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## COUNCIL OF THE CITY OF PHILADELPHIA

3

## PUBLIC HEARING

4

## BEFORE THE COUNCIL COMMITTEE ON APPROPRIATIONS

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- - -  
Room 400, City Hall  
Philadelphia, Pennsylvania  
Wednesday, February 10, 1999  
9:30 a.m.  
- - -

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BILL No. 990032 - Authorizing transfers in  
appropriations for Fiscal Year 1999 within the  
Grants Revenue Fund from the Director of Finance -  
Provision for other Grants to the First Judicial  
District.

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Bill No. 990033 - Authorizing transfers in  
appropriations for Fiscal Year 1999 within the  
Grants Revenue Fund from the Director of Finance -  
Provision for Other Grants to the Board of  
Trustees of the Free Library of Philadelphia

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Bill No. 990034 - Authorizing transfers in  
appropriations for Fiscal Year 1999 within the  
General Fund from certain or all City offices,  
departments, boards, and commissions to certain or  
all City offices, departments, boards, and  
commissions.

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PRESENT: COUNCILWOMAN JOAN L. KRAJEWSKI  
COUNCILMAN MICHAEL A. NUTTER  
COUNCILWOMAN DONNA REED-MILLER  
COUNCILMAN ANGEL L. ORTIZ  
COUNCILMAN W. THACHER LONGSTRETH

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1                   2/10/99 APPROPRIATIONS COMMITTEE

2                   P R O C E E D I N G S

3                   COUNCILWOMAN KRAJEWSKI: Good morning.

4                   The committee on Appropriations is now in session.

5                   Will the clerk please read the title of  
6                   the bills.

7                   THE CLERK: Bill No. 990032, an  
8                   ordinance authorizing transfers in appropriations  
9                   for Fiscal Year 1999 within the Grants Revenue  
10                  Fund from the Director of Finance - Provision for  
11                  other Grants to the First Judicial District

12                  Bill No. 990033, an ordinance  
13                  authorizing transfers in appropriations for Fiscal  
14                  Year 1999 within the Grants Revenue Fund from the  
15                  Director of Finance - Provision for Other Grants  
16                  to the Board of Trustees of the Free Library of  
17                  Philadelphia.

18                  Bill No. 990034, an ordinance  
19                  authorizing transfers in appropriations for Fiscal  
20                  Year 1999 within the General Fund from certain or  
21                  all City offices, departments, boards, and  
22                  commissions to certain or all City offices,  
23                  departments, boards, and commissions.

24                  COUNCILWOMAN KRAJEWSKI: I believe we  
25                  have three bills -- two fiscal year '99 Grants

1                   2/10/99 APPROPRIATIONS - BILL 990034

2       Revenue bills and an FY '99 General Fund Transfer.  
3       We'll take testimony on the first bill, Bill No.  
4       990034.

5                   MR. KAPLAN: Thank you very much. Good  
6       morning, Councilwoman Krajewski and members of the  
7       Appropriations Committee. I'm Dean Kaplan, the  
8       City's Budget Director, and I appear before you  
9       today to offer testimony on Bill No. 990034,  
10      which, as you've noted, makes Fiscal Year '99  
11      budget appropriation transfers between and among  
12      classes in the General Fund.

13                  The transfers include 11 involving a  
14      change in total appropriations for a particular  
15      department or a cost center. The largest --  
16      single largest one and the largest increase is a  
17      \$15 million transfer to the Director of Finance  
18      Contribution to the School District Appropriation  
19      Line, and that's requested to reduce the  
20      District's projected budget deficit and support  
21      continued improved operation of the public schools  
22      system.

23                  This transfer will support the  
24      continuation of several important initiatives that  
25      have already led to increases in student

1                   2/10/99 APPROPRIATIONS - BILL 990034

2           achievement at many levels. The specifics of  
3           this, as you know, are detailed both in my  
4           testimony and in the Mayor's recent speech and in  
5           other presentations before the Council.

6                   The critical factor in our request is  
7           the need for adequate resources to allow the  
8           School District to continue to achieve the results  
9           that we expect. As you know from discussions over  
10          the last two days, we've been working aggressively  
11          to have the Commonwealth meet its obligation to  
12          provide its fair share of funding for the School  
13          District. And, predictably, at the five-year plan  
14          hearing two days ago, members of the Council were,  
15          I think, very specific in making clear to us how  
16          much they -- how strongly they expect us to  
17          continue those efforts and to increase the level  
18          of those efforts.

19                  In addition to that effort, through the  
20          tax lien sale in FY '97, the imposition of the  
21          liquor-by-the-drink tax and improved collection of  
22          the use-and-occupancy tax, as well as a number of  
23          other initiatives, both this Council and the  
24          Administration have provided the School District  
25          with more resources. This \$15 million proposed

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2           transfer continues these efforts to do our fair  
3           share for the School District on an interim basis  
4           until the Commonwealth meets its constitutional  
5           obligation to properly fund the schools.

6                   The next largest increase in this  
7           requested transfer is \$5.4 million for the Prison  
8           System, which is requested to cover the cost  
9           associated with the higher-than-projected inmate  
10          population. And by way of information, I note  
11          that the average population was 5,753 during  
12          FY '98, but during the first six months of FY '99,  
13          it was just a hair under 6,200.

14                  Additional increases we've requested in  
15          this legislation include a transfer of \$1.2  
16          million for the Sheriff's Office and \$131,000 for  
17          the Register of Wills. Both of those are to fund  
18          the labor agreement with the Fraternal Order of  
19          Police Unit, which represents the deputy sheriffs  
20          and the Register of Wills employees.

21                  As you'll recall, last year, we did not  
22          fully fund that agreement in the budget because  
23          the arbitrator's ruling was under appeal.  
24          Subsequently, that issue was resolved. We  
25          provided funding for the retroactive portion of

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2           that, and this will now fully fund both of those  
3           offices to cover the cost of that award for FY  
4           '99. And obviously going forward in future  
5           years, the cost of that award is built into our FY  
6           2000 budget request.

7                   There's \$275,000 in additional funding  
8           requested for the First Judicial District to cover  
9           additional expenses for court interpreters and  
10          electronic voice recognition monitoring as well as  
11          an internal transfer of approximately the same  
12          amount. There's \$172,000 for the Records  
13          Department, which will cover a variety of the  
14          staffing they need to continue to provide a zero  
15          backlog in document recording. And \$137,000 for  
16          the Police Department for Year 2000 corrections in  
17          some of their critical communications links.

18                   These increases are partially funded by  
19          a transfer of \$13.8 million for the Sinking Fund  
20          Appropriation. These funds are available for a  
21          number of reasons -- most significantly because  
22          our new General Obligation Bond Issue, which took  
23          place after the approval of this Council in  
24          November did not assume a first debt-service until  
25          the beginning of FY 2000. And also because we

1                   2/10/99 APPROPRIATIONS - BILL 990034

2           were able to refund a significant portion of our  
3           older bonds in December -- again, with your  
4           approval, providing savings that we could use for  
5           this purpose.

6                   We are also requesting the transfer of  
7           \$7 million from the benefits appropriation and  
8           \$1.5 million from the space rental appropriation  
9           to cover these increases.

10                   A variety of increases inside  
11           departments. \$850,000 in the Health Department  
12           budget in order to fund equipment repairs and  
13           other improvements at the health centers. A bit  
14           under \$300,000 within the MOIS budget to provide  
15           funding for certain costs in the year 2000  
16           corrections. And \$267,000 for the Anti-Graffiti  
17           Network to provide additional supplies and  
18           equipment, take funds from that area to the  
19           personnel area.

20                   That concludes my testimony on the  
21           first piece of legislation. I'd be happy to  
22           continue the others or answer questions on that.

23                   COUNCILWOMAN KRAJEWSKI: Thank you, Mr.  
24           Kaplan.

25                   I see we're requesting 15 million for

1                   2/10/99 APPROPRIATIONS - BILL 990034

2           the School District. How many years have we been  
3           giving the one-time grant?

4                   MR. KAPLAN: This is the fourth year  
5           that we've made the \$15 million appropriation, so  
6           now this would be a total of \$60 million that the  
7           City has provided to the School District above and  
8           beyond.

9                   COUNCILWOMAN KRAJEWSKI: For the fourth  
10          year.

11                  MR. KAPLAN: Right, as in the terms of  
12          the special grant, yes.

13                  COUNCILWOMAN KRAJEWSKI: What's the  
14          Administration's strategy for adequately funding  
15          the School District?

16                  MR. KAPLAN: Well, as the Mayor noted  
17          in his speech, there's a multi-pronged attack on  
18          that. The predominant effort is to -- is one that  
19          we have followed for several years both  
20          legislatively and judicially to seek the proper  
21          application of the school funding formula. As you  
22          know, that has been an approach which has been  
23          fraught with some difficulty in the courts.

24                  A second approach we have taken is to  
25          agree to pledge a significant portion of any

1                   2/10/99 APPROPRIATIONS - BILL 990034  
2       revenues -- any appropriation authority that we  
3       have from the court funding process should the  
4       courts be moved to State jurisdiction to the  
5       schools.

6                   And probably most importantly, the  
7       thing we have the most control over has been  
8       increasing efficiencies within the School  
9       District. And, as you know, the School District  
10      has saved about \$29 million a year on an ongoing  
11      basis as a result of their own internal procedures  
12      and are working to do even more with that.

13                  COUNCILWOMAN KRAJEWSKI: Another  
14      question. What's the current population with the  
15      Prison System now?

16                  MR. KAPLAN: I must admit, I did not  
17      look this morning.

18                  COUNCILWOMAN KRAJEWSKI: What is the  
19      inmate --

20                  MR. KAPLAN: It's in the range of  
21      6,250, give or take at any given time.

22                  COUNCILWOMAN KRAJEWSKI: Repeat that  
23      again.

24                  MR. KAPLAN: About 6,250. It obviously  
25      fluctuates during the week, at different times

1                   2/10/99 APPROPRIATIONS - BILL 990034

2           during the week and during the day. But in the  
3           last six months and seven months actually, it has  
4           been, obviously, a bit higher than it had been on  
5           the average for last year.

6                   COUNCILWOMAN KRAJEWSKI: Thank you.

7                   Any other questions?

8                   COUNCILMAN NUTTER: Just one quick one,  
9           Madame Chair.

10                  Mr. Kaplan, now, about the 21st Ward  
11           Ice Skating Rink and the Wynnefield Recreation --  
12           no.

13                  (Laughter.).

14                  COUNCILMAN NUTTER: Good morning.

15                  MR. KAPLAN: Good morning.

16                  COUNCILMAN NUTTER: No questions.

17                  MR. KAPLAN: It's a long line.

18                  COUNCILMAN ORTIZ: Consistency,  
19           consistency.

20                  COUNCILWOMAN KRAJEWSKI: No questions?

21                  COUNCILMAN NUTTER: No.

22                  COUNCILWOMAN KRAJEWSKI: Regarding the  
23           courts, the First Judicial District, we're  
24           providing them through June 30, 1999. What is the  
25           City's strategy in regard to the State's

1                   2/10/99 APPROPRIATIONS - BILL 990034

2                   obligation to fund the court system.

3                   MR. KAPLAN: The City, as you know, for  
4                   the past several years, has in the case of FY '98  
5                   partially funded it, and in FY '99, it did not  
6                   fund at all the court system at the beginning of  
7                   the year.

8                   Subsequent to the adoption of the FY  
9                   '99 budget, the First Judicial District sued the  
10                  City in a case which went to the State Supreme  
11                  Court, and the Supreme Court asked for the  
12                  Commonwealth Court to review the case and provide  
13                  a recommendation, which they did last June. The  
14                  Commonwealth Court recommended that the City  
15                  continues its funding through the end of FY '99  
16                  and that the State then begin funding the court  
17                  system.

18                  As a result, we have previously asked  
19                  this Council and you have approved funding in the  
20                  General Fund for the courts for the remainder of  
21                  this year. The bill before you today, 990032,  
22                  provides the Grant Revenue Fund portion of the  
23                  courts funding. So this would complete -- provide  
24                  them with complete funding through the end of '99,  
25                  in compliance with the advice of the President

1           2/10/99 - APPROPRIATIONS - BILL 990032

2       Judge of the Commonwealth Court to the Supreme  
3       Court. In FY 2000, it would -- we have once again  
4       not provided for funding in the courts line.

5           As we discussed at some length on  
6       Monday at the PICA hearing, while this is not the  
7       position we would hope to be in, clearly, our  
8       level of ability to force the hand of the  
9       judiciary in the State legislature is somewhat  
10      limited. We think that a number of things that  
11      have happened over the last several years -- most  
12      notably, the Governor's agreement to begin  
13      including the court funding in his budget -- are  
14      at least partially a result of this strategy. And  
15      we're hopeful that continually raising this issue  
16      and putting it on the line will help bring it to  
17      its successful conclusion.

18           COUNCILWOMAN KRAJEWSKI: Are there any  
19      other questions?

20           (No questions.)

21           COUNCILWOMAN KRAJEWSKI: If not, we'll  
22      go into Bill No. 990032.

23           MR. KAPLAN: Thank you very much.  
24      Again, I'm Dean Kaplan, the City's Budget  
25      Director.

1                   2/10/99 - APPROPRIATIONS - BILL 990032

2                   Bill No. 990032 is a transfer of  
3                   \$14.5 million in the Grants Revenue Fund  
4                   appropriations to the First Judicial District of  
5                   Pennsylvania. And as I just noted, it is  
6                   requested because the adopted FY '99 budget did  
7                   not provide funding for the courts, consistent  
8                   with the Supreme Court's directive of July 26,  
9                   1996, requiring the General Assembly to enact a  
10                  constitutional funding scheme on or before  
11                  January 1, 1998.

12                  Because the General Assembly had not  
13                  acted and because of the ruling that I just  
14                  mentioned, we are now asking for second-half  
15                  funding in the Grants Revenue Funds for the  
16                  courts.

17                  COUNCILWOMAN KRAJEWSKI: Are there any  
18                  other questions?

19                  COUNCILMAN NUTTER: Mr. Kaplan, in your  
20                  earlier testimony, you said that the case went up  
21                  to the Supreme Court, who then essentially  
22                  remanded it back to Commonwealth Court.

23                  I've lost track of what happened at  
24                  Commonwealth Court. Was an order issued? Or what  
25                  did the Commonwealth Court say?

1                   2/10/99 - APPROPRIATIONS - BILL 990032

2                   MR. KAPLAN: It was kind of unusual  
3 process. The Supreme Court asked the President  
4 Judge of the Commonwealth Court to hear the case  
5 and provide them essentially with advice, with a  
6 recommendation.

7                   COUNCILMAN NUTTER: The President Judge  
8 solely?

9                   MR. KAPLAN: The President Judge  
10 solely.

11                  COUNCILMAN NUTTER: Solely.

12                  MR. KAPLAN: And Judge Collins did hear  
13 the case in June rather in a very expeditious  
14 manner. A number of parties were involved,  
15 including the City and the court, obviously, but  
16 also the State legislature was represented, the  
17 Governor's Office -- meaning the executive branch  
18 of the State government.

19                  And the result, as I mentioned, was a  
20 recommendation, which I'll be happy to get the  
21 text of that to you, which essentially says what I  
22 had mentioned before, that because of the numerous  
23 issues around this and the late date at that  
24 point, I believe the day that the judge ruled was  
25 the same day of Council's last meeting of the

1                   2/10/99 - APPROPRIATIONS - BILL 990032

2           summer, the State legislature either had adjourned  
3           or was about to adjourn for the summer. The  
4           fiscal year was about to start in two weeks.

5                   He recommended that the City fund the  
6           courts for the remainder of the fiscal year, the  
7           one that we're about to start, but then added his  
8           voice to the chorus of those suggesting that the  
9           State begin funding this coming July 1st.

10                   COUNCILMAN NUTTER: All right.

11                   MR. KAPLAN: As you can imagine, I'm  
12           sure you understand that your frustration is  
13           shared by us.

14                   COUNCILMAN NUTTER: Yeah. I got to  
15           say, I'm not too bowled over by that.

16                   Well, if you can get us whatever the  
17           Commonwealth judge advised of the Supreme Court.

18                   MR. KAPLAN: Mm-hmm.

19                   COUNCILMAN NUTTER: Whatever the text  
20           is or the order or the advice, that would be  
21           helpful. And I guess we'll take it from there.

22                   MR. KAPLAN: Okay.

23                   COUNCILMAN NUTTER: All right, thank  
24           you.

25                   COUNCILWOMAN KRAJEWSKI: Are there any

1                   2/10/99 - APPROPRIATIONS - BILL 990033

2           other questions?

3                   (No further questions at this time.)

4                   COUNCILWOMAN KRAJEWSKI: If not then,  
5           we'll go into Bill No. 990033.

6                   MR. KAPLAN: Thank you very much,  
7           Madame Chairwoman. Again, I'm Dean Kaplan, Budget  
8           Director of the City.

9                   Bill No. 990033 requests a transfer of  
10          \$950,060 in the Grants Revenue Fund for  
11          appropriations to the Free Library of  
12          Philadelphia. And there are two reasons for this  
13          request:

14                   First, the timing of the reopening of  
15          the newly renovated libraries last year resulted  
16          in unspent grant funds; in other words, those  
17          libraries were not open quite as early as we had  
18          expected, and some of the grant funds were not  
19          needed to fund those libraries. These funds  
20          remain available, and the Library wishes to use  
21          them to purchase additional library materials this  
22          year.

23                   Second, this transfer would build into  
24          their base Grants Revenue Fund budget a series of  
25          smaller increases in Commonwealth library funding

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2           over the last several years.

3                   So the total amount of \$950,000 would  
4           fundamentally allow the Library to purchase  
5           additional materials.

6                   COUNCILWOMAN KRAJEWSKI: Thank you.

7                   Are there any questions?

8                   (No questions.)

9                   COUNCILWOMAN KRAJEWSKI: If not, then  
10          the Committee on Appropriates will recess until  
11          Tuesday, March 9, 1999, at 9:00 a.m.

12                   Thank you all very much.

13                   (Adjourned at 9:39 a.m.)

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RE: COUNCIL COMMITTEE ON APPROPRIATIONS

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BILL NO.'S 990032, 990033, 990034

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JOSEPHINE CARDILLO,

Registered Professional Reporter