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COUNCIL OF THE CITY OF PHILADELPHIA

3

PUBLIC HEARING

4

COMMITTEE ON LAW AND GOVERNMENT

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6

Room 401, City Hall
Philadelphia, Pennsylvania
Tuesday, June 15, 1999
2:40 p.m.

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RESOLUTION 980853 - a resolution authorizing the
Joint Committees on Law and Government and Commerce
and Economic Development to conduct a full and
comprehensive investigation into whether and to what
extent City contractors and recipients of financial
assistance fail to pay their employees a living wage
and why and to what extent the City and City-related
agencies fail to collect information on the wages
and working conditions of such companies. And
further authorizing the Joint Committees and
furtherance of such investigation to issue subpoenas
as may be necessary to compel the attendance
witnesses and the production of documents to the
full extent authorized under Section 2-401 of the
Home Rule Charter.

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PRESENT:

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COUNCILMAN DAVID COHEN, Chairman

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COUNCILMAN ANGEL ORTIZ

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COUNCILMAN JAMES KENNEY

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COUNCILMAN MICHAEL NUTTER

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COUNCILMAN FRANK DI CICCIO

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I N D E X

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CAROL HEMMINGWAY, ACORN	4
ROBERT BRAND, Solutions for Progress	13

1 RESOLUTION 980853

2 THE CHAIRMAN: The Committee on Law and
3 Government of City Council of the City of
4 Philadelphia is now in session with respect to a
5 continuing hearing on Resolution No. 980853, which
6 is a resolution authorizing the Joint Committees on
7 Law and Government and Commerce and Economic
8 Development to conduct a full and comprehensive
9 investigation into whether and to what extent City
10 contractors and recipients of financial assistance
11 fail to pay their employees a living wage and why
12 and to what extent the City and City-related
13 agencies fail to collect information on the wages
14 and working conditions of such companies. And
15 further authorizing the Joint Committees and
16 furtherance of such investigation to issue subpoenas
17 as may be necessary to compel the attendance
18 witnesses and the production of documents to the
19 full extent authorized under Section 2-401 of the
20 Home Rule Charter.

21 Since this is a continuing hearing, the
22 quorum is continuing. Councilman Rizzo has joined
23 me, Councilman Ortiz, Councilman Kenney, Councilman
24 Nutter is member of the two Committees.

25 This hearing will be brief. It deals

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2 with a labor issue as deals will the Council
3 Committee of the Whole when it deals with prevailing
4 wage.

5 The first witness who will be testifying
6 is Carol Hemmingway. Is she here? And Bob Brand.
7 They are the two witnesses that will be appearing
8 today, if they both will come.

9 Thank you both. Whichever one is going
10 to speak first, please identify yourself.

11 Ladies first, Carol Hemmingway, please
12 identify yourself and indicate what organization, if
13 any, you are representing. And I suggest in view of
14 the people who are present, a definition living wage
15 might be in order because the matter that has
16 brought most people here today is a matter involving
17 the prevailing wage so that people are clear that
18 we're not discussing the next bill which will come
19 before the Committee of the whole on the prevailing
20 wage, but is a very important wage issue for working
21 people.

22 Ms. Hemmingway, identify yourself for
23 record, please.

24 MS. HEMMINGWAY: Good afternoon,
25 Councilman Cohen. My name is Carol Hemmingway. I'm

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2 speaking on behalf of ACORN, Association of
3 Community Organization for Reform Now. We're a
4 grass roots organization --

5 THE CHAIRMAN: Ms. Hemmingway, may I
6 interrupt you for a moment. I've been asked to make
7 the announcement that the balconies of the City
8 Council Chambers are going to be opening up now.
9 You approach them through going on the elevator one
10 floor up, and in the middle of the hallway just as
11 the Chambers is in the middle of the hallway, you
12 will find doors, one to the balcony on my right and
13 one to the balcony on my left, so that people won't
14 have to stand. We are very glad that so many come
15 people have come out to our hearings. So please
16 feel free. You can use the elevators on either
17 corners of the building to go up one flight to the
18 fifth floor and then in kind of in the middle of the
19 hallway, you will find doors that lead to each side
20 of the balcony and that should be enough for
21 everyone to be able to have a seat. And you can
22 convey this information to people who are standing
23 in the hallways. We would like them to come hear
24 and participate fully.

25 Ms. Hemmingway, excuse me for the

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2 interruption.

3 MS. HEMMINGWAY: That's okay.

4 THE CHAIRMAN: Let me announce also the
5 presence also of Councilman DiCicco.

6 MS. HEMMINGWAY: As I was saying before,
7 ACORN is a grass roots organization of 5,000 low
8 income families in 13 neighborhoods across
9 Philadelphia. ACORN is a founding member of the
10 job and living wage campaign. It's kind of ironic
11 that we're having this hearing at the same time
12 we're here talking a prevailing wage. I think the
13 distinct difference here is that we're talking about
14 a wage that brings people up to the poverty level in
15 the City of Philadelphia, the living wage which is
16 \$7.90 an hour that a lot of folks are not getting
17 because companies that do business with the City of
18 Philadelphia don't pay their workers that wage.

19 THE CHAIRMAN: You mean the City is
20 benefiting from having companies do City work where
21 workers are getting paid even less than \$7.95?

22 MS. HEMMINGWAY: Oh, yes. They're
23 getting paid -- before you, there is a survey that
24 was done, okay, where businesses that do business
25 with the City of Philadelphia who have gotten tax

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2 incentives and tax breaks, corporate welfare as we
3 call it, are not paying their workers \$7.90 an hour.

4 THE CHAIRMAN: That that survey,
5 incidentally, took place, Ms. Hemmingway at the
6 demand of this Committee that the City send out a
7 mailing to I think it was some 7 or 8,000 different
8 contractors with whom the City does business and who
9 perform City work. And you're referring to the
10 results of that survey?

11 MS. HEMMINGWAY: Yes, I am.

12 THE CHAIRMAN: Very good.

13 MS. HEMMINGWAY: I'm referring to a
14 survey that was sent out where 1,782 employers
15 responded; 16 declined to answer; 244 claimed it was
16 not applicable to them. 989 responded that paid
17 wages above \$7.90 an hour; 267 reported that they
18 have a total of 3,080 employees under \$7.90 an hour.

19 I want to say that I'm happy to have the
20 opportunity to be here. This is the third time that
21 I'm speaking in reference to the living wage
22 campaign. And then again, I'm not happy to be here.
23 If you look around this room today, you will see
24 that many ACORN members declined to attend this
25 proceeding. Let me say just this. I don't blame

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2 them. It is not a due to a lack of interest in this
3 issue. It is because we are disillusioned with the
4 City's Government and fed up with what's taking
5 place with this bill.

6 This, as I said before, is the third
7 time I'm here. Yet when we asked about Bill No.
8 970586, we just keep getting the run-around and
9 run-around about this.

10 A year ago City Council heard the first
11 hearing on living wage bill, and we were told -- I
12 was at that hearing -- that there were so many
13 speakers signed up to testify that the hearing would
14 continue at a later date. It's almost a year later
15 and we're still waiting for that date. So when you
16 wonder why people do no vote, why people do not
17 participate in City Government, now you have your
18 answer. Because anytime people come the City Hall
19 for help, they're turned down flat.

20 What you have before you is an important
21 piece of information or investigation did produce.
22 It looks through the summary and says that nearly 30
23 percent of the businesses that receive City
24 contracts pay less than \$7.90 an hour. This is over
25 3,000 workers. Approximately one-quarter of that 30

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2 percent are agencies that directly do business that
3 affects the youth and families in the City of
4 Philadelphia, which we're talking some of our
5 vulnerable people that are receiving services from
6 workers that not only don't make a minimum wage,
7 because as we all know, the lower worker is on the
8 totem pole, the less training they get that affects
9 the quality and care of our families and our youth.

10 Think about this: 3,000 Philadelphia's
11 citizens getting poverty wages because the City
12 simply just does not take the time to include in its
13 contracts that they have with these companies and
14 these agencies that employers would pay their
15 workers at least \$8 an hour. When you multiply that
16 by 3,000 by a dollar an hour by 40 hours a week by
17 52 weeks a year, this adds up to \$6 million in
18 revenue that taxpayers are missing because the City
19 did not implement a living wage clause in their
20 contracts, 6 million that could go to the local
21 economy in the form of groceries, movies, sneakers,
22 rent, mortgages, and wage tax payments. Because
23 where do low income families spend their money?
24 They spend it in their neighborhoods.

25 If you want to revitalize Philadelphia,

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2 start with the people who work here every day. But
3 then again, we're told businesses cannot afford it.
4 You mean to tell me the Wyndham Franklin Plaza which
5 has 142 people making under \$8 cannot afford to
6 imply a living wage? Are you saying that the
7 Wyndham Franklin Plaza would go out of business if
8 they had to pay people above poverty wages? Have
9 you been to that hotel? Do you know anyone that can
10 afford to stay at that hotel? Yet they can't pay
11 people \$8 an hour? Come on, people, this is just
12 lunacy.

13 Then we're told that the City cannot
14 afford it. Yet every week a new tax break goes to
15 some hotel, restaurant, or other piece of contract
16 corporate welfare. That's right, corporate welfare.
17 That is why people are sick and tired of City Hall.
18 In fact, this Thursday City Council will vote to
19 Grant other TIF to another developer for a property
20 at Eighth and Walnut. Have you been to Eighth and
21 Walnut? People in my neighborhood would kill to
22 live on Eighth and Walnut. Yet we are being told
23 that this developer needs a tax break to build
24 apartments there. Come on, give me a break.

25 So to you, Councilman Cohen, and other

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2 Members of City Council, please read this report.
3 And ask yourself what Philadelphia is doing for its
4 workers. Why do we allow so much corporate welfare
5 to go but cannot find the time to address this
6 important issue? Why do 24 other cities have a
7 living wage ordinance while Philadelphia sits and
8 burns? What is the courage in a vision of our
9 elected officials? Maybe next time a developer or
10 other business leader comes to you as Members of
11 City Council and ask for taxpayer money, and they
12 will as they always do, then you will take a minute
13 ask them a few simple questions. Questions such as,
14 do you pay your workers above the poverty line? How
15 many of your workers receive a living wage? And if
16 they come for you our money and that answer is no,
17 and I say again our money as taxpayer because I am
18 one, then I suggest you give them a word answer of
19 your own: Next. Thank you.

20 THE CHAIRMAN: Thank you, Ms.
21 Hemmingway.

22 (Applause.)

23 THE CHAIRMAN: The only disagreement I
24 have with your statement is you said that members of
25 ACORN were justified not being here. If people

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2 don't come and speak to their legislators, make the
3 appearance, then those who don't want to pay them a
4 fair wage continue to not pay them a fair wage.
5 Whether it's at the low end of the scale or the high
6 end. It's interesting today in the labor field
7 we're discussing really two ends, the prevailing
8 wage which I understand is guaranteed by federal as
9 well as many state laws and even by local laws and
10 we're going to be dealing with a City of
11 Philadelphia law in the second hearing this
12 afternoon; and then you're speaking at the very
13 bottom of the wage scale. This Council has always
14 sought to find away to see that workers of every
15 scale are treated fairly, paid an affordable wage so
16 they can raise their families and everybody
17 understands the dignity of work. I just would
18 suggest to your membership that they ought to be
19 here in large numbers. You see those who are
20 dealing with the prevailing wage, which is fixed at
21 a much higher level, know what they have to do to
22 get right action from Government. They are here in
23 large numbers and we welcome them, and we hope that
24 workers at the lower wage levels will also come out
25 and make the same strong demand. Thank you.

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2 The next witness is Mr. Robert Brand.

3 MR. BRAND: My name is Robert Brand.

4 I'm president of Solutions for Progress in
5 Philadelphia. I think, Councilman Cohen, you're
6 right, more people should be here. And if the City
7 not only had a living wage but prevented bosses from
8 opposing union organization, then low wage workers
9 would be as organized as the building trades and
10 then we'd have a living wage and we'd prevailing
11 wage.

12 THE CHAIRMAN: Good point, very good
13 point.

14 (Applause.)

15 MR. BRAND: I want to single out the
16 issue of the living wage today because it is the
17 single greatest contribution that the City of
18 Philadelphia can make to fighting poverty this year.
19 There are 10,000 families in this City who live in
20 poverty because they have the misfortune to work for
21 bosses who get their money from the City of
22 Philadelphia, because they work for bosses who get
23 these bond deals and financing deals from the City
24 of Philadelphia and then treat them like dirt,
25 10,000 families.

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2 A year ago we submitted documentation on
3 the impact of poverty. It's not just, you know, you
4 don't have a second television set. It's, very
5 simply stated, being poor means that children have
6 an increased chance of malnutrition and permanent
7 ill health that accompanies poor nutrition. Being
8 poor means that children have less chance for normal
9 and full brain development in their first three
10 years of life and carry the consequences of poverty
11 throughout their lives. Being poor means that
12 individuals and families are uprooted constantly,
13 sometimes homeless, live in overcrowded and
14 inadequate housing and are increased risk for
15 exposure to the permanent injuries of lead paint,
16 that they suffer at a higher rate from violent
17 crime, and that they have an increased risk of
18 sickness and premature death from virtually every
19 illness and disabling condition we know. That's
20 what at stake here.

21 And our own studies which we presented a
22 year ago said that there's about 10,000 families who
23 have an adult working under contract to the City of
24 Philadelphia or as a result of a financial
25 enhancement to get some project built in

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2 Philadelphia, that after it's bill there are 10,000
3 Philadelphia families who are forced to live in
4 poverty because the City of Philadelphia has not yet
5 said "never, never again. If you take our money you
6 pay a living wage."

7 And again, you were really much too kind
8 because we you didn't mention health insurance.
9 There was an article in Sunday Inquirer about a
10 suburban storekeeper who was having trouble filling
11 jobs at \$7 an hour. And I could hear the entire
12 editorial board of the Inquirer, violins in the
13 background because this guy couldn't fill his jobs
14 at \$7 an hour. Nowhere in this report, in this news
15 story, does it talk about so maybe he should raise
16 his wages. If you can't fill a job at 7, maybe you
17 fill at 8 or 9 or 10 or if you offer health
18 insurance or if you offer a pension. But the
19 Inquirer has taken the position that poor people
20 exist to serve more affluent people. And so \$7 an
21 hour is all this guy wants to offer, people have to
22 come to the job for that no matter that they work,
23 they take care of our children, they take care of
24 people with mental illness, they take care of people
25 with severe developmental disabilities, and they

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2 still live in poverty.

3 All of this could be changed by one
4 simple ordinance. We know from every other city
5 that has done this that if the City of Philadelphia
6 passing a living wage ordinance, there will be
7 competition, there is still going to be people that
8 bid for every single contract the City puts out.
9 There will be no decrease in services that because
10 they have to bid against other bidders they will be
11 afraid to cut the services they offer and they will,
12 therefore, achieve savings by not hiring every
13 brother-in-law they have to be their accountants,
14 only some of them.

15 This piece of legislation can change the
16 lives of 10,000 families, and it can do it
17 overnight. And by the way, not only would that help
18 those 10,000 families, but it also helps the rest of
19 us in terms of building stronger communities. It
20 also helps the rest of us in that when you have
21 polarization of income in a community, it's not just
22 that poor people get sick and die at a greater rate
23 than affluent people, but affluent people get sick
24 and die at a greater rate than if they lived in a
25 community where there was a more equal distribution

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2 of wealth because right now our City spends its
3 money on health care for homeless people. Not
4 enough, but spends money on health care for people
5 who have no insurance. If someone's making a living
6 wage and has health insurance, then our City could
7 be spending its money on other programs that keep
8 the entire population more healthy.

9 So we analyzed the data that was
10 presented to you by the City of Philadelphia, and
11 again, they say that in 1749 companies that reported
12 out of about 8,000 that this questionnaire was sent
13 to, they found 279 companies, 3,080 people who lived
14 in poverty but worked essentially for the City of
15 Philadelphia. If you give them a hundred percent
16 sample, their numbers are no different than ours.
17 10,000 families. Now the simple fact of the matter
18 is if was only 3,000 families that would be enough
19 to pass this legislation, that is should be enough.
20 No one in the business community gets hurt by this.
21 If they don't want to pay a living wage, then they
22 shouldn't do business with the City of Philadelphia.
23 That's all this says. They can go and sell their
24 goods and pay minimum wage anywhere else, but if
25 they're going to use our tax dollars, then they

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2 should not be allowed to force people to live in
3 poverty. That's what this is about. You not only
4 have our data, but you have the City's own data
5 which parallels our data saying that this is an easy
6 way without spending a dollar of taxpayer money to
7 take 10,000 families out of poverty.

8 And I guess I have to say I share the
9 frustration of how long it takes us to get a floor
10 debate and passage of this piece of legislation.

11 THE CHAIRMAN: Well, I think you both
12 and others that have been fighting for this ought to
13 be congratulated for your persistence. I think
14 you've made a fine demonstration today. I think
15 it's immoral for the City of Philadelphia to permit
16 a policy which pays substandard wages which forces
17 people who work, who do city work to live at poverty
18 wages work without any assurance of any health
19 benefits. And I'm very hopeful that based upon this
20 study that you've analyzed for us that there will be
21 action taken when we get back in the fall. We
22 thank you very much.

23 Are there any questions by any Committee
24 Members? If not, we thank you very much for your
25 testimony.

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2 This concludes today the current hearing
3 on living wage situation. And the committee will
4 stand in recess until Tuesday, September 21 at 10:00
5 a.m.

6 The Committee on Law Government is now
7 in recess. Thank you.

8 (Council adjourned at 3:00 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing
proceedings of the Council of the City of
Philadelphia of June 15, 1999, were reported fully
and accurately by me, and that this is a correct
transcript of the same.

RE: COMMITTEE ON LAW AND GOVERNMENT

Lisa C. Bradley, RPR
and Notary Public