC.

8 MS. KIRBY: I know. It's the
9 Philadelphia Workforce Development
10 Corporation.

11 COUNCILWOMAN MILLER: --
12 (continued) has a special unit to deal
13 with ex-offenders and employment.

14 How many calls do you get? How
15 many people are you serving?

16 MS. KIRBY: Well, at Suburban
17 Station CareerLink in the last 12 months,
18 we've given intensive services to about
19 800 ex-offenders. So that's one of seven
20 CareerLinks in Philadelphia. I'm
21 fortunate, I have two dedicated staff
22 people that all they do is work with
23 ex-offenders and do job development with
24 employers, and I would say we probably
25 have a 15 to 20 percent success rate in

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2 helping ex-offenders get jobs.

3 COUNCILWOMAN MILLER: And then
4 the others are just left to --

5 MS. KIRBY: We find eventually
6 that they do find employment, but they
7 don't get back to us. One of our big
8 problems is, within 30 days, 35 percent
9 of the ex-offenders we serve cannot be
10 reached at the phone number that they
11 gave us, so it's difficult for us to do
12 case management and retention with them.

13 COUNCILWOMAN MILLER: All
14 right. Thank you.

15 MS. KIRBY: You're welcome.

16 COUNCILMAN GOODE: Are there
17 any other questions of this witness?

18 Councilman Ramos.

19 COUNCILMAN RAMOS: Thank you,
20 Mr. Chairman.

21 Not a question, but for the
22 many years that I worked as a
23 construction worker, early on -- I was
24 still a fairly young man when I came into
25 the industry -- I found out months later

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2 that the hardest working and the quietest
3 and the most religious people on that job
4 site with me were ex-offenders.

5 MS. KIRBY: Oh, I don't doubt
6 it.

7 COUNCILMAN RAMOS: And then as
8 we got to know each other as the months
9 went by, they're sharing their stories of
10 their past and how lucky they were to be
11 able to have this job. And I still
12 associate with many of those men that I
13 worked with and we get together once a
14 year, and they have a nice car, they have
15 nice families, they're still as polite as
16 ever, they've gotten gray like me, and
17 they got sores and all kinds of aches and
18 pains.

19 We're living in very difficult
20 times where a person that has committed a
21 crime or has been incarcerated, that
22 there are people that come out and say,
23 Well, I should have never done that, and
24 are remorseful and want to start a new
25 life, and unless we assist them in

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2 starting a new life, the anger and then
3 some of this stuff that was there years
4 ago will come back to permeate in the
5 heart and the minds of people that have
6 had that past.

7 So I'm a proponent of this
8 because I've seen it work, and I am glad
9 Councilman Goode is taking this on and
10 Councilwoman Donna Reed Miller, who has
11 been the champion of this for so many
12 years, that we're moving in this right
13 direction.

14 Thank you.

15 MS. KIRBY: Thank you.

16 COUNCILMAN GOODE: Thank you,
17 Councilman.

18 Thank you, Ms. Kirby.

19 Is there a representative from
20 the Philadelphia Workforce Investment
21 Board?

22 MS. HIRSHON: Thank you, Mr.
23 Chairman and members of the Committee.
24 My name is Lauren Hirshon and I'm here
25 from the Philadelphia Workforce

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2 Investment Board to read the written
3 testimony that was submitted by Sallie
4 Glickman for this hearing here today.

5 And I have with me both Anne Price and
6 Cinda Clyde to answer any specific
7 questions that you may have about the
8 research within this testimony and to
9 really any questions that you may have
10 back to Ms. Glickman.

11 Thank you, Mr. Chairman and
12 members of the Committee on Commerce and
13 Economic Development, for inviting Sallie
14 Glickman to offer written testimony for
15 your hearing today. Ms. Glickman's
16 testimony comes from two perspectives:
17 as CEO of the Philadelphia Workforce
18 Investment Board and as a member of the
19 National Reentry Policy Council, under
20 whose auspices Chartering the Safe and
21 Successful Return of Prisoners to the
22 Community was published in 2003.

23 Ms. Glickman regrets being
24 unable to appear before you today to
25 personally convey her strong support for

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2 this proposed ex-offender tax credit
3 bill. Successfully integrating people
4 released from prison and jail into the
5 workforce is critical to our economy.
6 However, obtaining employment is often a
7 challenge for ex-offenders given the
8 stigma attached to having a criminal
9 record and the additional barriers that
10 this population typically faces.

11 Allowing businesses to claim a
12 tax credit of \$5,000 for new jobs that
13 are created to provide employment
14 opportunities for ex-offenders would help
15 to level the playing field for this
16 group, and it would give employers an
17 opportunity to look past the record and
18 look at the individual.

19 According to the Pennsylvania
20 Prison Society's 2002 Annual Report,
21 every day more than 100 men and women
22 reenter, returning to communities in
23 Philadelphia from the City and State
24 prison systems. Between 2000 and 2002,
25 there was a 20 percent increase in

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2 parolees to the Philadelphia area.

3 Returning parolees, along with others

4 already in the community under

5 supervision, amount to approximately

6 51,000 individuals in Philadelphia on any

7 given day with active connections to the

8 criminal justice system. For this group

9 of citizens, a criminal record creates a

10 huge obstacle to employment. In fact,

11 studies have demonstrated that employers

12 are much more adverse to hiring

13 ex-offenders than they are towards any

14 other disadvantaged groups. In a study

15 conducted by Harry Holzer from the

16 Georgetown Public Policy Institute, over

17 90 percent of employers surveyed were

18 willing to consider filling their most

19 recent job vacancy with a welfare

20 recipient, whereas only 40 percent would

21 consider doing so with ex-offenders.

22 In addition to the barriers

23 associated with having a criminal record,

24 research suggests that people in prison

25 or jail have low levels of educational

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2 attainment, have limited job skills and
3 report low earnings prior to their
4 incarceration. About 55 percent of
5 ex-offenders released in Philadelphia
6 have not completed high school, making
7 the percentage of ex-offenders without a
8 high school diploma twice as high as the
9 City average. In one national study,
10 about 30 percent of inmates reported that
11 they were not working at the time of
12 their incarceration, and for those that
13 were employed, nearly 50 percent were
14 earning less than \$600 a month
15 immediately prior to incarceration.

16 These particular barriers
17 situate ex-offenders at a severe
18 disadvantage as they must compete for
19 jobs in a labor market that is already
20 crowded for undereducated Philadelphians.
21 For Philadelphians who failed to complete
22 high school, unemployment rates range
23 from 17 percent to 25 percent, making
24 high school drop-outs twice as likely as
25 high school graduates to be unemployed

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2 and five times as likely as college
3 graduates to be unemployed. Not
4 surprisingly, those with low levels of
5 educational attainment also experience
6 longer periods of unemployment.

7 Moreover, because of their
8 criminal record, ex-offenders are often
9 unable to obtain State licensure and,
10 therefore, ineligible for a number of
11 jobs. In Pennsylvania, individuals with
12 criminal records are barred from 43
13 different occupations, ranging from
14 accountants to veterinarians and
15 including jobs that require contact with
16 children, certain health services
17 occupations and employment with firms
18 providing security services. Many of
19 these jobs represent Philadelphia's high
20 growth occupations. In fact, seven of
21 the ten highest job growth occupations in
22 Philadelphia are closed to those with
23 criminal backgrounds.

24 Further exacerbating the
25 situation is the fact that the

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2 communities that receive released
3 individuals are already often
4 ill-prepared to absorb them into the job
5 market. On average, each day more than
6 100 men and women return to communities
7 in Philadelphia from the City and State
8 prison system. Generally these
9 ex-offenders are returning to the very
10 same neighborhoods that have a large
11 concentration of people disconnected from
12 supports, networks and knowledge that
13 lead to employment. The pervasive
14 poverty, joblessness and segregation in
15 these neighborhoods can aggravate the
16 conditions that gave rise to criminal
17 behavior in the first place. Several
18 cities have found that unemployed
19 individuals are more likely to be
20 arrested and incarcerated.

21 Although ex-offenders have more
22 barriers to employment, research suggests
23 that payoffs for incorporating
24 ex-offenders into the labor force are
25 especially high. According to a report

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2 released by the Consensus Group on
3 Reentry and Reintegration of Adjudicated
4 Offenders, employment is the strongest
5 and most consistent predictor of
6 recidivism. Other studies have found
7 recidivism rates of participants in
8 prison education, vocation and work
9 programs to be 20 to 60 percent lower
10 than those of non-participants. This is
11 a significant difference given that
12 approximately two-thirds of people
13 released from prison or jail were
14 subsequently rearrested within three
15 years of release. These rearrests
16 generate significant fiscal costs to the
17 criminal justice system, human costs in
18 terms of victimization and societal
19 costs. In fact, research suggests that
20 successfully promoting the employment of
21 ex-offenders and reducing the recidivism
22 rate by only ten percent would save the
23 City of Philadelphia over \$6.8 million
24 annually in correction costs.
25 Furthermore, rather than

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2 draining community resources, safety and
3 morale, prisoners who return to the
4 community with support systems and
5 options can become productive members of
6 society, thus saving resources,
7 strengthening family and community ties
8 and expanding the labor force and
9 economy.

10 Regardless of the clear
11 economic and societal benefits to
12 improving ex-offender employment
13 outcomes, without employers who are
14 willing to hire ex-offenders, there is
15 little opportunity for sustainable
16 change. The passage of Bill No. 060630
17 to amend Section 19-2604 of The
18 Philadelphia Code, entitled "Tax Rates,
19 Credits, and Alternative Tax
20 Computation," is a clear step in the
21 right direction.

22 According to the Philadelphia
23 Consensus Group on Reentry and
24 Reintegration of Adjudicated Offenders,
25 given the choice, most employers would

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2 decide not to hire an individual with a
3 criminal record even if the nature of
4 their conviction bears little
5 relationship to the position sought. By
6 amending the provision of the new job
7 creation tax credit to allow businesses
8 to claim a greater tax credit for new
9 jobs that are created for ex-offenders,
10 the bill offers a clear incentive for
11 employers who are willing to take what
12 they perceive to be the increased risk of
13 hiring men and women who have been in
14 jail.

15 In the past, it has been
16 difficult to assess the effectiveness of
17 similar targeted jobs tax credits that
18 are offered to encourage private sector
19 employees to hire workers from at-risk
20 groups. Nevertheless, as part of a 1984
21 study released by Dan Rostenkowski,
22 Chairman of the House Ways and Means
23 Committee at the time, a survey of
24 employers who would use the targeted jobs
25 tax credit found that approximately

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2 one-third of respondents claimed that the
3 tax credit had significantly influenced
4 their choice of which workers to hire,
5 and another 22 percent of respondents
6 said that it influenced their choice
7 slightly.

8 To ensure that the tax credit
9 reaps maximum benefits for employers,
10 employees and the City of Philadelphia,
11 please accept the following
12 recommendations for consideration in
13 implementing the tax credit:

14 Awareness: A targeted
15 education campaign to publicize and
16 explain to employers and those who work
17 with employers in the City the financial
18 incentives that are available for hiring
19 ex-offenders would be useful. Further,
20 the campaign could also address employer
21 concerns about hiring ex-offenders and
22 provide information on the federal
23 bonding program which minimizes hiring
24 risks by providing insurance against
25 theft, forgery, larceny and embezzlement

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2 at no cost to employers.

3 Ease of use: The tax credit
4 will go a long way to encourage employers
5 to give ex-offenders an opportunity to
6 compete for jobs. To realize the full
7 potential of the credit, care should be
8 taken to ensure that the administrative
9 burden to claim the credit is minimized.

10 In a broader sense,
11 Ms. Glickman also urges the Committee to
12 consider making additional investments to
13 improve employment outcomes for
14 ex-offenders. The issues pertaining to
15 ex-offender employment has an integral
16 impact on the economic development of our
17 region and our City. As the Philadelphia
18 Consensus Group on Reentry and
19 Reintegration of Adjudicated Offenders
20 noted in their blueprint for action, more
21 needs to be done to remove barriers to
22 employment of people with criminal
23 records, including informing ex-offenders
24 of their rights, linking employment
25 opportunities with housing regulations to

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2 ensure that expectations and schedules
3 for people who are released into halfway
4 houses do not interfere with residents'
5 abilities to fully participate in job
6 opportunities, developing a
7 transportation subsidy or program to
8 assist ex-offenders who must commute to
9 work, leveraging tax credit and bonding
10 programs for large-scale hiring, and more
11 generally, improving the coordination
12 among public systems with which
13 ex-offenders must engage, and offering
14 employment counseling and services at
15 touch points for ex-offenders such as
16 adult parole and probation officers and
17 the courts.

18 Thank you, Councilman Goode and
19 members of the Committee, for leading
20 this effort to assist ex-offenders as
21 they struggle to enter the labor force.
22 Ms. Glickman appreciates your efforts and
23 looks forward to working with Councilman
24 Goode to elevate these issues and to help
25 our City's ex-offenders to realize their

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2 potential as involved and contributing
3 citizens.

4 COUNCILMAN GOODE: Thank you.
5 Please thank Ms. Glickman for her
6 testimony.

7 Are there questions for this
8 panel?

9 COUNCILWOMAN MILLER: What does
10 the Investment Board actually do? Is
11 that the board that Representative John
12 Myers is on? Is he on that board?

13 MS. HIRSHON: No.

14 COUNCILWOMAN MILLER: I'm sorry
15 I missed most of your testimony, but what
16 is it that the Investment Board does?

17 MS. HIRSHON: The Philadelphia
18 Workforce Investment Board is a volunteer
19 body that's appointed by the Mayor to
20 oversee the public workforce system and
21 to --

22 COUNCILWOMAN MILLER: Public
23 workforce system?

24 MS. HIRSHON: The unemployment
25 centers, training programs and things of

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2 that nature.

3 COUNCILWOMAN MILLER: So would
4 you be the folk that pretty much sets an
5 agenda for what types of training we need
6 here in Philadelphia?

7 MS. CLYDE: Well, a small
8 portion of that training. We actually
9 work with PWDC and the Philadelphia Youth
10 Network. They actually provide the
11 services. We are more of the policy body
12 of public workforce funds, but we do play
13 a role in looking at the kind of training
14 programs that are used for specific
15 federal dollars for training.

16 COUNCILWOMAN MILLER: Based on
17 employment outlooks, future employment
18 needs?

19 MS. CLYDE: Yes. Part of what
20 we've been doing this entire year is
21 really taking a close look at our labor
22 market here in Philadelphia and really
23 want to tie that more closely to how we
24 look at training opportunities. Really
25 what we're really finding is really a

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2 dire need for folks in Philadelphia who
3 do not have a high school diploma, that
4 basically many of those people are not
5 working.

6 We are also looking at our
7 labor market in terms of growing jobs,
8 occupations in industries, because our
9 economy hasn't grown as much as other
10 parts of the region. So all of that
11 we're looking at in terms of looking at
12 training opportunities.

13 COUNCILMAN GOODE:

14 Councilwoman, to answer the question a
15 bit, as a result of federal
16 welfare-to-work legislation, other
17 workforce legislation in the '90s, the
18 federal government required investment
19 boards to be set up and giving the
20 employment power to the local official,
21 which in this case is the Mayor. So
22 there are investment boards set up as
23 policy entities. And so technically the
24 Workforce Investment Board is the policy
25 entity even more so than PWDC and its

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2 board.

3 COUNCILWOMAN MILLER: Okay. So
4 basically would one of your roles be to
5 figure out what types of training
6 programs we should have based on the
7 industries that are growing here in
8 Philadelphia and in Pennsylvania?

9 MS. CLYDE: Yes, exactly.
10 That's exactly what we do.

11 COUNCILWOMAN MILLER: So is
12 there some type of written document that
13 says these are areas that we really need
14 to try and get people get programs
15 created for? For example, someone said
16 to me that there's really a lack of
17 people in the automotive technology area
18 and there's going to be thousands of jobs
19 that will be available. Well, how many
20 programs do we have that are training
21 people that will be ready to take those
22 positions?

23 I used to work in employment
24 and training, and back then, we were a
25 service industry. We were doing a lot of

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2 clerical things, clerical training. And
3 I don't think I've ever heard somebody
4 say, We really need to hurry up and find
5 some people that we can train to take
6 these automotive jobs, other than the
7 commercials of the training programs that
8 you see on TV. I have not heard that
9 from a public entity.

10 MS. CLYDE: We're looking at
11 that industry. There is some growth
12 there. I think one of the things to
13 remember is, our dollars for training are
14 shrinking dramatically, significantly.
15 So we have actually much more demand for
16 training than we're able to provide. But
17 that's certainly one of the industries
18 that we've taken a look at for training.

19 COUNCILWOMAN MILLER: I think
20 that's an industry that whether you're an
21 ex-offender or not may not matter, and
22 it's also well paying.

23 MS. CLYDE: Right.

24 MS. PRICE: We can provide you
25 with some additional information on that

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2 actually, because at our September Board
3 meeting, which was just a few weeks ago,
4 we had a special presentation by one of
5 our Board members who has personal
6 experience in that industry and is now in
7 the legal profession. So we could
8 provide some more specific points for
9 that purpose.

10 COUNCILWOMAN MILLER: I just
11 wondered, because I've never seen sort
12 of, for lack of another word, an agenda
13 or a checklist or something about what we
14 should be following in terms of training
15 folk so that we can prepare a good
16 workforce.

17 MS. CLYDE: We'll be glad to
18 provide your office with that information
19 so you can take a look at some of those
20 occupations.

21 COUNCILWOMAN MILLER: All
22 right. Thank you.

23 COUNCILMAN GOODE: Councilman
24 DiCicco.

25 COUNCILMAN DiCICCO: Thank you,

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2 Mr. Chairman.

3 Just for your information,
4 there is an organization that has been
5 created, probably in existence about two
6 years. It's made up and funded by many
7 of the industrial companies that still
8 reside in Philadelphia. Most of them are
9 smaller, but there's some larger folks.
10 Coca Cola and others are involved, but
11 it's primarily smaller industries that
12 have come together, and I had a briefing
13 with Councilmembers several months ago.
14 The name of the organization at the
15 moment escapes me. I'll supply it to the
16 Chair.

17 One of their major concerns is,
18 they are not able to fill their job
19 positions because young people coming out
20 of high schools just don't meet the
21 criteria, even for some of the most basic
22 jobs. They've hooked up with the Board
23 of Education, speaking to Dr. Vallas
24 about this, but there's also a need for
25 some folks who may have been released

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2 from the institution that has some
3 experience in die making or aluminum
4 plating or something like that that may
5 fit in. And they're looking out, they're
6 reaching out for people who are in need
7 of work, because they need the employees.

8 They don't want to leave the
9 City of Philadelphia, these companies.
10 They want to stay here, but the job pool
11 just isn't what it is and they're having
12 a serious problem with maintaining their
13 operations in the City.

14 COUNCILMAN GOODE: I believe
15 you're referring to the Urban Industry
16 Initiative?

17 COUNCILMAN DiCICCO: Yes.

18 Thank you.

19 COUNCILMAN GOODE: I actually
20 spoke to Steve Jurash about this bill a
21 couple weeks ago and we're actually going
22 to bring them in to organize the
23 manufacturing groups.

24 COUNCILMAN DiCICCO: Thank you.

25 Thank you.

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2 COUNCILMAN GOODE: Are there
3 any other questions for this panel?

4 (No response.)

5 COUNCILMAN GOODE: Is there
6 anyone else to testify on this bill?

7 (No response.)

8 COUNCILMAN GOODE: Seeing no
9 one else, we will move from our public
10 hearing into a public meeting to consider
11 Bill No. 060630.

12 The Chair recognizes
13 Councilwoman Tasco for a motion on Bill
14 No. 060630.

15 COUNCILWOMAN TASCO: Mr. Chair,
16 I move that Bill 06 --

17 MR. WALKER: Excuse me.

18 COUNCILMAN GOODE: Excuse me.

19 Yes, sir.

20 MR. WALKER: Mr. Chairman --

21 COUNCILMAN GOODE: Please
22 identify yourself.

23 We'll move back into our public
24 hearing.

25 Would you please identify

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2 yourself for the record.

3 MR. WALKER: Yes. My name is
4 Arnold Walker.

5 Prior to January of this year,
6 I have been on Pennsylvania's Death Row
7 from March 31st up until January the 3rd.
8 After the court did their thing, the door
9 opened up and I was on the street. We're
10 speaking about ex-offenders. I am an
11 ex-offender, or should I say ex-prisoner,
12 because I wasn't an offender.

13 What I went through from
14 January until this day trying to get
15 housing, income, job, I found myself
16 understanding why so many young people
17 are coming in and out of jail, because I
18 sat on the corner at 15th and Market and
19 I was crying. I didn't have
20 identification. I didn't have no type of
21 support other than my family, which was
22 my daughter.

23 I believe that giving a man a
24 job when he first comes out of prison is
25 not his first necessity. He has to have

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2 somewhere to live. He has to have some
3 understanding he's going to have someone
4 to watch over him. When he comes into
5 the prison, they give him a format that
6 he has to follow. He comes out on the
7 street, he don't have that format.

8 I listened to Councilman Rizzo.
9 He was speaking about the county
10 prisoners. From my understanding, I say
11 from the next two or three years, we're
12 going to have a lot of State prisoners
13 coming home, and when it comes time to
14 fill out applications for a job or for
15 anything, it states right off the bat
16 what you were arrested for. And they
17 have what they call core programs that
18 starts in the jails, but when they get
19 out here in the street, there's no one
20 there to guide this person through this.
21 So when it comes time to fill this
22 application out, he don't know what to
23 put down on the application, other than,
24 yeah, I was arrested or I did this or I
25 did that, and the employer, he looks at

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2 him and wonders should I hire this man.

3 Now, I heard this \$5,000

4 incentive --

5 COUNCILMAN GOODE: Mr. Walker,

6 I'm going to ask you to summarize your

7 testimony and speak specifically to the

8 tax credit, for two reasons. Let me tell

9 you, this Council has had broader

10 hearings on comprehensive services of

11 ex-offenders and plans on having future

12 hearings on that. There's also a

13 criminal records bill that's been

14 introduced in Council by Councilwoman

15 Miller that we expect to also entertain.

16 So there will be lots of

17 opportunities for us to deal specifically

18 with the criminal records bill and to

19 deal with the issue of more comprehensive

20 services beyond employment and beyond tax

21 credit, but we need specific testimony on

22 the tax credit at this time so that we

23 can move forward to the other resolution

24 as well.

25 MR. WALKER: Well, one

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2 question, then. Will this tax credit be,
3 this system that ya'll are putting
4 together, set up for the State prisoners?

5 COUNCILMAN GOODE: This tax
6 credit is available to all businesses
7 that pay the business privilege tax as a
8 credit if they qualify under the program.
9 So it does not distinguish in terms of
10 where a person was incarcerated.

11 MR. WALKER: Or the crime?

12 COUNCILMAN GOODE: Or the
13 crime.

14 MR. WALKER: Okay. All right.
15 Thank you.

16 COUNCILMAN GOODE: Thank you.

17 We will again move from our
18 public hearing into our public meeting to
19 consider Bill No. 060630.

20 The Chair recognizes
21 Councilwoman Tasco for a motion on the
22 bill.

23 COUNCILWOMAN TASCO: I move
24 that Bill 060630 be reported out of
25 Committee with a favorable recommendation

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2 and a request for a suspension of the
3 rules so that this bill can have its
4 first reading at the next Council
5 session.

6 (Duly seconded.)

7 COUNCILMAN GOODE: All in
8 favor?

9 (Aye.)

10 COUNCILMAN GOODE: Those
11 opposed?

12 (No response.)

13 COUNCILMAN GOODE: Bill No.

14 060630 is reported out of Committee with
15 a favorable recommendation and a
16 suspension of the rules to allow first
17 reading at our next Council session.

18 We will now return to our
19 hearing on Resolution No. 060653, and our
20 first witness on that resolution is Carol
21 Goertzel, PathWays PA.

22 Let me read the title of the
23 resolution again. A resolution
24 authorizing the Committee on Commerce and
25 Economic Development to hold hearings

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2 related to economic self-sufficiency.

3 MS. GOERTZEL: Thank you very
4 much, Councilman Goode and the
5 Councilmembers here today, and thank you
6 for allowing us to appear before you with
7 the people who are going to testify today
8 on behalf of the Self-Sufficiency
9 Standard and on behalf of the 21st
10 Century Minimum Standard Wage bill that's
11 been presented by Councilman Goode.

12 You see before you a few people
13 who are going to testify after myself,
14 and I just want to add there are some
15 additional people who would like to
16 speak. Lance Haver, the Philadelphia
17 Director of the Office of Consumer
18 Affairs; Kristin Shiffler from Congreso.
19 And next week you'll receive testimony
20 from the Philadelphia Workforce
21 Investment Board and from Tom Cronin,
22 President of AFSCME District Council 47.

23 Again, good afternoon. My name
24 is Carol Goertzel and I'm President and
25 CEO of Pathways PA.

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2 This year, PathWays PA will
3 serve over 4,000 low-income women,
4 families and their children, and we offer
5 education training, truancy, delinquency
6 prevention, child abuse neglect
7 prevention, parenting and, most important
8 of all in some ways, family financial
9 education in Philadelphia and Delaware
10 counties. We have sites in the northwest
11 area where we have a lot of truancy
12 prevention services in West Philadelphia,
13 which is the home of our teen parent
14 program, in North Philadelphia, which is
15 our educational employment center where
16 we'll be opening an earn center, and in
17 the Fishtown area, which is the base of
18 our in-home service and community teen
19 parent program.

20 As we have all learned in the
21 last few months, about 37 percent of
22 Philadelphia's children live in poverty.
23 That means more than one in three of our
24 children live in families who struggle
25 each day to put food on the table and a

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2 roof over their heads, and this is
3 without including families who live just
4 above the poverty line but still have
5 problems making ends meet. And I'll just
6 say a few words about the poverty line.

7 Our experience in working with
8 at-risk families has given us the
9 opportunity to see not only that families
10 need family healing from issues of abuse,
11 neglect and family stress, but they also
12 need to earn enough money in order to be
13 able to support their kids, heat their
14 homes and be able to have maybe a little
15 bit of a personal safety net so when they
16 lose their jobs, they're not out on the
17 street. In many cases, families who try
18 to reenter society with their children
19 and be united with these children face
20 problems even more difficult.

21 To change the poverty and the
22 community violence that we're all seeing
23 that these families face, they must have
24 an opportunity to earn a wage that will
25 bring them out of poverty and towards

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2 self-sufficiency, and that's really why
3 the leadership of our City, led by all of
4 you here today as well as Councilman
5 Goode, are trying to really bring the
6 21st Century Minimum Standard Wage bill
7 into reality, and we hope that we can
8 offer some guidance and assistance along
9 the way in terms of why with the wage of
10 7.15 that will be here July 1st, 10.72 is
11 a beginning and is not an end for
12 families to support themselves. And we
13 all can think of what \$21,000 would do if
14 we were supporting our families, and it
15 certainly is better than \$10,000, which
16 barely will pay the rent, but it's not
17 such a high wage that it should not be
18 considered and implemented.

19 Across the State of
20 Pennsylvania, PathWays PA is best known
21 for the Self-Sufficiency Standard which
22 you all have here and it was developed by
23 Dr. Diana Pearce at the University of
24 Washington, along with a national
25 organization, WOW, that has now developed

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2 35 standards across the union.

3 On Page 67, you'll see Table
4 17, which talks about Philadelphia.

5 The poverty guideline, which we
6 all know is the FPL, is really flawed as
7 a measure of income adequacy. And it's
8 flawed because it was developed based on
9 food costs at a time in the '50s when
10 food costs were really considered to be a
11 third of what a family needed to support
12 itself. As we know now with the high
13 transportation and housing and child care
14 costs, that is no longer true.

15 And it's also true that the
16 federal poverty standard was developed
17 based on the assumption that there were
18 two adults in the family. Two parents is
19 what they were considering at that time,
20 and one of them was staying at home. As
21 we know now, we have a lot of
22 single-parent families, mostly women but
23 not only, and we have a lot of two-parent
24 families where most people are working,
25 where both parents are working and where

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2 some parents are having to work two jobs.

3 You'll see that our yardstick,
4 the standard, is different in that it
5 includes the real costs that it takes to
6 work and to support a family, and these
7 costs vary throughout the State. And so
8 we have included a table for each of the
9 Commonwealth counties.

10 The costs in the standard are
11 varied by family size and age of the
12 children. The table in this report has
13 eight family configurations, and if you
14 go onto our website and look at the
15 online budget worksheet, there are 70
16 family configurations behind the computer
17 screen.

18 If you look at that for a
19 minute, you will see that for a single
20 person, you need to be earning \$17,000,
21 almost \$18,000 a year, and that's
22 assuming that you're only paying 669 for
23 housing, including your utilities. So
24 it's including some of the rise in
25 utilities, not the total rise in utility.

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2 A family consisting of one
3 adult, one infant and one pre-schooler
4 requires \$44,000 to get by. That's over
5 \$20 an hour. Assume for a second that
6 the adult is a City employee, somebody in
7 your own office, and this -- if you look
8 at what we've included and read some of
9 the language of how we've developed the
10 standard, you'll see that the standard
11 includes no car payment, no family
12 vacations, no eating out, no hundred
13 dollar sneakers for your teenagers, no
14 baby-sitters so that you can, if you'll
15 excuse me -- many of us have had kids --
16 keep your sanity by going out and paying
17 for a baby-sitter when you don't have a
18 family member to do that, and it's just
19 basic apartment or home, with food on the
20 table, heat, safe child care that you are
21 paying for and a SEPTA TransPass to get
22 to your job.

23 So the \$20 an hour is not
24 paying for your savings and it's also not
25 paying for your retirement. It's almost

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2 three times the amount of the State's new
3 minimum wage, and it's about twice the
4 amount of the proposed wage in Councilman
5 Goode's bill.

6 For many families living below
7 the self-sufficiency wage, any increase,
8 including the increase that we're talking
9 about to over \$10 an hour, would give
10 them an opportunity to meet more of their
11 needs, and those dollars circulate many
12 times over. We know the people in the
13 neighborhoods who live in all the
14 neighborhoods of Philadelphia spend most
15 of their money in the neighborhoods in
16 which they live. So when you set a bar
17 for Philadelphia City contracts at
18 minimum at over \$10 an hour, about \$10 an
19 hour, that helps not only the big boxes
20 but all the neighborhood restaurants, all
21 the neighborhood stores, all the
22 neighborhood workers.

23 If people are working below the
24 self-sufficiency wage, they may need work
25 supports. So we all need your support

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2 always and the support of the State
3 politicians to make sure that the work
4 supports such as LIHEAP and support for
5 child care assistance continues and
6 continues on a scale so that people can
7 keep working and not have to leave their
8 job because they don't have child care.

9 If someone works full time at
10 7.15, she'll be able to meet 39 percent
11 of her family's needs. With all of the
12 work supports mentioned, she will almost
13 be able to meet her family's needs.

14 You can see on Table 7 on Page
15 26, we've outlined what happens when
16 somebody uses all of what we call the
17 work supports available.

18 If a City employee or a
19 contractor that's working for the City
20 earns 10.72 an hour, they will be able to
21 support 51 percent of their annual needs,
22 half of their needs. If somebody uses at
23 that level over \$10 an hour all of the
24 public supports, the sliding scale for
25 child care assistance, for which there is

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2 not enough money, Medicaid or CHIP, she
3 or he can meet 95 percent of their needs.

4 So raising the bar to \$10 an
5 hour does make a difference. It means
6 that a single parent with two children or
7 with one working parent if one person is
8 unemployed uses all the public supports
9 and earns an income and then also gets
10 the earned income tax credit that many of
11 us are working on and worked with the
12 Coalition on, they will be able to meet
13 their needs, and that's really different.
14 They won't be able to like have lots of
15 expenses. They won't be riding high,
16 but -- they may not be riding at all
17 except for public transportation, but
18 they will be able to meet their needs.

19 A working family can earn money
20 above the poverty line and still qualify
21 for work supports, which you all know.
22 Food stamps are available up to 130
23 percent of the poverty level, but once
24 this family earns over 16,600 or almost
25 \$17,000, they lose many of the work

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2 supports, and a three-person family that
3 we're talking about will lose their food
4 stamps at 21,580.

5 There are some things -- and
6 that's a federal issue for the food
7 stamps. The food stamp window needs to
8 be raised. But this is a problem that
9 not only faces this City, it faces us
10 nationally and the State, and raising the
11 wage bar to 10.72 an hour will at least
12 help that family be able to feed
13 themselves without needing to use food
14 stamps so the food stamps would be
15 available to those in greater need.

16 Raising the wage may not bring
17 every family to self-sufficiency unless
18 we start to look at big box issues like
19 they have in Chicago, which we've all
20 read about, but if we raise it at least
21 for contractors to the City, it will
22 bring families closer to
23 self-sufficiency. And by using the
24 standard, we can see the wages that
25 people need to make to make ends meet and

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2 discover what is needed to help people
3 along the process.

4 The standard we do every two
5 years, and the figures that you see here
6 are based on federal and State figures.
7 So we don't just make up what it costs
8 for child care. We look at the figures
9 State-wide. We don't just make up the
10 fair market value for rent. We look at
11 HUD and what they say is fair market
12 value. We don't just look at food. We
13 look at the Department of Agriculture.

14 We need education and training.
15 We need more adult education and more
16 training and affordable housing. That's
17 really clear. But for housing to be all
18 affordable, even the new minimum wage
19 that's a great step forward is really not
20 enough.

21 So I thank you all for giving
22 me the opportunity and giving the
23 opportunity to those who are going to
24 testify along with us to ask your support
25 of implementation of the 21st Century

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2 bill so that we can really make
3 Philadelphia a standard for all families.
4 This is not all families, but it is a
5 beginning, and this will put Philadelphia
6 on the map of saying that our
7 hard-working families need to be able to
8 be on the road to self-sufficiency. And
9 the book that we're talking about and
10 that we're giving you really gives you an
11 economic model for why this is so
12 important.

13 I thank you very much.

14 (Applause.)

15 COUNCILMAN GOODE: Thank you.

16 Our next witness is Tarrie
17 Fleming.

18 Please state your name for the
19 record and then proceed with your
20 testimony.

21 MS. FLEMING: My name is Tarrie
22 Fleming. I would like to thank you,
23 Councilman Goode and members of the
24 Council, for holding the hearing on the
25 Pennsylvania Self-Sufficiency Standard.

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2 Again, my name is Tarrie Fleming and I'm
3 the Administrative Assistant at PathWays
4 PA office at 1324 Clearfield, which is in
5 the heart of North Philadelphia. I am
6 also a single parent with a 12-year-old
7 daughter, which her name is Karima. I'm
8 also a full-time student at the
9 University of Phoenix since May of '05.
10 I have a year and a half to go before I
11 graduate with my Bachelor's of Science in
12 business management in August of '08.

13 The reason why I am testifying
14 here today is to tell you how making \$10
15 an hour is not enough to meet my basic
16 needs. In fact, I earn \$14 an hour at
17 PathWays PA, which is more than most
18 non-profits will pay, but it is still not
19 enough.

20 According to the
21 Self-Sufficiency Standard of
22 Pennsylvania, I'm a single parent with a
23 school-age child and should earn at least
24 14.84 an hour. While this is not far
25 off, the standard's estimated wage is

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2 still not enough to meet our basic needs.
3 Remember, the basics assumes public
4 transportation, fair market rent, child
5 care, et cetera. I can tell you that I
6 drive a vehicle and have to pay car
7 insurance and life insurance,
8 after-school care and much more for rent,
9 electric and gas. Just like the clients
10 I work with at Pathways, I am one
11 paycheck away from being homeless just
12 like they are.

13 I am not able to save money to
14 purchase a home, save for Karima's
15 college education or even save enough for
16 emergency situations. It is so
17 frustrating that I earn too much to be
18 eligible for food stamps, for child care
19 subsidizing or any grants for my utility
20 costs.

21 Currently, I receive financial
22 aid and have a student loan to carry me
23 through my studies. I barely have enough
24 to purchase textbooks, which can cost up
25 to \$200. I work hard and I feel like I

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2 am penalized because I am trying to be
3 self-sufficient.

4 Self-sufficiency means to me
5 that I have to take care of myself and
6 Karima without welfare. And I can feel
7 comfortable in saying that I'm okay where
8 I am. I don't have to worry about being
9 on welfare. I don't have to worry about
10 being homeless or dependent on others to
11 take care of me or my daughter. I know
12 that to become self-sufficient I need to
13 finish my degree. This motivates me to
14 travel one hour after work to Center City
15 for evening classes Tuesday and Thursday
16 nights. I am sacrificing time with my
17 daughter now to set examples for her to
18 provide her with a better life.

19 The standard is a good measure
20 for what it actually costs to live in
21 Philadelphia and meet basic needs. I can
22 tell you that it is conservative measures
23 that urge you to consider this important
24 document as you make further policy
25 decisions that affect the quality of life

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2 for Philadelphia residents like me.

3 Thank you.

4 COUNCILMAN GOODE: Thank you,

5 Ms. Fleming.

6 (Applause.)

7 COUNCILMAN GOODE: Any

8 questions?

9 (No response.)

10 COUNCILMAN GOODE: Our next

11 witness is David Fair.

12 MR. FAIR: Good afternoon. I'm

13 David Fair, Vice-President for Community

14 Impact at United Way of Pennsylvania. I

15 can't tell you what a pleasure it is to

16 sit before you and not have to defend the

17 DHS budget.

18 Thank you for this opportunity

19 to come before you on behalf of the Board

20 of Directors of United Way of

21 Southeastern Pennsylvania, our 120,000

22 annual donors and our 5,000 volunteers

23 dedicated to improving the quality of

24 life of all of the residents of

25 Southeastern Pennsylvania.

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2 Since 1921, United Way has
3 raised and invested several billion
4 dollars of financial contributions and
5 countless hours of volunteer energy to
6 relieve the pain and suffering of
7 vulnerable people throughout our region,
8 and in those 85 years, we have learned
9 again and again two very obvious lessons.
10 The first, most of that pain and
11 suffering grows out of poverty, the
12 unequal distribution of our community's
13 prosperity. We've learned that not all
14 of us have an equal opportunity to
15 support ourselves and our families.

16 The second, simply expanding
17 the system of health and human services
18 will not in itself solve the crisis of
19 poverty facing our region. Simply
20 spending more and more taxpayer dollars
21 on treating and managing the symptoms of
22 the disease of poverty will just not
23 work.

24 Clearly, we do inadequately
25 fund social and health services, and many

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2 are victimized because we've learned to
3 tolerate the decay of the basic safety
4 net in recent years, but in the end,
5 we've learned that the real solution to
6 this challenge is not going to be found
7 in more services. It's to be found in
8 more taxpayers.

9 The best way to reduce the tax
10 burden and increase the health and safety
11 of our community is for more of our
12 neighbors to be able to be taxpayers, to
13 become self-sufficient, to be able to
14 earn a reasonable wage whatever their
15 employment, to become productive members
16 of the regional workforce. This is not
17 only a simple lesson; it's also an
18 obvious solution. More people able to
19 support themselves is the foundation of
20 what we all claim we want to see, safer
21 neighborhoods, better public education,
22 lower taxes, a thriving economy in whose
23 prosperity we can all share.

24 The Self-Sufficiency Standard
25 for Pennsylvania prepared by the

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2 State-wide coalition led by PathWays PA
3 is among our most important tools in the
4 collective effort to achieve these goals.
5 PathWays and its colleagues deserve our
6 gratitude for doing the kind of analysis
7 that brings into stark relief the facts
8 of poverty and of the lack of true
9 economic opportunity in our region.

10 The data collected in the
11 Self-Sufficiency Standard shows that for
12 the vast majority of the poor in our
13 community, their challenge is not their
14 own ignorance or laziness or distorted
15 priorities. It's that it is becoming
16 increasingly difficult for many of us to
17 simply keep up, to be compensated
18 adequately for our work, to meet the
19 basic needs of our families and
20 ourselves.

21 Others will share with you
22 today more specific details of what the
23 Self-Sufficiency Standard teaches us
24 about the challenge facing our community,
25 facts like the reduction in public

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2 housing supports just as the cost of
3 housing rises far beyond what anyone
4 could call affordability, increasing the
5 number of homeless on our streets at a
6 time when we are told our economy is
7 improving, facts like the increase in the
8 cost of meeting practical daily needs for
9 families in our own City by between 30
10 and 56 percent just in the last two
11 years, facts like the inadequacy of
12 federal poverty guidelines, which in
13 Philadelphia state that a two-person
14 household should be able to survive on
15 \$13,200 per year, when in the real world
16 this small family would need two and a
17 half times that to avoid instability and
18 the need to depend at least partially on
19 taxpayer-supported public services.

20 At United Way, we have always
21 said that our mission is to mobilize the
22 caring power of people, to improve the
23 quality of life in our region. On our
24 own we cannot treat enough symptoms to
25 change these realities. We cannot employ

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2 enough people to raise everyone out of
3 poverty. We don't run the schools and we
4 don't run the small and medium and large
5 businesses that have the jobs that would
6 mean success for tens of thousands of
7 people needing to make a living wage.
8 What we do have, though, is a
9 responsibility. We were formed by the
10 business community almost a century ago
11 to bridge the gap between those in need
12 and those with the resources and the
13 power to help them reduce their need and
14 encourage their independence. And in the
15 spirit of that commitment, we pledge to
16 renew our dedication to bring the power
17 of our volunteers, our donors and our
18 allies to bear on confronting the
19 challenge that the growing disparity
20 between prosperity and poverty in our
21 region represents.

22 The Self-Sufficiency Standard
23 for Pennsylvania provides United Way and
24 should provide to government, foundation
25 and others a platform on which we can

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2 sharpen our priorities and more
3 strategically invest our resources. We
4 need to increase our investment in the
5 many successful programs in our community
6 that help people develop skills that will
7 earn them a living wage. We will focus
8 more of our energy on reengaging the tens
9 of thousands of young people between the
10 ages of 16 and 24 who have neither
11 completed school nor found work, a
12 strategy we believe will not only improve
13 their chances of success but will have a
14 positive impact on our community's safety
15 and our economy's growth.

16 We will seek to raise the
17 consciousness of the community on these
18 issues, raise money, mobilize volunteers,
19 use our clout, do our best to help our
20 community understand it will only be when
21 we all have a chance at self-sufficiency
22 that we can address the social and
23 economic realities that undercut the
24 health of our region in so many ways.

25 The Self-Sufficiency Standard

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2 undermines the fictions we as a society
3 often choose to believe and that poverty
4 will always be with us, that opportunity
5 is available equally, that failure to
6 take advantage of that opportunity is a
7 personal one for which the larger
8 community bears no responsibility. We
9 should all be grateful to those who have
10 helped us burst that bubble of
11 complacency.

12 Economic self-sufficiency for
13 everyone in our region is an achievable
14 goal. Focused, evidence-based, concrete
15 and outcome-focused solutions are
16 available.

17 At United Way, we pledge to
18 prioritize the achievement of those
19 solutions in the work we do throughout
20 the region. We pledge to measure our
21 progress in achieving those solutions,
22 not just United Way's progress but the
23 progress of a united community of
24 citizens that chooses to exercise its
25 power to solve problems rather than

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2 merely treat them or hide them away.

3 We believe that recognizing the
4 true cost of self-sufficiency is a basic
5 truth we often choose to ignore. Thanks
6 to the State-wide collaboration organized
7 by PathWays PA and over 3,000 other
8 stakeholders, we can no longer ignore it.
9 With this foundation and the courage we
10 can all bring to this task, we can see
11 today when the opportunity for
12 self-sufficiency, the opportunity to
13 achieve the real American dream will be
14 within the reach of all of us.

15 Thanks for your attention.

16 (Applause.)

17 COUNCILMAN GOODE: Thank you
18 for your testimony, Mr. Fair.

19 Any questions for Mr. Fair?

20 (No response.)

21 COUNCILMAN GOODE: Thank you.

22 Our next witness is Shelly
23 Yanoff.

24 Please state your name for the
25 record and proceed with your testimony.

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2 MS. YANOFF: Sure. I'm Shelly
3 Yanoff and I'm Executive Director of
4 Philadelphia Citizens for Children and
5 Youth, which is the region's major child
6 advocacy organization, and I want to
7 begin by thanking you for not only
8 holding the hearing but for really
9 beginning and proceeding on this road,
10 which is difficult but really necessary.
11 So thank you.

12 Last week, thousands of
13 Philadelphians went to Harrisburg, some
14 of them were Councilpeople, to urge our
15 legislators to do the right thing by
16 making guns less available so that our
17 kids would be safer. Our colleague,
18 Bilal Qayyum, walked to Harrisburg saying
19 we need jobs, not guns. Elijah Anderson,
20 the noted sociologist from the University
21 of Pennsylvania, when he talks to young
22 people often hears them ask him how come
23 it's so easy for them to get drugs and
24 guns and so hard for them to get decent
25 jobs.

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2 That's a hard question, but
3 beginning to answer it is a part of this
4 hearing and it is a part of the
5 Self-Sufficiency Standard and it's a part
6 of solving the violence in our community.
7 There are, of course, no simple answers,
8 but were we in this City to achieve
9 something even close to self-sufficiency,
10 it would mean that adults in Philadelphia
11 who are the primary providers of a family
12 of three would need to earn at least
13 \$11.15 an hour, have health insurance
14 through their job, have children's health
15 insurance through CHIP or Medicaid and
16 have a subsidy for child care and somehow
17 be able to live decently in this
18 community.

19 The news recently tells us that
20 our rents are unexpectedly high compared
21 to our home ownership. We wouldn't have
22 to tell the families who are homeless in
23 our City that or whose income is very low
24 and, in fact, who are having trouble
25 every month meeting their rent.

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2 You have the numbers before
3 you. You know that nationally and
4 locally the waiting list for housing
5 assistance is long, and it's getting
6 longer as we go to mixed-income models
7 and take away Section 8 housing supports
8 from low-income families.

9 How do you instill hope in a
10 family that cannot afford to rent a
11 decent home? If you can't earn a living
12 wage, it's hard to be hopeful.

13 You know that more than half of
14 the 22,000 babies born this year will go
15 home to families whose income is low.
16 Most of them want to raise their children
17 well, but they face some very difficult
18 barriers. The best news is that most of
19 these babies, although not their parents,
20 will be able to secure healthcare,
21 because that's the one area that we have
22 really done something about in the City
23 and the State. The overwhelming majority
24 of children have health insurance. That
25 is wonderful news, but it's not secure

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2 and we must be very vigilant this year in
3 protecting CHIP and Medicaid.

4 But if the parents of those
5 babies, most of whom are single, need to
6 work, they confront a waiting list for
7 child care subsidy. Research confirms
8 what common sense told us a long time
9 ago, and that's that children who start
10 school not having benefited from being
11 read to a lot, from not having been
12 exposed to good child care start school
13 behind and they stay behind.

14 They then start kindergarten
15 with lots of kids in their classes.
16 Their chances of making up the gap are
17 diminished further. So their families'
18 and communities' lack of resources is not
19 compensated for in their child care or
20 early school experiences, and if these
21 babies are one of the 1,500 who were born
22 to teen mothers, many of whom drop out of
23 school each year, their chances are
24 diminished further, as too often these
25 young women will not be able to either

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2 secure a job or finish school. Indeed,
3 the ELECT program that helps support
4 pregnant and parenting teens serves only
5 a fraction of these young women, and they
6 cannot even be guaranteed child care. We
7 are concerned that these young women will
8 once again be on waiting lists for
9 programs they need, for alternative
10 education pathways and child care.
11 Therefore, their children will fall
12 further behind.

13 If one of these 22,000 babies
14 has older siblings who go to school, in
15 spite of some real advances, they will
16 sit in class sizes that are over 30 with
17 kids who need much more attention than
18 they get. In many of our schools today,
19 class size is starting to move up again
20 and it never reached the critical sizes
21 needed. Indeed, 17 is the most ideal for
22 young children.

23 In today's paper, we are told
24 that we are going in the opposite
25 direction. Unless you do something more,

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2 65 schools will lose teachers in order to
3 send them to other schools where they're
4 needed even more. But we shouldn't be
5 robbing Peter to pay Paul. The children
6 who attend these schools are all low
7 income. Their families are not
8 self-sufficient economically. They need
9 all the hope and support and teachers
10 they can get or, once again, we'll lose
11 the opportunity to try to compensate in
12 some way for the poverty that shapes
13 their lives.

14 And it's not just for these
15 children and families. Study after study
16 has pointed out that the quality of
17 schools is a major consideration in
18 whether companies choose to locate here
19 and whether families choose to move from
20 or to move to here.

21 The problem doesn't stop at the
22 schoolhouse door. If their siblings
23 wanted to go to a charter or a magnet
24 middle school or a high school, they have
25 to pay a lot of money, \$10 now per week

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2 per child, for transportation to and from
3 school. As you have heard before,
4 Philadelphia is alone in the region in
5 charging kids to go to school. It makes
6 no sense.

7 And, of course, the high cost
8 of transportation is another barrier to
9 self-sufficiency for many families. The
10 family budget can only stretch so far, as
11 heating costs rise, wages stagnate and
12 hopes fail.

13 We are awfully glad that there
14 are many improvements in the number of
15 after-school programs. We thank you for
16 that, but there are still many kids who
17 have nothing to do and nowhere to go when
18 school is out. That's a recipe for
19 trouble and violence in too many places.

20 We believe Council could and
21 should develop incentives in communities
22 to support better recreation and
23 playgrounds, to provide more freedom
24 schools to make our neighborhoods safer
25 for current residents and inviting to

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2 future ones.

3 As we look at the needs of
4 children and families in our community,
5 we need to acknowledge how difficult it
6 is for families to feel safe and secure
7 in their neighborhoods, valued in their
8 centers, in their schools, in their
9 communities. People who are afraid, who
10 have little hope, are on waiting lists
11 for care or jobs are vulnerable to look
12 to other ways for support. That
13 exacerbates the problem and heightens the
14 violence that's plaguing this City.
15 Assuring families' economic security
16 through adequate wages is an important
17 step in building a healthier community.

18 There are many things we can do
19 to begin to turn some of this violence
20 around. We believe the bill is one way.
21 We believe looking seriously at economic
22 self-sufficiency is another way. We need
23 to be more serious about jobs, and that
24 usually means better schools and better
25 quality of life focus. It probably means

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2 giving credit to firms to hire locally,
3 to find ways to support more summer jobs
4 for young people and to provide more jobs
5 for people who are leaving detention.

6 It probably means not giving
7 tax breaks for more high-rise condos but
8 giving more supports for communities that
9 voluntarily work together to help bring
10 back community in their neighborhoods.
11 It might mean providing material
12 incentives for people to settle here.

13 It definitely means investing
14 in child care for the City, no more
15 waiting lists. It definitely means
16 providing more funds for our school today
17 to stop the move to increase class size,
18 and it definitely means working with
19 SEPTA to lower the price of
20 transportation to and from school.

21 As we work to make the City
22 more livable and safe, as we seek and
23 find more jobs that are able to support
24 families, as we develop better schools
25 and rebuild communities and, yes, as we

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2 get the guns out of our kids' and
3 communities' lives, we will restore hope
4 and then we will have a safer, better,
5 economically viable City.

6 Thank you.

7 COUNCILMAN GOODE: Thank you
8 for your testimony, Ms. Yanoff.

9 (Applause.)

10 COUNCILMAN GOODE: Any
11 questions for this witness?

12 (No response.)

13 COUNCILMAN GOODE: Thank you
14 again.

15 Our next witness is Margaret
16 Zukowski.

17 Please state your name for the
18 record and then proceed with your
19 testimony.

20 MS. ZUKOWSKI: Margaret
21 Zukowski. Good afternoon, Councilman
22 Goode and members of the Committee on
23 Commerce and Economic Development.
24 Again, I am Margaret Zukowski and I'm
25 here today representing the members of

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2 the Pennsylvania Council of Children,
3 Youth and Family Services. I am offering
4 comments on how Philadelphia's 21st
5 Century Minimum Wage Standard impacts our
6 member organizations.

7 The Pennsylvania Council is a
8 State-wide member association comprised
9 of over 130 private organizations that
10 contract with county children and youth
11 organizations across Pennsylvania to
12 deliver services to dependent,
13 delinquent, abused and neglected youth
14 and their families. Combined, our
15 membership agencies employ 21,000
16 Pennsylvanians. The majority of those
17 employees live and work in Philadelphia.

18 Sixty percent of our member
19 agencies across the State in Philadelphia
20 contract with the Philadelphia Department
21 of Human Services, and 84 percent of
22 DHS's funding is designated to private
23 agencies for the delivery of direct
24 services to our City's most vulnerable
25 children.

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2 Pennsylvania Council members
3 wholeheartedly support the Philadelphia
4 21st Century Minimum Wage Standards.
5 However, our members are struggling to
6 comply with the compensation standard,
7 which requires that they currently set
8 their minimum salaries at 150 percent of
9 the minimum wage, excluding benefits.
10 They are struggling because the funding
11 that they receive through City of
12 Philadelphia contracts does not cover the
13 full costs of delivering services.

14 Today you heard from one of the
15 employees in our agencies. Pathways PA
16 is a member of the Pennsylvania Council,
17 as is Carol Goertzel, who sits on our
18 Board, and you heard very poignant
19 testimony from Tarrie Fleming about her
20 struggles to become self-sufficient. She
21 works in one of our agencies.

22 Pennsylvania Council provide a
23 broad array of services to Philadelphia
24 children. Currently, our agencies are
25 serving 13,000 Philadelphia children

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2 through family preservation programs and
3 through services to children in their own
4 homes, SCO programs. We are serving
5 6,000 Philadelphia children placed in
6 emergency shelters, foster care,
7 treatment foster care, group homes and
8 supervised independent living settings.
9 We are serving 1,400 Philadelphia
10 children placed in residential treatment
11 settings, and over 7,000 Philadelphia
12 children are enrolled in after-school and
13 youth development programs provided by
14 our member agencies.

15 On March 8th of this year,
16 Philadelphia Department of Human Services
17 Commissioner, Cheryl Ransom-Garner,
18 provided testimony to City Council on the
19 significant successes that the Department
20 has achieved. These successes were based
21 on the work of the private providers that
22 the Department of Human Services
23 contracts with. Regrettably, the
24 positive strides that have been made on
25 behalf of our vulnerable children and

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2 families are in jeopardy because the
3 private providers on whom the City relies
4 are not receiving the funding to deliver
5 these services. While the cost of doing
6 business has skyrocketed, particularly
7 health and insurance costs for employees,
8 transportation and utilities, the rates
9 that the City pays its contractors have
10 not kept pace.

11 On July 1st, DHS provided some,
12 but not all, of its contractors with a
13 two percent COLA increase. Although this
14 increase was appreciated, it did not make
15 up for the fact for the past two years
16 the City did not give any COLA increase
17 to its providers.

18 It should be noted that during
19 the same period, the Department and Labor
20 Consumer Price Index indicated that the
21 region experienced an almost 10 percent
22 increase in the cost of goods and
23 services. The gaps between actual costs
24 and the City's reimbursement rates
25 continue to widen. What does this mean?

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2 It means that many of the employees of
3 our agencies are not self-sufficient.

4 While providers struggle to
5 provide basic healthcare and a living
6 wage to their employees, they frequently
7 are called upon not to give raises and to
8 ask employees to contribute to their
9 health plans. This results in high
10 turnover rates, loss of valuable
11 experience that could be serving our
12 City's most vulnerable children. Most of
13 our employees, frankly, leave the private
14 non-profit sector to go to higher-paying
15 City jobs.

16 Providers have struggled to
17 bridge the gap by using private dollars
18 that they generate through fundraising
19 activities. Increasingly, it has become
20 difficult to bridge that gap.

21 The Pennsylvania Council has
22 strongly advocated for State and local
23 funding to address the suppressed wage
24 scales created as the result of minimal
25 increases providers haven't been able to

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2 negotiate, for mandated services for
3 abused and neglected children. Without
4 increased wages, providers cannot meet
5 the intent of the Minimum Wage Standard.

6 I am here today to ask you for
7 reciprocity. We want to meet the
8 standard. We want to have our employees
9 working in the human service field become
10 self-sufficient. The reciprocity we need
11 is from the City to provide us with fair
12 and equitable contracts.

13 Thank you very much.

14 (Applause.)

15 COUNCILMAN GOODE: Thank you
16 for your testimony.

17 Are there questions from any
18 members of the Committee?

19 (No response.)

20 COUNCILMAN GOODE: Thank you
21 again.

22 Our next witness is Anne
23 O'Callaghan.

24 Please state your name for the
25 record and proceed with your testimony.

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2 MS. O'CALLAGHAN: Yes. My name
3 is Anne O'Callaghan, and good afternoon,
4 members of City Council and citizens of
5 Philadelphia. I would like to thank
6 Councilman Goode for calling this hearing
7 and PathWays PA for giving me the
8 opportunity to discuss the impact of this
9 living wage on Philadelphia's immigrant
10 population.

11 I'm the Executive Director of
12 the non-profit Welcoming Center for New
13 Pennsylvanians, and we strongly advocate
14 a living wage as vital assurance that
15 Philadelphia's immigrants receive fair
16 compensation for their work and also that
17 they are enabled to support themselves
18 and their families. The proposed \$10.72
19 hourly self-sufficiency wage will help
20 immigrants purchase homes, start
21 businesses and improve the quality of
22 life for themselves and their
23 communities.

24 This living wage also might
25 enable a family to have one parent remain

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2 at home to raise children or allow
3 another individual to work one job
4 instead of two or three.

5 The Welcoming Center connects
6 work-authorized immigrants from around
7 the world with employment opportunities,
8 legal services and entrepreneurial
9 resources in the Delaware Valley. Our
10 organization believes that immigration
11 can renew Pennsylvania's neighborhoods,
12 reenergize our commercial corridors and
13 reinvigorate the Commonwealth's aging
14 workforce, which as we all know is the
15 second oldest in the nation.

16 Since opening our doors in
17 2003, we have assisted over 2,000
18 immigrants, and this year our employment
19 program alone has already placed more
20 than 90 clients in jobs. Our clients
21 come from 47 countries across the world.
22 Almost 65 percent are women, and many of
23 these women are single mothers. And
24 these women statistically stand to
25 benefit the most from the living wage

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2 standard. More than three-quarters of
3 our clients have earned a high school
4 diploma, and 20 percent have obtained a
5 Bachelor's degree or higher.

6 Despite their skills and
7 education, immigrants often struggle to
8 find appropriate employment. When they
9 come to the Welcoming Center, they are
10 often working as low-paid dish-washers or
11 house-cleaners and frequently outside the
12 system. We strive to place all of our
13 clients into self-sufficient employment
14 as measured by wages and, most
15 especially, the availability of health
16 benefits. The clients we've placed this
17 year are earning an average of \$8.90 an
18 hour. This is \$3.75 above the national
19 minimum wage and \$2.65 above
20 Pennsylvania's recently ratified minimum
21 wage.

22 Despite this, we believe that
23 \$8.90 an hour, or \$18,500 a year, is
24 insufficient compensation to meet
25 housing, food, healthcare costs for an

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2 individual living in Philadelphia, let
3 alone an entire family.

4 More than one-third of our
5 clients are supporting children here in
6 the United States, and others are
7 supporting family members in other parts
8 of the United States or abroad. And to
9 illustrate the value of a living wage,
10 I'd like to share a few stories.

11 Recently our employment program
12 served a doctor who had come to the
13 United States with his wife and three
14 children and was struggling to find work
15 in the medical field. He actually was
16 earning \$8 an hour making sandwiches.

17 Our employment specialists
18 helped him obtain a job as a medical
19 technician paying \$22.60 an hour,
20 immediately moving that family into the
21 region of self-sufficiency.

22 Another client -- and we have
23 many like this -- working part-time as a
24 department store clerk for 7.50 an hour,
25 now she's working as a data entry

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2 assistant in a medical lab in a job that
3 pays \$12.08 an hour and provides full
4 benefits.

5 These clients are the fortunate
6 ones, however. For every immigrant who
7 finds a family-sustaining job, there are
8 many others who continue to work hard at
9 low-wage positions, honing their already
10 strong skills and searching eagerly for
11 better employment. For these clients, a
12 living wage would mean a better life, and
13 this life remains unobtainable, not
14 because our clients lack skills or
15 persistence, because of economic
16 realities beyond their control that we
17 believe this law would greatly assist.

18 The people we work with every
19 day are eager to contribute their energy
20 and abilities to our community, and
21 living wage laws as advocated here will
22 ensure that the 40, 50 or 60 or more
23 hours that our clients work every week
24 will enable them to purchase homes, start
25 businesses, invest in their communities

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2 and improve the overall quality of life
3 for themselves and for all of us.

4 Thank you again for the
5 opportunity to testify today.

6 COUNCILMAN GOODE: Thank you
7 for your testimony.

8 Any questions from members of
9 the Committee?

10 (No response.)

11 COUNCILMAN GOODE: Thank you.

12 Our next witness is Janet Ryder
13 and Kathy Black.

14 MS. BLACK: Yeah, we're
15 together. The labor movement sent the
16 women today.

17 COUNCILMAN GOODE: Please state
18 your name for the record and proceed with
19 your testimony.

20 MS. RYDER: Good morning. I'm
21 Janet Ryder.

22 MS. BLACK: Afternoon.

23 MS. RYDER: Good afternoon.

24 I'm Janet Ryder.

25 Thank you, Councilman Goode and

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2 members of City Council, particularly
3 Councilman Ramos. I'm so glad you're
4 here today. I want to thank you for
5 holding this hearing on the Pennsylvania
6 Self-Sufficiency Standard and coming to
7 the table with an open mind as it relates
8 to understanding, empathizing and finally
9 developing a comprehensive plan for
10 raising the living standards to our City
11 residents. My name is Janet Ryder and I
12 serve as Vice-President of Labor
13 Participation for both the United Way of
14 Southern Pennsylvania and the
15 Philadelphia Council AFL-CIO. Patrick
16 Eiding, the President of the Council,
17 which represents more than 100,000 union
18 households, could not be here today, but
19 this was so important, he sent me in his
20 place to make sure you understand the
21 importance of self-sufficiency standards
22 to all of us living in this region.
23 Both of us serve on the
24 Philadelphia Workforce Investment Board
25 and witness every single day the direct

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2 correlation between the need for livable
3 wages as it relates to crime and
4 violence, education, healthcare and
5 parents just being able to provide hope
6 for their children. They are our most
7 valuable and vulnerable resource among
8 us.

9 As union leaders, we have
10 always advocated and negotiated for
11 livable wages for our members and their
12 families, which ultimately benefit all
13 working families. Under the AFL-CIO
14 umbrella, we support the working family
15 agenda and believe that everyone is
16 entitled to a high quality of life.

17 Ten dollars and 72 cents an
18 hour is not much money. If you are a
19 parent, do you realize the net weekly pay
20 for a single parent with a child is only
21 \$314.17? As much as I hate to admit it,
22 some of our unions do represent members
23 who work full time, yet earn less than
24 the proposed \$10.72 an hour to support
25 their families. Most of them are parents

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2 of school-age children, and as a result,
3 we see too many families working more
4 than one job and applying for work
5 supports just to meet their basic needs
6 of food, shelter, child care and
7 transportation.

8 The Pennsylvania
9 Self-Sufficiency Standard demonstrates
10 that Pennsylvania's minimum wage increase
11 to \$7.15 an hour is definitely a step in
12 the right direction, but that alone will
13 not solve the problem. We should be
14 about the business of working to get
15 families out of poverty, not to keep them
16 poor and without hope.

17 The Philadelphia Council
18 AFL-CIO partners with many organizations
19 and programs to bridge that gap, and I'm
20 particularly proud of our partnership
21 with the Greater Philadelphia Urban
22 Affairs Coalition where we offer free tax
23 preparation to families generally earning
24 less than \$35,000. Called the Campaign
25 for Working Families, it's aimed at

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2 assisting working families, particularly
3 parents with children, in receiving all
4 of the benefits they deserve.

5 Initially many thought that
6 organized labor wouldn't have many people
7 to fit into this category. However, we
8 do, and we work with single parents and
9 children all the time to make sure they
10 obtain all the benefits they might be
11 eligible to receive.

12 We also partner with the United
13 Way in providing information referral
14 services called First Call for Help.
15 Statistics from these calls tell us that
16 we are in a crisis in this City, as more
17 people need social service supports to
18 make it every day, coupled with the fact
19 that these social service supports are
20 financially strapped as well and not able
21 to deliver the level and quality of
22 services provided in the past.

23 We have to be part of the
24 solution to bridging the widening gap
25 between poverty and wealth in our

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2 community. Governor Rendell has said it
3 is not acceptable that in this great
4 nation you can work full time and still
5 live below the poverty level. If the
6 cost of food, clothing, shelter and other
7 basic necessities continue to rise, how
8 can our citizens afford to support
9 themselves? Do we make them choose
10 between the hot meal or gas for their
11 car?

12 He is absolutely correct. It
13 is unfortunate the fact that the pursuit
14 of basic essentials creates a significant
15 void in the quality of life for working
16 families. This includes building assets,
17 purchasing a home, education and quality
18 time with the children.

19 The AFL-CIO advocates a living
20 wage to ensure Philadelphia's families
21 receive fair compensation for their work.
22 There is also dignity and pride of
23 knowing that you can sustain yourself and
24 your family.

25 The proposed \$10.72 an hour

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2 wage would help working families a
3 little, but we need to do even more than
4 this.

5 I will now turn the microphone
6 over to Kathy Black. She is the
7 President of the Coalition of Labor Union
8 Women and serves as the Health and Safety
9 Director for the American Federation of
10 State-County-Municipal Employees,
11 District Council 47.

12 MS. BLACK: Thank you, Janet,
13 and thank you, Councilman Goode and
14 Councilman Ramos and Councilman Rizzo.
15 Thanks for sticking around and giving me
16 the opportunity to speak today as well.

17 As Janet said, she's been here
18 to offer the support of the labor
19 movement for the Self-Sufficiency
20 Standard. That includes my union, AFSCME
21 District Council 47. But I'm here today
22 to add the specific support of CLUW, the
23 Coalition of Labor Union Women, where I
24 serve as President.

25 We are a national organization

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2 of women and men from many different
3 unions who work together to advance a
4 working women's agenda in the labor
5 movement, which still needs it, and in
6 legislative bodies, and we have a very
7 large active chapter here in
8 Philadelphia. Janet is one of our Board
9 members.

10 Eight years ago, I appeared
11 before this very Committee with different
12 folks in attendance to testify in favor
13 of a living wage bill, which, sadly and
14 shamefully, in my view, was not adopted
15 by City Council. And I'm well aware that
16 none of you are responsible for that, and
17 I really appreciate, Councilman Goode,
18 your work on this issue.

19 Since then, the cost of
20 housing, health insurance and other daily
21 expenses have skyrocketed, while
22 compensation for low-wage jobs in our
23 City has stagnated and thousands more
24 Philadelphia families have fallen below
25 the poverty line.

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2 Now, back in 1998 when we were
3 working for that bill, we were asking for
4 \$7.90 an hour, knowing full well even
5 then that it was impossible to raise a
6 family on that wage. That would have
7 amounted to \$16,432 per year for a family
8 of four, and even our minimum wage
9 increase hasn't gotten us there. CLUW is
10 especially concerned about this issue
11 because many, if not most, of the jobs
12 that would be affected by that bill and
13 this bill and this proposed standard are
14 held by women, many of them single
15 mothers struggling to stay off welfare,
16 provide adequate child care and
17 healthcare, food, shelter, clothing for
18 their families, and they just can't do it
19 on these wages, not 7.15, not 10.32, no
20 matter how many hours they work, no
21 matter how many part-time jobs they
22 string together, no matter how much
23 family support they have.

24 As union members, we believe a
25 union contract that provides living wages

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2 and benefits is the best remedy for
3 poverty wage jobs, and we're working to
4 organize more people and trying to do our
5 part to lift families out of poverty.
6 But we also believe the City has an
7 obligation to its own workforce, to its
8 secondary workforce and to all its
9 citizens.

10 Our members at CLUW do not want
11 our tax dollars spent subsidizing
12 low-wage jobs, which force families to
13 live in poverty, and we know we can do
14 better.

15 Now, we recognize, like
16 everyone else, the adoption of this
17 standard would not eradicate poverty in
18 our City, but we know it would help and
19 lift thousands of families above that
20 threshold where they have to make
21 difficult choices every week about which
22 bills to pay, which kids to buy shoes
23 for.

24 Adoption of this standard would
25 send a message to citizens and businesses

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2 that the City's elected officials are
3 concerned about the welfare of our
4 poorest citizens, that you are well aware
5 that families cannot thrive on poverty
6 wages and that you recognize your
7 obligation to voters and taxpayers to use
8 their hard-earned tax dollars in a
9 socially and economically responsible
10 manner.

11 It would also demonstrate your
12 understanding that the benefits of moving
13 all these families toward the middle
14 class would be felt beyond their own
15 kitchen tables. Increasing the buying
16 power of families stokes the other
17 economic engines in our City and makes
18 for healthier, more secure and more
19 confident children, better able to learn
20 in our schools and succeed in the
21 Philadelphia of the future.

22 Thanks to you for your time and
23 for calling this hearing and for your
24 consideration of the adoption of this
25 standard. On behalf of thousands of

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2 union women across the State and their
3 families, we urge you to adopt this
4 well-researched and common-sense approach
5 to compensation for our City's low-wage
6 workers.

7 COUNCILMAN GOODE: Thank you
8 for your testimony.

9 Any questions or comments from
10 members of the Committee?

11 (No response.)

12 COUNCILMAN GOODE: Thank you
13 again.

14 Our next witness is Brady
15 Russell.

16 Good afternoon. Please state
17 your name for the record and proceed with
18 your testimony.

19 MR. RUSSELL: My name is Brady
20 Russell. I'm an organizer with the
21 Philadelphia Unemployment Project.

22 The Philadelphia Unemployment
23 Project has always believed that jobs
24 have to be the first priority. Good
25 jobs, jobs that pay well and treat

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2 workers with dignity have to be the first
3 order of business.

4 PUP's mission is to organize
5 people who are out of work, who are
6 underemployed. While always looking out
7 for the long-term unemployed, we also
8 organize the temporarily unemployed that
9 appear during recessions.

10 PUP first rose up during the
11 '70s when good jobs were leaving
12 Philadelphia and we'd get to see them
13 come back in great numbers.

14 Our primary concern over the
15 years has been to make sure that people's
16 lives maintain some sort of stability
17 during temporary economic setbacks.
18 We've protected hundreds of homeowners
19 from losing their homes, helped people
20 find new jobs and done our best to expand
21 healthcare access for the uninsured,
22 because lack of health benefits can be
23 one of the worst facets of unemployment.

24 When we receive an opportunity
25 to do so, we try to improve the jobs that

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2 are here for workers. That's why our
3 office convened the Raise the Minimum
4 Wage Coalition in early 2005. As this
5 body is well aware, the campaign will
6 have raised the Pennsylvania's minimum
7 wage to 7.15 per hour starting July of
8 next year.

9 Higher wages and more job
10 opportunities should be the primary
11 concern of this body. PUP has long been
12 acutely aware that better wages can be
13 found outside of Philadelphia in the
14 suburbs. That's why we surveyed area
15 McDonald's restaurants in 1990 and found
16 that employees outside of Philadelphia
17 made a dollar more per hour than people
18 doing the same work in Philadelphia. At
19 that time when the minimum wage was \$3.80
20 an hour, one dollar could be a 25 percent
21 difference in wages.

22 We organized the inner City
23 McDonald's restaurants to protest the
24 wage disparity and promoted a boycott on
25 behalf of inner City workers at that

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2 time.

3 The wage differential holds
4 true today, both for low-skilled jobs and
5 higher quality jobs in customer service,
6 data processing, et cetera. That's why
7 PUP has launched the Commuter Options
8 program, to expand the forms of transit
9 available to get people to work at
10 better-paying jobs in the suburbs.
11 Everyone would like to see the better
12 jobs come back to Philadelphia as well.

13 The solution to bringing those
14 jobs here is not easy to see, but we have
15 seen over the years one sure way to
16 ensure that the jobs we have are good
17 ones: Unions. Unions are the surest
18 means to make sure that workers are paid
19 what they are worth, treated with dignity
20 and grow in the workplace over time.

21 We have a vast array of service
22 sector jobs here that are in no position
23 to leave. You can't import a submarine
24 sandwich. There is no reason why these
25 profitable service sector employers can't

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2 have organized workers. We strongly
3 support more unions in the service
4 sector, including fast food places.

5 We hope this body will do what
6 it can to enhance the expansion of the
7 labor movement in our City, bring labor
8 to the table and initiate an economic
9 development and negotiate with employers
10 to help make sure their workers have a
11 union. It's the surest way to ensure
12 self-sufficiency when new jobs are added
13 to the local economy.

14 Our members were very anxious
15 to see the minimum wage increase pass.
16 They were willing to go to Harrisburg on
17 five separate occasions to get that done.
18 We'd be willing to organize around
19 similar initiatives locally if they have
20 a strong stand to succeed and to benefit
21 workers in our City.

22 Thanks.

23 COUNCILMAN GOODE: Thank you
24 for your testimony.

25 Any questions from members of

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2 the Committee?

3 (No response.)

4 COUNCILMAN GOODE: Thank you.

5 Our next witness is Kristin
6 Shiffler.

7 MS. GOERTZEL: She had to
8 leave.

9 COUNCILMAN GOODE: Lance Haver.

10 MR. HAVER: Good afternoon. My
11 name is Lance Haver. I'm the Director of
12 Consumer Affairs for the City of
13 Philadelphia.

14 Thank you for taking on this
15 issue. As I'm sure you're aware, if you
16 don't make enough, as a consumer you
17 can't pay your bills. It's really that
18 simple. While there are no simple
19 answers to how we do it, it should be
20 simple to understand that we should be
21 struggling to do it.

22 I want to say that I think
23 there are four tools that we could be
24 using with the City's purchasing power,
25 one of which we're already using, thanks

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2 to Councilman Goode, which is when we
3 contract, we now pay much more than the
4 minimum wage. But there are three other
5 points that we could use.

6 When the City purchases goods,
7 we could form a buying coalition, a
8 buying co-op with other cities and make
9 sure that the products we buy are coming
10 from cities and from companies that pay a
11 living wage.

12 Second, when we give tax
13 benefits, we give low-cost financing to
14 companies when they move into the City.
15 We should be able to leverage a living
16 wage job with benefits for all of those
17 companies. If they're going to get the
18 benefit of taxes or they're going to get
19 the benefit of low-cost financing, in
20 exchange they ought to be willing to pay
21 a living wage.

22 The last is, we can use our
23 pension fund. We should take two percent
24 of our pension fund and turn it into a
25 venture fund to invest only in inner City

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2 businesses so we can create more jobs
3 that pay a living wage.

4 Thank you very much for this
5 opportunity. I won't keep you.

6 COUNCILMAN GOODE: Any
7 questions or comments for this witness?

8 (No response.)

9 COUNCILMAN GOODE: Thank you.
10 Is there anyone else to testify
11 on this resolution?

12 (No response.)

13 COUNCILMAN GOODE: Seeing no
14 one else, this hearing on Resolution No.
15 060653 is recessed to the call of the
16 Chair. Thank you all for coming and
17 thank you for your patience.

18 (Committee on Commerce and
19 Economic Development adjourned at 3:00
20 p.m.)

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