

COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON LABOR AND CIVIL SERVICE

Room 400, City Hall
Philadelphia, Pennsylvania
Thursday, December 6, 2018
10:17 a.m.

PRESENT:

COUNCILWOMAN CHERELLE L. PARKER, CHAIR
COUNCILMAN ALLAN DOMB
COUNCILMAN DEREK S. GREEN
COUNCILWOMAN HELEN GYM
COUNCILMAN BRIAN J. O'NEILL
COUNCILWOMAN MARIA D. QUINONES-SANCHEZ
COUNCILMAN AL TAUBENBERGER

BILL 180991 - An ordinance amending Title 22
of The Philadelphia Code, entitled "Public
Employees Retirement Code," to modify the
terms of Plan 16, to change certain
contribution rates, and to make technical
amendments...

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1 12/6/18 - LABOR - BILL 180991

2 COUNCILWOMAN PARKER: Good
3 morning, everyone. This hearing is
4 called to order. This is a public
5 hearing of the City Council Committee on
6 Labor and Civil Service. The purpose of
7 this public hearing is to hear testimony
8 on Bill No. 180991.

9 I recognize that a quorum of
10 the Committee members are present. To my
11 left is Councilwoman Helen Gym. To my
12 right is Councilwoman Maria
13 Quinones-Sanchez and Councilman Allan
14 Domb.

15 I want to ask any of the
16 Councilmembers who are present, do you
17 have any opening remarks?

18 (No response.)

19 COUNCILWOMAN PARKER: The Clerk
20 will now read the title of the bill being
21 considered today.

22 THE CLERK: An ordinance
23 amending Title 22 of The Philadelphia
24 Code, entitled "Public Employees
25 Retirement Code," to modify the terms of

1 12/6/18 - LABOR - BILL 180991

2 Plan 16, to change certain contribution
3 rates, and to make technical amendments;
4 all under certain terms and conditions.

5 COUNCILWOMAN PARKER: The Clerk
6 will please call the first witness to
7 testify on the bill.

8 THE CLERK: Rob Dubow.
9 (Witness approached witness
10 table.)

11 COUNCILWOMAN PARKER: Thank
12 you, Mr. Dubow. Please state your name
13 for the record.

14 MR. DUBOW: Good morning,
15 Councilwoman Parker and members of the
16 Committee. I'm Rob Dubow. I'm the
17 Finance Director, and I'm here today to
18 testify in support of Bill No. 180991,
19 which will adjust pension reforms in
20 place for Deputy Sheriffs and Register of
21 Wills employees to make them consistent
22 with the pension reforms passed last
23 spring for all other municipal plan
24 employees.

25 Pension reforms were

1 12/6/18 - LABOR - BILL 180991

2 implemented for Deputy Sheriffs and
3 Register of Wills as a result of their
4 2017 arbitration award. After that award
5 was issued, the City reached agreement
6 with DC 47, which included significant
7 pension reform, and subsequent
8 legislation was passed to enact those
9 reforms for DC 47 and 33, employees who
10 were exempt from civil service, and
11 employees who were in civil service but
12 not represented by a union.

13 In November, the City and
14 Deputy Sheriffs and Register of Wills
15 reached a memorandum of agreement to
16 adjust their pension reforms to match
17 those in place for all other municipal
18 plan employees. If this bill is passed,
19 it would modify contribution rates for
20 those employees and change their stacked
21 hybrid plan for new hires. Under the
22 tier contribution system, employees with
23 higher salaries would make larger
24 additional contributions to the pension
25 fund. The increase would range from 0.5

1 12/6/18 - LABOR - BILL 180991

2 percent for employees who make over
3 50,000 to 2.75 percent for employees who
4 make over 100,000. The stacked hybrid
5 places a \$65,000 cap on pensionable
6 earnings for newly hired employees. Both
7 changes would be effective January 1st,
8 2019. The additional contributions
9 increase the fund assets, and the stacked
10 hybrid plan provides retirement security
11 for employees while also reducing the
12 plan's liabilities. Over time, both
13 changes improve the long-term health of
14 the plan.

15 That concludes my testimony,
16 and I'm happy to answer any questions.

17 COUNCILWOMAN PARKER: Thank
18 you, Mr. Dubow.

19 For the record, the Chair
20 recognizes the presence of Councilman
21 Taubenberger and Councilman Green.

22 Mr. Dubow, I just want to walk
23 through some of what you described in
24 your testimony as being the pension
25 reform that the City of Philadelphia has

12/6/18 - LABOR - BILL 180991

been able to achieve through collective bargaining; that is, the increased contributions that employees are making to the pension fund, that that cap, that \$65,000 cap for the defined benefit portion of their pensions and the stacked hybrid, that's what we describe it as, tell me, if you will -- because according to your testimony, we're talking about DC 33, DC 47, and now as a result of this legislation it will be Deputy Sheriffs and Register of Wills employees, but I don't think that residents in the City of Philadelphia understand the historic nature of what we just achieved.

Council didn't pass legislation to dismantle the retirement security for the City of Philadelphia's workforce. When we talk about DC 33 employees -- and I want to just state this for the record -- we're talking about sanitation workers, Water Department employees, clerks, crossing guards, and correctional officers. When we talk about DC 47,

1 12/6/18 - LABOR - BILL 180991

2 we're talking about our social workers,
3 our librarians, and our probation
4 officers. And then we're talking about
5 our Deputy Sheriffs and our Register of
6 Will employees, along with exempt and
7 non-rep employees, who have all
8 contributed more and helped through their
9 efforts to do what I call is share in the
10 sacrifice of attempting to reduce the
11 unfunded liability, strengthen the fiscal
12 stance of our pension fund, while trying
13 to balance retirement security.

14 Tell me, if you will -- and I
15 think you've been around. I don't want
16 people to think I think you're a
17 dinosaur, Rob Dubow, but I think you've
18 been here --

19 MR. DUBOW: Maybe a little.

20 COUNCILWOMAN PARKER: I think
21 you've been here, Rob Dubow, through
22 multiple administrations.

23 Have we ever achieved through
24 collective bargaining the pension reform
25 that was recently achieved through all?

1 12/6/18 - LABOR - BILL 180991

2 MR. DUBOW: Not in decades.

3 COUNCILWOMAN PARKER: Not in
4 decades. And I want to note for the
5 record for the benefit of the listening
6 audience that we are talking about 11,000
7 City workers -- you heard me just
8 describe them -- from DC 33, 4,000 from
9 DC 47, 400 from the Deputy Sheriffs and
10 Register of Wills, and approximately
11 4,000, those are exempt and non-rep
12 employees.

13 Why is this important for you
14 to note? That means that almost 19,400
15 working men and women in our great City
16 of Philadelphia are making contributions
17 that they negotiated, not that this
18 Council legislated, but that they
19 negotiated through collective bargaining
20 to balance the interests of their
21 retirement security, along with the
22 City's fiscal health. And I don't think
23 that our city, our Administration, and/or
24 the workers who we just acknowledged,
25 that they get enough recognition for

12/6/18 - LABOR - BILL 180991

noting that the fiscal health of the City of Philadelphia is just as important to them as it is to others, because all we constantly hear about is this \$6.1 billion of unfunded liability because we're 45 percent funded, but what we just negotiated, it will put the City of Philadelphia on the path to improving the fiscal health of our pension fund.

And I just wanted to note that for the record. Somebody in here is saying, Cherelle, why did you just walk through that very lengthy process of telling us who the workers are in 33, 47, and all of the others I noted. Because those workers, unlike all who benefit from being paid by the City of Philadelphia -- and this is very important to note -- they are required by law to live in the City of Philadelphia. So this constituency that we're referencing, this is the constituency, they own homes in the City of Philadelphia. They are the people who

1 12/6/18 - LABOR - BILL 180991
2 will help us stabilize Philadelphia
3 neighborhoods, and they don't have the
4 luxury of deciding whether or not they
5 can live here, do everything that they do
6 here or whether or not they cross City
7 Line Avenue, Cheltenham Avenue or to go
8 over to the county. They have to be
9 residents of the City of Philadelphia.

10 So, Mr. Dubow, I want to thank
11 you so very much for your testimony, and
12 ask are there any of my colleagues who
13 have any questions or want to make any
14 comments?

15 Councilwoman Gym.

16 I'm sorry. I want to
17 acknowledge the presence of Councilman
18 Brian O'Neill, who is the Vice Chair of
19 the Committee.

20 And, Councilwoman Gym, we'll
21 acknowledge you and we'll come --

22 COUNCILMAN O'NEILL: I just
23 want to state for the record, I don't
24 think Mr. Dubow has been around long at
25 all.

1 12/6/18 - LABOR - BILL 180991

2 MR. DUBOW: Thank you. I
3 appreciate that, Councilman.

4 COUNCILWOMAN PARKER:
5 Councilwoman Gym.

6 COUNCILWOMAN GYM: No. I'm
7 okay.

8 COUNCILWOMAN PARKER: Is there
9 anyone else here who is present who is
10 interested in testifying on this bill?

11 (No response.)

12 COUNCILWOMAN PARKER: If not,
13 that concludes the public hearing, and we
14 will now go into the public meeting to
15 consider the action to be taken on the
16 bill to be heard today.

17 The Chair recognizes
18 Councilwoman Gym for a motion on Bill No.
19 180991.

20 COUNCILWOMAN GYM: Thank you,
21 Madam Chair. I move that Bill No. 180991
22 be reported from this Committee with a
23 favorable recommendation and further move
24 that the rules of Council be suspended to
25 permit first reading of this bill at the

1 12/6/18 - LABOR - BILL 180991

2 next session of Council.

3 (Duly seconded.)

4 COUNCILWOMAN PARKER: It has

5 been moved and properly seconded that

6 Bill No. 180991 be reported from this

7 Committee with a favorable recommendation

8 and further moved that the rules of

9 Council be suspended to permit first

10 reading of this bill at the next session

11 of Council.

12 All those in favor of the

13 motion will signify by saying aye.

14 (Aye.)

15 COUNCILWOMAN PARKER: Those

16 opposed?

17 (No response.)

18 COUNCILWOMAN PARKER: The ayes

19 have it and the motion carries. Bill No.

20 180991 will be reported from this

21 Committee with a favorable recommendation

22 with a request that the rules of Council

23 be suspended to permit first reading at

24 the next session of Council.

25 This concludes the business of

Committee on Labor and Civil Service
December 6, 2018

Page 13

1 12/6/18 - LABOR - BILL 180991
2 the Committee on Labor and Civil Service
3 for today.

4 Thank you all very much for
5 your attendance.

6 (Committee on Labor and Civil
7 Service concluded at 10:30 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter, and that this is a true and
correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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Committee on Labor and Civil Service
December 6, 2018

Page 1

A	B	9:8,18,21 9:24 10:6,9 City's 8:22 civil 1:3 2:6 4:10,11 13:2,6 Clerk 2:19,22 3:5,8 clerks 6:24 Code 1:15,16 2:24,25 colleagues 10:12 collective 6:2 7:24 8:19 come 10:21 comments 10:14 Committee 1:3 2:5,10 3:16 10:19 11:22 12:7 12:21 13:2 13:6 concluded 13:7 concludes 5:15 11:13 12:25 conditions 3:4 consider 11:15 considered 2:21 consistent 3:21 constantly 9:5 constituency 9:22,23 contained 14:5 contributed 7:8 contribution 1:17 3:2 4:19,22 contributions 4:24 5:8 6:4 8:16 control 14:23 correct 14:8	correctional 6:24 Council 1:2 2:5 6:17 8:18 11:24 12:2,9,11 12:22,24 Councilman 1:10,11,12 1:13 2:13 5:20,21 10:17,22 11:3 Councilme... 2:16 Councilwo... 1:10,11,12 2:2,11,12 2:19 3:5,11 3:15 5:17 7:20 8:3 10:15,20 11:4,5,6,8 11:12,18,20 12:4,15,18 county 10:8 cross 10:6 crossing 6:24	2:14 Dubow 3:8,12 3:14,16 5:18,22 7:17,19,21 8:2 10:10 10:24 11:2 Duly 12:3	5:21 guards 6:24 Gym 1:11 2:11 10:15 10:20 11:5 11:6,18,20	Labor 1:3 2:1 2:6 3:1 4:1 5:1 6:1 7:1 8:1 9:1 10:1 11:1 12:1 13:1,2,6 larger 4:23 law 9:21 left 2:11 legislated 8:18 legislation 4:8 6:12,17 lengthy 9:14 liabilities 5:12 liability 7:11 9:6 librarians 7:3 Line 10:7 listening 8:5 little 7:19 live 9:21 10:5 long 10:24 long-term 5:13 luxury 10:4	move 11:21 11:23 moved 12:5,8 multiple 7:22 municipal 3:23 4:17 MURPHY 14:14								
a.m 1:7 13:7 able 6:2 accurately 14:5 achieve 6:2 achieved 6:16 7:23,25 acknowledge 10:17,21 acknowledg... 8:24 action 11:15 additional 4:24 5:8 adjust 3:19 4:16 Administra... 8:23 administrat... 7:22 agreement 4:5,15 AL 1:13 Allan 1:10 2:13 amending 1:15 2:23 amendments 1:17 3:3 and/or 8:23 14:23 answer 5:16 apply 14:21 appreciate 11:3 approached 3:9 approximat... 8:10 arbitration 4:4 assets 5:9 attempting 7:10 attendance 13:5 audience 8:6 Avenue 10:7 10:7 award 4:4,4 aye 12:13,14 ayes 12:18	balance 7:13 8:20 bargaining 6:3 7:24 8:19 benefit 6:6 8:5 9:17 bill 1:15 2:1,8 2:20 3:1,7 3:18 4:1,18 5:1 6:1 7:1 8:1 9:1 10:1 11:1,10,16 11:18,21,25 12:1,6,10 12:19 13:1 billion 9:6 Brian 1:12 10:18 business 12:25	C call 3:6 7:9 called 2:4 cap 5:5 6:5,6 carries 12:19 certain 1:16 3:2,4 CERTIFIC... 14:2 certification 14:20 CERTIFY 14:3 certifying 14:24 Chair 1:10 5:19 10:18 11:17,21 change 1:16 3:2 4:20 changes 5:7 5:13 Cheltenham 10:7 Cherelle 1:10 9:13 city 1:2,6 2:5 4:5,13 5:25 6:14,19 8:7 8:15,23 9:2	D D 1:12 DC 4:6,9 6:10 6:11,20,25 8:8,9 decades 8:2,4 December 1:7 deciding 10:4 defined 6:6 Department 6:23 Deputy 3:20 4:2,14 6:12 7:5 8:9 DEREK 1:11 describe 6:8 8:8 described 5:23 dinosaur 7:17 direct 14:23 Director 3:17 dismantle 6:18 Domb 1:10	E earnings 5:6 effective 5:7 efforts 7:9 employees 1:16 2:24 3:21,24 4:9 4:11,18,20 4:22 5:2,3,6 5:11 6:4,13 6:20,23 7:6 7:7 8:12 enact 4:8 entitled 1:15 2:24 evidence 14:4 exempt 4:10 7:6 8:11	F favor 12:12 favorable 11:23 12:7 12:21 Finance 3:17 first 3:6 11:25 12:9,23 fiscal 7:11 8:22 9:2,10 foregoing 14:7,20 fully 14:5 fund 4:25 5:9 6:5 7:12 9:10 funded 9:7 further 11:23 12:8	G go 10:7 11:14 Good 2:2 3:14 great 8:15 Green 1:11	H Hall 1:6 happy 5:16 health 5:13 8:22 9:2,10 hear 2:7 9:5 heard 8:7 11:16 hearing 2:3,5 2:7 11:13 Helen 1:11 2:11 help 10:2 helped 7:8 higher 4:23 hired 5:6 hires 4:21 historic 6:15 homes 9:24 hybrid 4:21 5:4,10 6:8	I implemented 4:2 important 8:13 9:3,20 improve 5:13 improving 9:9 included 4:6 increase 4:25 5:9 increased 6:3 interested 11:10 interests 8:20 issued 4:5	J J 1:12 January 5:7	K	L L 1:10 14:14	M Madam 11:21 making 6:4 8:16 Maria 1:12 2:12 match 4:16 matter 14:7 means 8:14 14:22 meeting 11:14 members 2:10 3:15 memorand... 4:15 men 8:15 MICHELE 14:14 modify 1:16 2:25 4:19 morning 2:3 3:14 motion 11:18 12:13,19	N name 3:12 nature 6:16 negotiated 8:17,19 9:8 neighborho... 10:3 new 4:21 newly 5:6 non-rep 7:7 8:11 note 8:4,14 9:11,20 noted 9:16 notes 14:6 noting 9:2 November 4:13	O O'Neill 1:12 10:18,22 objections 14:4 officers 6:25 7:4 okay 11:7 opening 2:17 opposed 12:16 order 2:4 ordinance 1:15 2:22	P paid 9:18 Parker 1:10 2:2,19 3:5 3:11,15 5:17 7:20 8:3 11:4,8 11:12 12:4 12:15,18 pass 6:17 passed 3:22

Committee on Labor and Civil Service
December 6, 2018

Page 2

4:8,18 path 9:9 Pennsylvania 1:6 pension 3:19 3:22,25 4:7 4:16,24 5:24 6:5 7:12,24 9:10 pensionable 5:5 pensions 6:7 people 7:16 9:25 percent 5:2,3 9:7 permit 11:25 12:9,23 Philadelphia 1:2,6,15 2:23 5:25 6:15 8:16 9:3,9,19,21 9:25 10:2,9 Philadelphi... 6:19 place 3:20 4:17 places 5:5 plan 1:16 3:2 3:23 4:18 4:21 5:10 5:14 plan's 5:12 please 3:6,12 portion 6:7 presence 5:20 10:17 present 1:9 2:10,16 11:9 probation 7:3 proceedings 14:4 process 9:14 properly 12:5 provides 5:10 public 1:15 2:4,7,24 11:13,14 14:15 purpose 2:6	put 9:8 Q questions 5:16 10:13 Quinones-S... 1:12 2:13 quorum 2:9 R range 4:25 rates 1:17 3:3 4:19 reached 4:5 4:15 read 2:20 reading 11:25 12:10,23 recognition 8:25 recognize 2:9 recognizes 5:20 11:17 recommend... 11:23 12:7 12:21 record 3:13 5:19 6:22 8:5 9:12 10:23 reduce 7:10 reducing 5:11 referencing 9:23 reform 4:7 5:25 7:24 reforms 3:19 3:22,25 4:9 4:16 Register 3:20 4:3,14 6:13 7:5 8:10 remarks 2:17 reported 11:22 12:6 12:20 reporter 14:24 represented 4:12 reproduction 14:21 request 12:22 required 9:20	residents 6:14 10:9 response 2:18 11:11 12:17 result 4:3 6:11 retirement 1:16 2:25 5:10 6:18 7:13 8:21 right 2:12 Rob 3:8,16 7:17,21 Room 1:6 RPR-Notary 14:15 rules 11:24 12:8,22 S S 1:11 sacrifice 7:10 salaries 4:23 sanitation 6:22 saying 9:13 12:13 seconded 12:3,5 security 5:10 6:18 7:13 8:21 service 1:3 2:6 4:10,11 13:2,7 session 12:2 12:10,24 share 7:9 Sheriffs 3:20 4:2,14 6:12 7:5 8:9 significant 4:6 signify 12:13 social 7:2 Somebody 9:12 sorry 10:16 spring 3:23 stabilize 10:2 stacked 4:20 5:4,9 6:7 stance 7:12 state 3:12	6:21 10:23 stenographic 14:6 strengthen 7:11 subsequent 4:7 supervision 14:23 support 3:18 suspended 11:24 12:9 12:23 system 4:22 T table 3:10 taken 11:15 14:6 talk 6:20,25 talking 6:10 6:22 7:2,4 8:6 Taubenber... 1:13 5:21 technical 1:17 3:3 tell 6:9 7:14 telling 9:15 terms 1:16 2:25 3:4 testify 3:7,18 testifying 11:10 testimony 2:7 5:15,24 6:10 10:11 thank 3:11 5:17 10:10 11:2,20 13:4 think 6:14 7:15,16,16 7:17,20 8:22 10:24 Thursday 1:7 tier 4:22 time 5:12 title 1:15 2:20 2:23 today 2:21 3:17 11:16 13:3 transcript	14:8,21 true 14:7 trying 7:12 U understand 6:15 unfunded 7:11 9:6 union 4:12 V Vice 10:18 W walk 5:22 9:13 want 2:15 5:22 6:21 7:15 8:4 10:10,13,16 10:23 wanted 9:11 Water 6:23 we'll 10:20,21 we're 6:10,22 7:2,4 9:7,22 Wills 3:21 4:3 4:14 6:13 8:10 witness 3:6,9 3:9 women 8:15 workers 6:23 7:2 8:7,24 9:15,17 workforce 6:19 working 8:15 X Y Z 0 0.5 4:25 1 10:17 1:7 10:30 13:7 100,000 5:4 11,000 8:6	12/6/18 2:1 3:1 4:1 5:1 6:1 7:1 8:1 9:1 10:1 11:1 12:1 13:1 16 1:16 3:2 180991 1:15 2:1,8 3:1,18 4:1 5:1 6:1 7:1 8:1 9:1 10:1 11:1 11:19,21 12:1,6,20 13:1 19,400 8:14 1st 5:7 2 2.75 5:3 2017 4:4 2018 1:7 2019 5:8 22 1:15 2:23 3 33 4:9 6:11 6:20 8:8 9:15 4 4,000 8:8,11 400 1:6 8:9 45 9:7 47 4:6,9 6:11 6:25 8:9 9:15 5 50,000 5:3 6 6 1:7 6.1 9:5 65,000 5:5 6:6		
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