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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE ON LABOR AND CIVIL SERVICE

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, March 10, 2010
9:20 a.m.

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PRESENT:

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COUNCILMAN BILL GREEN, CHAIR

COUNCILMAN W. WILSON GOODE, JR.

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COUNCILMAN WILLIAM GREENLEE

COUNCILMAN CURTIS JONES, JR.

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COUNCILWOMAN MARIA QUINONES-SANCHEZ

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BILL 100095 - An ordinance amending Section
22-310 of The Philadelphia Code, entitled
"Deferred Retirement Option Plan (DROP)," by
conforming the City's DROP program to the
requirements of Pennsylvania Act 44 of 2009
(H.B. 1828), which restricts the DROP
eligibility of elected officials.

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2 COUNCILMAN GREEN: This is the
3 Committee on Labor and Civil Service.
4 We're holding a hearing on Bill No.
5 100095.

6 Will the Clerk please read the
7 title.

8 THE CLERK: An ordinance
9 amending Section 22-310 of The
10 Philadelphia Code, entitled "Deferred
11 Retirement Option Plan (DROP)," by
12 conforming the City's DROP program to the
13 requirements of Pennsylvania Act No. 44
14 of 2009, (House Bill 1828), which
15 restricts the DROP eligibility of elected
16 officials.

17 (Witness approached witness
18 table.)

19 MR. DUBOW: Good morning.

20 COUNCILMAN GREEN: Good
21 morning.

22 MR. DUBOW: Good morning,
23 Chairman Green and members of the
24 Committee. I'm Rob Dubow, the Director
25 of Finance, and I'm here to testify on

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2 Bill No. 100095, which would exclude
3 elected officials who take office after
4 September 18th, 2009 from entering the
5 DROP. This change is required by the
6 state law that passed last September that
7 also allowed the City to impose a
8 temporary one percent sales tax and make
9 certain pension funding changes. The
10 Administration supports this legislation.

11 I'd be happy to answer any
12 questions.

13 COUNCILMAN GREEN: Just for the
14 record, where do DROP payments come from,
15 what fund in the City's budget?

16 MR. DUBOW: DROP payments come
17 from the pension fund.

18 COUNCILMAN GREEN: From the
19 pension fund. So whether or not anybody
20 received a DROP payment, it would not
21 affect general City services that impact
22 citizens?

23 MR. DUBOW: DROP payments are
24 pension payments that people have earned
25 through their years of service,

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2 whether -- entering the DROP changes when
3 you start getting those payments, and so
4 there's a question as to what that does
5 to the pension fund's liability --

6 COUNCILMAN GREEN: To the
7 pension fund, right.

8 MR. DUBOW: -- which then may
9 have an impact on what the City has to
10 put in -- the General Fund has to put
11 into the pension fund, but you have to
12 actually do -- and we're looking at doing
13 this -- a detailed study of behavior to
14 figure out what that impact is.

15 COUNCILMAN GREEN: And what's
16 the purpose of the DROP program?

17 MR. DUBOW: My understanding
18 the initial purpose of the DROP is to
19 encourage employees who are of retirement
20 age to stay longer before they leave
21 service.

22 COUNCILMAN GREEN: Wasn't it
23 also about getting people to retire who
24 were in the J Plan and replacing them
25 with people who are in less expensive

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2 plans so that we weren't accruing
3 liability under the most expensive plan
4 for a longer period of time?

5 MR. DUBOW: It could have been.
6 I wasn't one of the people who helped
7 bring it in, but my understanding always
8 was part of it was to make sure
9 long-tenured civil service employees
10 stayed longer, and part of it too would
11 be you have some knowledge of when they
12 might leave, so you'd be able to do
13 succession planning. So there were a
14 couple of reasons for it.

15 COUNCILMAN GREEN: Thank you.

16 Anybody have any questions?

17 (No response.)

18 COUNCILMAN GREEN: That
19 concludes the public hearing on Bill No.
20 100095. We'll now move into a public
21 meeting.

22 I'm sorry. I'm going to go
23 back into the public hearing on the bill
24 and put a letter from the Committee of
25 Seventy on the record. And that will

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2 conclude the public hearing on the bill
3 and we'll go into the public meeting for
4 Bill No. 100095.

5 I'll entertain a motion from
6 Councilman Goode.

7 COUNCILMAN GOODE: Thank you,
8 Mr. Chairman. I move that Bill No.
9 100095 be reported out of Committee with
10 a favorable recommendation and the rules
11 of Council be suspended so as to permit
12 first reading at our next Council
13 session.

14 (Duly seconded.)

15 COUNCILMAN GREEN: I'd like to
16 note for the record that Councilman Jones
17 has joined us.

18 There's been a motion and a
19 second. All in favor?

20 (Aye.)

21 COUNCILMAN GREEN: Any opposed?

22 (No response.)

23 COUNCILMAN GREEN: The bill is
24 passed out of the Committee.

25 (Committee on Labor and Civil

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2 Service concluded at 9:25 a.m.)

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contained fully and accurately in the

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stenographic notes taken by me upon the

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foregoing matter on March 10, 2010, and that

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this is a true and correct transcript of same.

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MICHELE L. MURPHY

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RPR-Notary Public

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