

1
2 COUNCIL OF THE CITY OF PHILADELPHIA
3 COMMERCE & ECONOMIC DEVELOPMENT COMMITTEE

4 - - -
5 Room 400, City Hall
6 Philadelphia, Pennsylvania
7 Thursday, April 3, 2008, 3:55 p.m.
8 - - -

9 Bill 080021 - Amending Chapter 17-1300 of
10 the Philadelphia Code, entitled
11 "Philadelphia 21st Century Minimum Wage
12 Standard," by amending the minimum wage
13 standard that regulates the wages employers
14 subject to that chapter must pay to
15 employees covered by that chapter by
16 requiring such employers to provide certain
17 benefits to employees.

18
19 COUNCILMEMBERS PRESENT:

20
21 W. Wilson Goode, Jr. Chair
22 Blondell Reynolds Brown, Vice Chair
23 Darrell L. Clarke
24 Frank DiCicco
25 Bill Green
Curtis Jones, Jr.
Maria D. Quinones-Sanchez

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2 COUNCILMAN GOODE: Good

3 afternoon. This hearing is called to
4 order. This is a public hearing on
5 the Commerce & Economic Development
6 Committee on Bill No. 080021.

7 My name is W. Wilson Goode,
8 Jr., the Chair of the committee. I
9 note that a quorum is present. To my
10 left is Councilman Frank DiCicco; to
11 my right is Councilman Bill Green and
12 Councilwoman Maria Quinones-Sanchez.

13 The title of the bill, No
14 080021, is amending Chapter 17-1300 of
15 the Philadelphia Code, entitled
16 "Philadelphia 21st Century Minimum
17 Wage Standard," by amending the
18 minimum wage standard that regulates
19 the wages employers subject to that
20 chapter must pay to employees covered
21 by that chapter by requiring such
22 employers to provide certain benefits
23 to employees, all under certain terms
24 and conditions.

25 Our first witness is Rob

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2 Dubow, Finance Director.

3 Thank you for your patience.

4 (Witness comes forward.)

5 MR. DUBOW: Good afternoon

6 Councilman Goode and members of the

7 committee. My name is Rob Dubow, and

8 I am the Director of Finance.

9 I appear before you today to

10 offer testimony on Bill No. 080021,

11 which amends Chapter 17-1300 of the

12 Philadelphia Code. Specifically, the

13 measure amends Section 17-305,

14 entitled, "Compensation Required to be

15 Paid to Employees," by adding a

16 minimum benefit standard.

17 It's my understanding that

18 this bill seeks to ensures that

19 employers who are covered by this

20 chapter provide a basic or minimum

21 benefits package to all of their

22 full-time employees. With this

23 amendment, the Philadelphia 21st

24 Century Minimum Wage Standard will

25 include not only a fair wage but also

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2 a basic health standards package for
3 workers.

4 As stated in the original
5 legislation, the purpose is to assure
6 that as many employees as possible
7 within the City of Philadelphia earn
8 an hourly wage that enables them to
9 live with more dignity and increased
10 economic self-sufficiency. Bill No.
11 080021 furthers this goal by assuring
12 a fair minimum wage and fair minimum
13 health benefits.

14 I'd like to note for the
15 record that a City Solicitor's opinion
16 addressing the legal issues presented
17 by the original bill was issued on May
18 20, 2005. This administration has
19 reviewed that opinion, and the present
20 bill raises no new legal issues in
21 this regard. The Administration
22 supports the goal and the purpose of
23 the bill.

24 While it's not possible at
25 this time to determine the impact that

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2 this amendment will have on
3 contractors and providers currently
4 doing business with the City, the
5 Administration hopes that those
6 employers and entities, which must
7 comply with the law, value their
8 workforce and understand the
9 importance of providing health
10 coverage.

11 I also want to thank
12 Councilman Goode for the opportunity
13 to discuss this measure and proposed
14 clarifying amendments. Thank you for
15 the opportunity to testify on behalf
16 of this bill.

17 This concludes my written
18 testimony, and I'd be pleased to
19 respond to any written questions you
20 may have.

21 COUNCILMAN GOODE: Thanks for
22 your testimony.

23 Just to share with Committee
24 the conversation I've had with the
25 Administration, the intent of this

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2 bill is to first add a new benefits
3 standard that was not included in the
4 original legislation a few years ago.
5 We simply thought it was not the
6 opportune time to deal with both
7 minimum wage and minimum benefits,
8 although a lot of minimum-wage and
9 living-wage legislation deals with
10 both wage and benefits.

11 And since that time,
12 interestingly enough, our minimum wage
13 standard was based upon a job-creation
14 tax-credit standard, and since that
15 time, the PREP ordinance actually has
16 come into law and established a
17 minimum benefits standard.

18 And so the purposes of this
19 particular legislation is really to
20 pattern itself after what's already
21 included as a provision within the
22 PREP ordinance and begin to set one
23 standard across government in terms of
24 public policy that suggests that we
25 should minimally pay certain public-

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2 supported employees 150 percent of the
3 federal minimum wage and that each
4 full-time employee should receive
5 minimally whatever that minimal
6 benefit standard -- health-benefit
7 standard that is being offered within
8 their workplace.

9 And so with that, if there are
10 any questions for this witness?

11 Councilman Green.

12 COUNCILMAN GREEN: I just have
13 a point of information for you and
14 then a question for Mr. Dubow. One
15 is, what's the PREP ordinance? I'm
16 not familiar with that.

17 COUNCILMAN GOODE: The
18 Philadelphia Reentry Employment
19 Program.

20 COUNCILMAN GREEN: Thank you.

21 COUNCILMAN GOODE: And
22 actually a copy of the portion of that
23 ordinance is within your packet I'm
24 referring to.

25 COUNCILMAN GREEN: Thank you.

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2 What affect would this have --
3 and I don't know who this question is
4 for, but what effect would this have
5 on existing contracts if we require
6 them to extend new benefits? For
7 people who currently have contracts
8 that are at a fixed price or that they
9 got on a competitive bid with the
10 city, how -- are we allowing them to
11 be reimbursed for the additional costs
12 of this or --

13 COUNCILMAN GOODE: First and
14 foremost -- and I'll answer the
15 question first, and then you can
16 respond, Mr. Dubow -- this bill does
17 not take effect until July of 2009;
18 that's the first thing. And so that's
19 the beginning of a new contract year.

20 Secondly, that's also the time
21 at which the federal minimum wage will
22 exceed the State minimum wage. Right
23 now, technically, the federal minimum
24 wage is still only 5.85, while the --
25 federal minimum wage is only 5.85,

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2 while the State minimum wage is at
3 7.15. It will take another step, but
4 not until July of 2009 will there
5 essentially be a federal minimum wage
6 at 7.25, which is higher than the
7 State minimum wage.

8 And so we're actually giving
9 the employers under the existing
10 legislation an opportunity to pay
11 10.72 with no benefits. And then in
12 July of 2009, they will move to at
13 least 10.88, with the minimal benefits
14 standard.

15 COUNCILMAN GREEN: Thank you.

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

18 (No further questions.)

19 COUNCILMAN GOODE: Thank you
20 very much.

21 MR. DUBOW: Thank you.

22 COUNCILMAN GOODE: I think we
23 have a witness from ACORN Junette
24 Marcano. Please approach the witness
25 table.

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2 (Witness comes forward.)

3 COUNCILMAN GOODE: And let me
4 note for the record that we've also
5 been joined by Councilwoman Blondell
6 Reynolds-Brown and by Councilman
7 Curtis Jones, Jr.

8 COUNCILWOMAN SANCHEZ: Point
9 of information, Mr. Chairman.

10 COUNCILMAN GOODE: And
11 Councilman Clarke.

12 (Laughter.)

13 COUNCILWOMAN SANCHEZ: How
14 many -- do we have an idea of how many
15 folks, contractors, would be impacted
16 by this?

17 COUNCILMAN GOODE: There's no
18 way of telling how many would be
19 impacted by it.

20 COUNCILWOMAN SANCHEZ: Okay.

21 COUNCILMAN GOODE: The only
22 way to do it is to actually do a
23 census after it takes effect. And to
24 so some extent, that was the purpose
25 of the Living Wage Advisory Committee

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2 established under the original
3 ordinance, but for whatever reason,
4 the previous administration chose not
5 to put that Living Wage Advisory
6 Committee into position, and there has
7 not been a review in terms of even the
8 wage portion of it.

9 But we've asked this
10 administration for a resolution
11 already approved by Council to
12 essentially make -- to establish that
13 committee to make recommendations and
14 to do so by the end of the fiscal
15 year.

16 And so we wanted to put some
17 minimal benefits standard in place,
18 but we're also looking for both of it
19 to be reviewed for implementation by
20 July of 2009.

21 COUNCILWOMAN SANCHEZ: Thank
22 you.

23 COUNCILMAN GOODE: Thank you.

24 Please state your name for the
25 record.

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2 MS. MARCANO: My name is
3 Junette McConnell, and I am here this
4 evening representing ACORN.

5 Chairman Goode and members of
6 the committee, I am happy to be here
7 today and thankful to the Chairman and
8 Council to have given me the
9 opportunity to speak. I wish to thank
10 Council and Chairman Goode for taking
11 up the banner of living wages and
12 benefits for contractors with the
13 City.

14 I'm representing ACORN, the
15 City's largest community-based
16 organization with approximately 13,000
17 members organized into twelve
18 neighborhood chapters. Members are
19 low- and moderate-income people
20 committed to making sure that
21 Philadelphia is a city where everyone
22 can succeed.

23 Our members came together
24 across the State in 2005 to organize
25 for an increase to the minimum wage

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2 and, prior to that, worked with
3 Council to institute a living wage for
4 the City's contracted workforce. Both
5 actions were a response to a failure
6 at the federal level to raise wages
7 for the millions nationally working a
8 minimum or a near-minimum-wage job.

9 Today, we face a similar
10 crisis. Today's crisis is related to
11 the increasing cost of health care.
12 We again see an unwillingness to act
13 at the federal level. Leaders in
14 Harrisburg cannot overcome entrenched
15 special interests that seek to protect
16 profits at the expense of people.

17 Again, today, the City must
18 take the lead in every way possible to
19 ensure that as many of its citizens
20 are covered as possible.

21 Ensuring that the City
22 contractors are providing the same
23 health benefits to all employees that
24 they do for any of their employees is
25 a common-sense approach. The rank and

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2 file employees who can least afford a
3 medical catastrophe should be covered
4 as well as the CEOs of the companies,
5 who make six figures.

6 In every place that a working
7 family looks these days, prices are
8 increasing; wages, however, remain the
9 same. Gas today is over \$3.20 a
10 gallon, milk and bread prices seem
11 higher each time you go to the grocery
12 store. The cost of heating one's home
13 goes up every winter. Meanwhile,
14 working people's wages have declined.
15 And in a city like Philadelphia, a
16 city of working people, every day, the
17 struggle is a bit tougher.

18 It is a sad state of affairs
19 that in the wealthiest nation of the
20 world, in one of world's greatest
21 cities that basic health care is
22 considered almost a luxury by so many
23 and only afforded by those with
24 so-called "good" jobs.

25 While this ordinance will not

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2 insure the thousands of Philadelphians
3 that are without health coverage
4 overnight, it will indeed start the
5 dialogue just as the City's
6 living-wage ordinance did just a few
7 years ago. It shows that the City, as
8 an employer and through its
9 contractors, will set the bar for
10 other businesses to meet and beat.

11 We hope it will serve as a
12 beacon that other cities can aspire
13 to. We also hope that those cities
14 will inspire states to ensure their
15 citizens, and we pray that those
16 states will show the federal
17 government the way to move forward.

18 ACORN believes that health
19 care should be a right, not a
20 privilege. Let Philadelphians shine
21 the light for the millions across
22 America who live in fear that the next
23 medical emergency can cause their
24 families financial ruin.

25 I wish again to thank

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2 Councilman Goode and all of Council
3 for their leadership and for giving
4 ACORN an opportunity to speak on this
5 critical issue for Philadelphia's
6 working families.

7 Thank you.

8 COUNCILMAN GOODE: Thank you
9 for your testimony, Miss Marciano, and
10 I should say thank you for your
11 patience. She actually showed up this
12 morning, thinking she was here to
13 testify, and came back. And so we
14 definitely thank you for your patience
15 and for coming back and for your
16 excellent testimony.

17 Are there any questions from
18 the committee?

19 (No questions.)

20 MS. MARCANO: Thank you very
21 much for having me.

22 COUNCILMAN GOODE: Is there
23 anyone else here to testify on this
24 bill?

25 (No response.)

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2 COUNCILMAN GOODE: The
3 committee will stand in recess for a
4 minute.

5 (Committee stands in recess.)

6 * * *

7 (Proceedings resume.)

8 COUNCILMAN GOODE: We will now
9 move from a public hearing to a public
10 meeting to consider Bill No. 080021.

11 Consistent with Mr. Dubow's
12 testimony, the Law Department has
13 asked that we do an amendment that
14 clarifies the language, and I shall
15 explain the amendment.

16 The original language said
17 that all full-time employees should
18 receive the same benefits; we want to
19 change that to be more explicitly to
20 say minimal, at least minimal
21 benefits; and the reason being not so
22 much even for private contractors but
23 more so for the City of Philadelphia
24 itself, because this law applies to
25 the City of Philadelphia, and

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2 therefore, there are actually
3 standards of workers who don't receive
4 the same benefits as our uniformed
5 employees, and I don't believe that
6 any of us believe that we necessarily
7 should receive exactly the same
8 benefits as Police And fire.

9 And so this language clarifies
10 it legally so that it will comply to
11 all of the different covered
12 employers.

13 So the Chair recognizes
14 Councilwoman Brown for a motion on the
15 amendment to Bill No. 080821.

16 COUNCILWOMAN BROWN:
17 Mr. Chairman, I move that a motion be
18 made on Bill No. 080021, that the bill
19 be amended as articulated.

20 (Motion seconded.)

21 COUNCILMAN GOODE: The
22 amendment is within the packet.

23 COUNCILWOMAN BROWN: As
24 circulated.

25 COUNCILMAN GOODE: Thank you.

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2 All of those in favor?

3 Those opposed?

4 Bill No. 080021, is amended.

5 The Chair now recognizes

6 Councilwoman Blondell Reynolds-Brown

7 for a motion on Bill No. 080021, as

8 amended.

9 COUNCILWOMAN BROWN:

10 Mr. Chairman, I move that Bill No.

11 080021 be moved, as amended, with a

12 favorable recommendation, and further

13 move that the rules of Council be

14 suspended so as to permit first

15 reading at the next scheduled session

16 of City Council.

17 (Motion seconded.)

18 COUNCILMAN GOODE: All those

19 in favor?

20 Those opposed?

21 Bill No. 080021, as amended,

22 is reported out of committee with a

23 favorable recommendation and a

24 suspension of the rules to allow for

25 first reading at our next Council

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2 session.

3 Thank you. This concludes our
4 public meeting.

5 (Proceedings end at 4:10 p.m.)

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C E R T I F I C A T E

I HEREBY CERTIFY that the proceedings of the City of Philadelphia Council Committee on Commerce & Economic Development are contained fully and accurately in the stenographic notes taken by me on Thursday, April 3, 2008, and that this is a true and correct statement of same.

JOSEPHINE CARDILLO
Registered Professional Reporter

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