COUNCIL OF THE CITY OF PHILADELPHIA

COMMITTEE ON FINANCE

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, October 8, 2019
10:14 a.m.

PRESENT:
COUNCILWOMAN JANNIE L. BLACKWELL, CHAIR
COUNCILWOMAN CINDY BASS
COUNCILMAN ALLAN DOMB
COUNCILMAN WILLIAM K. GREENLEE
COUNCILMAN BOBBY HENON
COUNCILMAN DAVID OH
COUNCILWOMAN CHERELLE L. PARKER
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN MARK SQUILLA

BILLS 190509, 190616, and 190706
RESOLUTIONS 180609 and 190663

- - -

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COUNCILWOMAN BLACKWELL: Good morning, everyone. Thank you for coming. We will now call the Finance Committee to order.

We have a quorum. To my left is Councilman Greenlee. To his left is Councilwoman Parker. To her left is Councilwoman Blondell Reynolds Brown, and to my right is Councilman David Oh.

This hearing we'll hear all of those listed, three bills, 190509, 190616, 190706, and Resolutions 180609 and 190663.

We will ask the Clerk to read the title of Bill No. 190509 and ask that those coming to testify as well as on Bill 190706. We're going to hear those two bills first, and we'll ask Christian Dunbar and Jackie Dunn to come forward for those two bills.

Clerk, will you read the titles of those two.

THE CLERK: 190509, an ordinance amending Chapter 19-200 of The

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Philadelphia Code, entitled "City Funds - Deposits, Investments, Disbursements," by revising the list of City depositories, under certain terms and conditions; and

190706, an ordinance authorizing the issuance from time to time of one or more series of general obligation bonds to provide funds to refund certain outstanding general obligation bonds of the City of Philadelphia; authorizing the Mayor, City Controller and City Solicitor or a majority of them to sell the bonds at public or private negotiated sale; setting forth the purposes for which the proceeds of the bonds will be expended; providing for the maturities and for other terms and conditions and for the form of the bonds; providing that bonds may be redeemable prior to maturity; providing sinking funds for the bonds and for appropriations to the Sinking Fund Commission for the payment thereof; authorizing agreements to provide credit

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enhancement or payment or liquidity sources for the bonds and certain other actions.

(Witnesses approached witness table.)

COUNCILWOMAN BLACKWELL: Thank you very much.

We note that Vice Chair of the Committee, Bobby Henon, is here, and we also note that Allan Domb is here. Thank you very much. So we have a quorum and more.

All right. Thank you very much. We're very glad to have you here to testify. Please identify yourself for the record and begin your testimony.

MR. DUNBAR: Good morning, Councilwoman Blackwell, Chair of the Finance Committee, and good morning rest of the members of the Finance Committee. My name is Christian Dunbar, City Treasurer. With me this morning is Jackie Dunn, First Deputy City Treasurer, and Ray Hale, Deputy City Treasurer for

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our Banking and Investments Department. I'm here to testify in favor of Bill No. 190509.

Bill No. 190509 amends Chapter 19-200 of The Philadelphia Code to update the list of financial institutions at which the City is authorized to deposit funds into JP Morgan Chase. JP Morgan Chase met the requirement and continues to meet the requirement to become an authorized depository.

I will also give testimony on the next bill, unless any member of Council of the Committee has a question regarding JP Morgan.

Hearing none --

COUNCILWOMAN BLACKWELL: Do we --

MR DUNBAR: I'm sorry. Go ahead.

COUNCILWOMAN BLACKWELL: Feel free.

MR. DUNBAR: Hearing no question or comments regarding Bill No.

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190509, I will also testify on Bill No. 190706.

Bill 190706 authorizes the refunding from time to time of all current outstanding general obligation bonds on a tax-exempt or taxable basis. This would give the City Treasurer's Office a timely ability to pursue refundings up to 1.5 billion of bond maturities that were previously issued with City Council approval between 2009 and 2019.

And you have the rest of my testimony. So I want to thank you for your consideration and opportunity to testify, and I am happy to answer any questions that the Committee may have.

COUNCILWOMAN BLACKWELL: Thank you very much.

Do we have any questions or comments from members of the Committee?

Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

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Just quickly, Mr. Dunbar. Everyone, good morning. I know you said this, but just for the record, the bill grants authority to refund borrowings that Council has already authorized, correct?

MR. DUNBAR: That is correct.

COUNCILMAN GREENLEE: Okay. And I think I know the answer to this, but I know there was a recent article about some Pennsylvania townships and school districts who have lost money on interest rate swaps. We don't do those, correct?

MR. DUNBAR: Well, we do have a swap portfolio, and in fact, we just recently reduced our general obligation swap portfolio by 50 percent in a transaction we did just under three weeks ago.

COUNCILMAN GREENLEE: So my question about the interest rate swaps, we do or do not? I'm sorry.

MR. DUNBAR: We do have

interest rate swaps.

COUNCILMAN GREENLEE: You do?

MR. DUNBAR: We do.

COUNCILMAN GREENLEE: Oh, okay. I didn't realize that. I thought we do not.

All right. And then, finally, a more general question. What steps are being taken to ensure that the borrowings are in the best interest of the City of Philadelphia; for example, debt ratio, something like that? What do you --

MR. DUNBAR: So we certainly -- particularly as it relates to refundings, we have a debt policy.

COUNCILMAN GREENLEE: A little closer to the microphone, could you, please.

MR. DUNBAR: As it relates to refundings, we have a debt policy that we wouldn't do any transaction that doesn't produce a minimum of 3 percent savings. So we are -- particularly with our GO borrowing, we wouldn't do anything that

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doesn't produce savings from a refunding perspective.

COUNCILMAN GREENLEE: Okay. All right. Thank you. Thank you very much.

Thank you, Madam Chair.

MR. DUNBAR: Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

Councilman Domb.

COUNCILMAN DOMB: Thank you, Madam Chair.

Good morning.

MR. DUNBAR: Good morning.

COUNCILMAN DOMB: I have a question for you on the -- since we're in probably one of the lowest interest rate environments and with the interest rates appearing that they're going to go -- who knows where they're going to go, but it looks like either they'll stay the same or maybe go lower. How do we take advantage of that from the City's overall portfolio? And if you have swaps, I guess the problem is undoing that swap in a lower environment.

MR. DUNBAR: I guess the first step is to come before you and ask for refunding authorization for all of our outstanding debt, which is why we're here. And we do have refunding authorization for our other credits, water, gas, as well as our airport, and we have refunding authorization for our service agreement. So our general obligation is the only debt that we don't have refunding authorization for. And typically we monitor all of the potential savings in the marketplace. And so for this particular transactions, our 2013A's, we're actually going to do a taxable advanced refunding since, as you know, advanced refundings were removed in a 2017 tax bill.

So we're constantly monitoring our refunding ability to savings. So it's something that we do on a pretty daily basis.

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COUNCILMAN DOMB: So today when we go into the market, what are the rates we're being quoted?

MR. DUNBAR: So, for instance, I can sort of give you some of the all-in. As you know, our different series of our bonds produce different interest rates, but we can do a weighted average of our all-in costs.

So, for instance, our 2019, that's July 30th transaction we did, our all-in yield was 2.82 percent. And just to give you a sense, we did a transaction last year, a 2018 transaction last year, and that all-in yield was 4.01 percent. So that gives you a sense of where we are from a market perspective right now.

COUNCILMAN DOMB: So I guess my next question would be, in your department what do you estimate the overall savings will be in annual interest payments from the refinancings that are being done?

MR. DUNBAR: So I can only sort

of give you a snapshot at any given time. And so, for instance, this potential transaction we're looking to do, the 2013A's, should produce about 13 percent in savings.

COUNCILMAN DOMB: What is that in dollars?

MR. DUNBAR: I think it's roughly about 14 million net present value.

COUNCILMAN DOMB: Per year?

MR. DUNBAR: Not per year. It varies per year, but the net present value at 14 million. So it starts off -- it ramps up. The further out you go, the more savings. So it starts in, say, year one, just given where we are in the year, about 100,000, but by year 2033, it gets up to about 2.6 million a year in savings.

COUNCILMAN DOMB: What I'd like to see -- you don't have to do it today, offline -- maybe you could just share with us our portfolio, what the potential is in this market right now to lower the rates and what would that mean to us on an annual basis for interest rate savings.

MR. DUNBAR: Certainly. I can give you a synopsis of our total portfolio and the current savings. So as time moves on, potential savings increase as you get closer to the call dates.

COUNCILMAN DOMB: But like in any of the loans -- we're looking at every loan we have right now, because the rates are so low right now. This is unprecedented that the rates are this low. I think you probably read in the paper there's over $15 billion in assets in countries overseas where they're getting negative rates. They have to pay people --

MR. DUNBAR: 15 trillion.

COUNCILMAN DOMB: Trillion, yeah. They have to pay to keep their money in the bank. It's unheard of what's going on. So I just want us to take advantage of that low interest rate environment.

MR. DUNBAR: Absolutely. And, again, that's why we're at the first Finance Committee meeting as you have come back from break, and we have refunding authorization for everything else in our portfolio. So it's something we monitor closely and, in fact, the bankers and finance professionals continue to remind us every day.

COUNCILMAN DOMB: Let me ask you another question. Councilman Greenlee brought up the swaps. Can you explain to the Council what happens with a swap and why in some cases it's not that good for us?

MR. DUNBAR: Well, I mean, a swap is, I guess, an aleatory contract in that you are essentially making a bet on what the market will do, and most of our swaps are hedged. And so essentially we would trade a fixed-rate payment -- or excuse me. We'd trade a variable-rate

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payment for a fixed-rate payment. So what that does for us is, we know exactly what our payment will be during the life of the swap.

It's helpful to us if rates go one way. It's hurtful to us if rates go in the opposite direction, depending on when we actually execute on a transaction.

COUNCILMAN DOMB: What you're really saying is when rates go up, swaps are great, but when rates go down, if you swapped in, it's costly to get out of that swap?

MR. DUNBAR: Absolutely. The termination costs can increase. And we have another additional realm moving into the future. LIBOR is going away in 2021, and because LIBOR is going away, we wanted to reduce a portion of our swap portfolio because the uncertainty of what will happen to IEC's LIBOR rate benchmark is something we're concerned with. So recently, about three weeks ago, we reduced our GO swap portfolio by about 50 percent.

COUNCILMAN DOMB: Do these lenders -- I don't know the answer. Would they ever consider instead of swaps pre-payment penalties that are lower numbers in case we have this interest rate decline again?

MR. DUNBAR: I'm sorry. I think the termination --

COUNCILMAN DOMB: When you're doing a swap, you have a pre-payment penalty.

MR. DUNBAR: I think the termination values sort of work like pre-payment.

COUNCILMAN DOMB: No. In an interest rate drop like we're seeing, you could have a swap payment that costs you 10 percent of the loan amount. If you swapped out at like 4.08 and today's rate is 3.15, you can wind up paying almost 10 percent of that loan amount for the swap payment, and if you had a pre-payment penalty that was decelerating from 3, 2, 1 or over the term of the loan, it would be a much cheaper alternative for us to refinance and the payback would be quicker.

MR. DUNBAR: Well, I mean, I think in the marketplace, particularly why you get into a swap, so we're talking about an environment where you are making a bet with a counterparty in terms of what rates will do. It's unlikely the counterparty will want to give away the value if their bet is accurate versus if your bet is accurate. So there is a swap termination cost that works like a pre-payment penalty, but it's still not always advantageous.

COUNCILMAN DOMB: Right. If you can get us that analysis showing what the potential is for savings, I'd appreciate that.

MR. DUNBAR: Absolutely.

COUNCILMAN DOMB: Thank you very much.

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Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you.

Any other questions?

Councilwoman Parker.

COUNCILWOMAN PARKER: Thank you, Madam Chair.

Treasurer Dunbar, let me join with our colleagues Councilman Greenlee and Councilman Domb in just sort of commending you, along with the City, for being proactive in attempting to take advantage of these historically low tax-exempt and taxable rates.

What I want you to do for the benefit of the public that is watching, I want you to explain how when we as a city take steps to reduce the debt service cost on our General Fund, how does it positively impact the City of Philadelphia's credit rating with the rating agencies?

So, for example, what I'm asking you to describe is, we've also been very proactive and have performed extremely well in the adjustments that we've made to our pension fund. I mean, we've outperformed statewide funds. I'm so happy we've outperformed some of our suburban counterparts, and ultimately it did improve the City's credit rating. So when we begin to reduce the debt service costs that are incurred by the General Fund, how do rating agencies look at this?

MR. DUNBAR: So I think just overall much like -- an example would be much like anyone's personal financial situation. The lower your debt, potentially the better your credit and more credit worthy you are.

And I will say as a testament to this Administration and this body, the City is in probably the best financial health it's been in in decades, not just in terms of where our fund balance is, in terms of what we've been and the commitment we've made to our pension plan, to your point, Councilwoman. So the City is really in a positive situation, and that's what happens typically when we go in front of the investors now. We're seeing really a historic demand for City of Philadelphia bonds. And so if you will remember, there was a press release in July. We did a transaction that yielded the lowest interest rates, historic lows for the City, as well as historic spreads, and the spread really is an indication of the demand for your individual bonds. The historic yields are sort of subject to Councilman Domb's point, the marketplace and where you are. But the spread is really a testament to how the City has managed its finances over the last five or so years.

COUNCILWOMAN PARKER: Thank you for your patience in getting that on the record, particularly when you compare the City's credit rating to our personal credit rating, so that when residents of our great city are just trying to figure out how we're situated from a financial perspective, it helps them process it more when they compare it to their own lives. So thank you for speaking in plain speak.

MR. DUNBAR: Absolutely. Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Councilwoman.

Any more questions?

(No response.)

COUNCILWOMAN BLACKWELL: Thank you. We want to thank you as well. Maybe I'll see you later.

MR. DUNBAR: Thank you.

COUNCILWOMAN BLACKWELL: Yes. We have one of our meetings this evening. So we want to thank you.

If there are no other questions, we will go to our next bill and we will ask -- let me note that Councilwoman Cindy Bass is here as well. Thank you very much.

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And we will now ask the Clerk to read the title of 190616, and we will ask Frank Breslin, our Revenue Commissioner, to come forward. And let me, as he is coming, thank him for responding to my call on constituent services. You all know I always have constituent services I've tried to do. Thank you, sir.

(Witness approached witness table.)

THE CLERK: 190616, an ordinance amending Title 19 of The Philadelphia Code, entitled "FINANCE, TAXES AND COLLECTIONS," by adding three new definitions to Section 19-1501 and adding a new Section 19-1507, entitled "Student Debt Tax Credit"; all under certain terms and conditions.

COUNCILWOMAN BLACKWELL: Thank you very much.

Councilman Oh, sponsor of legislation, will make an opening statement. Thank you.

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COUNCILMAN OH: Thank you very much, Chairwoman.

Pennsylvania is at the epicenter of the student debt crisis. Pennsylvanians carry the third most student loan debt per person in the nation. Nearly two million residents of our state owe student loans, with an average debt of $35,510. After mortgage loans, college and other post-secondary debt is now the largest source of consumer household borrowing.

This bill proposes to offer college graduates who are currently living in the City of Philadelphia a tax credit to help pay off their student loan debt. To qualify, they must owe more than $35,000 and be a City resident. The credit can be as large as $1,500 per year for up to five years, for a total potential tax credit of $7,500. This bill is intended to attract and retain talented middle-class young professionals who want to start and grow their careers

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in Philadelphia.

In order to receive the full tax credit of $1,500 per year, they would have to earn at least $38,650. That wage is below the City's median income of $40,649. And multiplied by 35,000, which is the number that was used by the Administration -- it is now 40,000 based on the amended bill that I introduced -- that would have been the wages $1.3 billion, 1,352,000,000. Those wages are not leaving the City of Philadelphia. They are creating more economic opportunities, including new jobs. Fifteen hundred dollars can go a long way. It can potentially be used as a down payment for an apartment or other vital needs.

Philadelphia has the fifth largest student population in the country. The number is 342,994 students. The average debt burden of the students in Philadelphia is very high.

For example, for Chestnut Hill

College, it's $32,278. For Temple University, $38,519. For Lincoln University, $40,605. And for University of the Sciences, $46,210.

Here's an example of a group that will be able to take advantage of this credit. The University of the Sciences located in West Philadelphia has the seventh highest median earnings in the country ten years after enrollment, and that is at $91,800. In the City with one of the most significant professional communities of health workers and scientists, this bill may help these type of workers start their families, buy homes, and continue to live in Philadelphia. And we can imagine the economic impact of this retention.

This bill, I will say, does not do many things. It can't do many things. The issue of the student debt crisis is a national issue, and that is something that will be handled ultimately, we hope, by the federal government, perhaps by the

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state. This bill is intended to be a competitiveness bill. That means that although there is great focus on poverty, it does not directly deal with poverty. Education has been an answer to poverty, and education and training is the best way to lift people out of poverty, and that lifts our entire city. But people who go to school, they're not forced to go to school. They choose to go to school, and they have to begin taking steps for that choice at a much earlier age. They have to be encouraged to invest in themselves.

For our city, like every other city, we are competing to retain and attract a very energetic, creative, intelligent, skilled, and capable workforce that will create jobs and opportunities, revitalize our city, pay taxes for the public good, and help fund the programs for the poor. It is an investment in people rather than buildings.

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It is a very difficult discussion, I understand. I think this is what the City can do. And I would finally say that it is a first step. We can always tweak and add and do other things, but I think we do have to take a first step.

I think one of the things that is also not often times considered as important, but I think for any athletic coach or anyone in the military, they would say that morale is very important. If people don't feel their government cares, their city doesn't care, there's no effort to do anything, there isn't a willingness to take a chance or to suffer for the greater good, then I think that's when people begin to calculate leaving our city and not coming to Philadelphia. We do want them.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much.

More comments?

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(No response.)

COUNCILWOMAN BLACKWELL: All right. Mr. Breslin.

COMMISSIONER BRESLIN: Good morning, Chair Blackwell and members of the Committee on Finance. My name is Frank Breslin. I am the Revenue Commissioner and Chief Collections Officer. I am here today to present testimony on Bill 190616. This bill would create a tax credit against wage and net profits tax for any Philadelphia resident that has graduated from a post-secondary institution and has at least $35,000 in debt in 2019. Following the first five years, the tax credit is limited to any Philadelphia resident that has graduated from a post-secondary institution within the last five years and has at least 35,000 in debt.

Although the Administration recognizes the tremendous growth in Philadelphia's college-educated population and the rising costs of

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post-secondary education, we don't believe that this bill creates a cost-effective or equitable solution to the college debt burden of City residents.

The bill takes a scattershot approach, when really a far more targeted strategy is needed. Additionally, after the first five years, this bill limits recipients of the tax credit to more recent graduates only. The bill sets a high student debt level for eligibility and, most importantly, ignores need. This means that higher earning graduates of more expensive institutions benefit while graduates of more affordable options like the Community College of Philadelphia would be excluded. Students who are struggling to complete college do not benefit from this bill nor does this bill address the root cause of student indebtedness and accessibility. Instead, this tax credit subsidizes graduates of higher cost institutions.

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Our analysis of the original bill using U.S. Census and Department of Education data suggested that as many as 40,000 recently graduated Philadelphia residents could be eligible to receive a tax credit from this bill and that the bill could cost as much as $59 million annually. As amended, our conservative estimates of the expansion of this credit to the entire population of college graduates with at least $35,000 of debt could include as many as 81,000 to 92,000 graduates, potentially costing between $88 million and $139 million annually for the first five years. Such a large refund program could drain funds that currently go to essential City services and other assistance programs.

The lack of need-based restrictions mean that a large share of graduates earning over 120 percent of AMI for a single person or more than $75,750 annually would benefit from this program. The City doesn't need to subsidize the educational costs of high-wage earners to attract them to move to Philadelphia. Campus Philly reports a 115 percent increase in college-educated 25- to 34-year-olds in the Philadelphia region between 2000 and 2017 compared to only 47 percent growth across the nation. The Philadelphia region also has a 54 percent retention rate of college graduates, higher than the City of Boston, without a tax credit.

A tax credit may not be the best mechanism to address the barriers and challenges to working families who are struggling to pay for college right now, both for themselves and their children. We believe that other ideas should be explored, and the Administration has said that it is willing to work with City Council to design a program that meets the needs of Philadelphians who are struggling to pay for higher education. This bill does not address these barriers. We ask that the

Committee hold the bill to allow for more thorough exploration of solutions that meet the goals of both the Administration and City Council.

Talent attraction, graduate retention, and expanding access to higher education are essential parts of the Mayor's inclusive growth strategy, and the Department of Revenue is in full support of these goals. This bill creates a significant cost burden to the City without providing an equitable solution to the rising debt burden of Philadelphia college graduates. As written, the Administration cannot support this bill.

Thank you for the opportunity to testify, and I'm happy to answer any questions.

COUNCILWOMAN BLACKWELL: Thank you, Mr. Breslin.

Comments?

Councilman Oh.

COUNCILMAN OH: Thank you very

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much for your testimony. I would just kind of point out a few things. One is that if the Administration or someone else has a targeted strategy that they'd like to put forward, I'd be happy to receive it, but so far none has been presented.

Scattershot approach I think is the approach we take. For example, you know, we don't seem to -- we do tax increases in a scattershot approach, and then when we try to reduce taxes, I'm told we need a comprehensive approach. So it's kind of like we need a comprehensive approach to address student debt.

I think we just need to start. And I do think that it's important to hear other types of solutions and have those discussions, but I don't see that they start unless we get a bill out of Committee.

I did introduce a transfer ordinance to transfer $19 million to

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Community College to meet the state requirement of funding for the College. So if the concern is that we need to provide opportunities at Community College, we're currently charging students, by my calculation, 22 percent higher in tuition than what is required by state law, and I would like to see that reduced by the City, funding Community College the money it is supposed to fund.

If you are saying that we should lower the threshold from 35,000 to 10,000 or 5,000, I would agree with that, and I'd be happy to do it, but that would increase the amount of money that is made available in a tax credit. So I don't know that that's exactly what the Administration is saying. If you're saying lower, I will be happy to lower it as low as it can go.

And then, finally, I think the issue for me -- and I recognize the issues of poverty and things like that.

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I really do. But I think I have to look at this from a competitiveness perspective. High-wage earners may have higher debt. And so we're not really looking at the amount of debt they have. And the fact is that if -- and I think this is where we may differ, and I can't say exactly. I believe that it's a competitiveness issue certainly on a global basis, but people choosing to leave, choosing where they go, they can make all those calculations right from their computer or their smartphone these days and figure out in great detail where they want to end up, and I think at least from my perspective, it's better to get ahead of something than to suffer the consequences of being behind it.

That's just my comments, my thoughts. I just share it for public discussion.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

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Councilman Henon.

COUNCILMAN HENON: Thank you, Madam Chair.

Good morning. Thank you for your testimony, and I want to thank Councilman Oh for bringing this to light and recognizing that not just our nation but our City of Philadelphia has endured a lot of debt in the college market and student loans. So that is an issue. That is a problem. I'm not sure what the solution is here today or not. So I do have a couple questions.

You had mentioned in your testimony about some sort of narrow programming or pilot program. I'm going to say it inferred. What are some of your suggestions in that, in narrowing it down instead of a broad stroke? And I say that because I'm a father of two. I have a high school senior who is now looking at colleges and universities, including Community College, and one of the things I look at is what his debt is going to look like if he's fortunate enough to graduate, and I hope he is. So that is up front on my mind now as we go through this conversation. But having a tax credit for somebody like my son probably is a little too broad of a stroke for those who may not have the financial means as I'm blessed with or others.

You know, my son, if he goes to college, of course I'm going to encourage him to stay here in the City of Philadelphia, and I hope he does. Others might not have that opportunity.

So with that approach, that in mind, being that our, as you mentioned, Councilman mentioned, scattershot approach being real broadly, how do we narrow it down and who do we focus on and how do you test it? I mean, the Councilman talked about, okay, if there are some suggestions, what may they be publicly. I'm not sure if they were offered or not, but how do we really focus in on for those who could use the extra wage reduction or tax credit in any form?

COUNCILWOMAN BLACKWELL: Before you answer, Commissioner, let me note that Councilman Squilla is also here. That means all nine members of the Committee are present.

Thank you.

COUNCILMAN HENON: And one thing comes to mind is having a means-based eligibility and directly tied to like our Community College only. I mean, that would be one thing as I'm thinking of as we sit here, but I defer to you and your office who have done some research in this matter, and I'd love to hear what your suggestions may be on a narrower or pilot program.

COMMISSIONER BRESLIN: Sure. Well, what I think we're suggesting really is a dialogue. I'm not the or an expert on student debt and student debt crisis, but the Administration acknowledges that this is a problem and really wants to engage in discussions to come up with a solution that is more targeted. I think as you talk about two things, this being very broad and also about need-based, and I think that's the point here.

One of it is that the average debt may be $35,000. So we're excluding everyone with less -- with 35,000 or less in debt, and that's still a significant portion of people, right? So we're excluding the person who has $29,000 of debt from this. And, again, at the expense of we're also including everyone who has 35,000 or more, without any focus on need. So we could have people that are coming out -- the Councilman mentioned the University of the Sciences and them being one of the higher salaries for graduates. So we have people that are coming out of college gaining employment and getting good salaries, and they're included in this credit, and we

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have people who still have significant but maybe not $35,000 worth of debt, who are struggling and they're excluded.

So I think the point is just discussing and targeting so that we can make sure we solve the problem, identify the problem and solve the problem, and then make sure that we're using taxpayer dollars carefully, because as written, this is a very expensive bill at $88 to $139 million annually, and that's potentially for people where there's not necessarily need and the lack of benefit for some who may be in need.

So I think that's my point, and as you mentioned, it being targeted and working together to come up with a solution.

COUNCILMAN HENON: And I'm glad you are, and I hope we continue to do that. Take a look at needs-based and Community College. Ninety percent or more of Community College students are Philadelphians. So let's take care of

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trying to encourage and entice kids who might not look at some of the more expensive universities or colleges and have something that's a little more affordable, something that we can incentivize. Maybe it's not even through a wage tax credit. Through grants or something like that for our Community College.

Just something that I'm throwing out there maybe that helps some of the narrower conversation, but gets to the means of what we're trying to solve as far as a solution is concerned.

COMMISSIONER BRESLIN: That's a very good point that you raise that I did not mention, is that one of the other discussions could be whether a credit is the appropriate mechanism to address the problem or whether a grant or some other type of subsidy is more appropriate and actually more effective.

COUNCILWOMAN BLACKWELL: Okay. Thank you very much.

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Councilwoman Reynolds Brown.

COUNCILWOMAN BROWN: Good morning. Good morning.

COMMISSIONER BRESLIN: Good morning.

COUNCILWOMAN BROWN: Philosophically there's no disagreement or second thoughts about this bill, but we do have an obligation -- I'm looking for my notes here. That's what happens when you multitask.

We have an obligation to be fiscally responsible, and on its face, this sounds exceedingly expensive.

With most federal programs and very often local programs, there's something called a means test. I did not hear that in your testimony and I don't believe I heard it from the sponsor of the bill, so I would welcome a point of information. That's number one.

Number two, having spent five years in higher education with the principal responsibility of recruiting

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minority students for Penn State, one, I discovered that getting in is great. Graduating is bigger if you get there. There are too many students who drop out before they see the graduation door. And so what should we as a city -- how should we hold ourselves responsible and/or accountable to those students who don't even get a chance to get to the graduation door because they can't afford to get there because of loans? So I would ask the sponsor of the bill to speak to that as well.

And then the means test, why the magic number of 35,000? Was there any discussion with you on why that is the magic number?

COMMISSIONER BRESLIN: I think the Councilman mentioned that that was approximately the average debt of Philadelphians, but, no, I was not -- I didn't have input into that number.

COUNCILWOMAN BROWN: Okay, then. What is your view or perspective

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with regards to a means test?

COMMISSIONER BRESLIN: I think that's one of the things that's lacking, and when I talk about something more targeted, it would be a means test so that we're identifying people obviously who have need, not necessarily subsidizing an expensive education for somebody who is gainfully employed, making a good salary.

COUNCILWOMAN BROWN: And/or parents who certainly have the means to do it without blinking an eye.

COMMISSIONER BRESLIN: And then you addressed another issue, which is that it only applies to graduates, and there are lots of Philadelphians with significant debt who for whatever reason may not have graduated.

So, again, these are the kind of issues that I think really need discussion so we identify the full scope of the problem that we're trying to address and then make sure that we have a bill that addresses the problem.

COUNCILWOMAN BROWN: To your knowledge, are there any other municipalities around the country that have this type of measure in place?

COMMISSIONER BRESLIN: I don't know. I didn't have time to research and see other municipalities.

COUNCILWOMAN BROWN: Very well.

Thank you, Madam Chairwoman.

COUNCILWOMAN BLACKWELL: Thank you very much.

Councilwoman Bass.

COUNCILWOMAN BASS: Thank you, Madam Chair.

Good morning.

COMMISSIONER BRESLIN: Good morning.

COUNCILWOMAN BASS: How are you, Commissioner?

COMMISSIONER BRESLIN: Good. How are you?

COUNCILWOMAN BASS: Good. I'm very well. Thank you.

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I just had a couple of questions around your testimony, and the first is that your statement that the bill takes a scattershot approach and that we need a far more targeted strategy, and I heard Councilman Henon's questions, which seem to suggest, well, what is the Administration thinking about, what are they working on. And so it's a little frustrating I think that we're here having this hearing and we don't have some suggested remedy from the Administration, because I'm certainly willing to vote this bill out of Committee today. I recognize that it's not a perfect bill and that there are some things -- I've spoken with the bill sponsor about some things that I would like to see, particularly addressing who would be eligible for the bill and making sure that those with lower debt, student loan debt, would also qualify, but I haven't heard from the Administration what their suggestions or approach, what's been offered, what's been put on the table with the sponsor so that we have a working document from your end as well.

I just don't think that we can keep kicking this can down the road and hoping to find a solution next year, the year after, the year after that. This is the time. Why not do it now?

And so I think if we could have the Administration be at the table with some suggestions and everyone sort of hash it out, that will probably be a much more appropriate approach, especially if we're really trying to do something and get something done here.

COMMISSIONER BRESLIN: All I can say to that is from Revenue's standpoint, over the last several days we have been in consultation with the bill, and I think that's been productive. There's amendments that were made that improve the bill, but I don't think -- there just wasn't enough time to get the bill to a point where it was improved enough for us to be able to support it. But there were -- there was some progress made, but I think there's still a long way to go. And, again, we've discussed some of the things. It doesn't address people who have not graduated. It doesn't -- it is not need-based. I think that's significant, that we would be essentially subsidizing expensive educations that people may be able to afford to pay at -- you know, any time you make a choice, you're really having winners and losers in this process because there are people that will have significant debt that just miss the cutoff by a dollar. And so I think that has to be thought through and discussed when we make that decision, otherwise there are people that are going to challenge why wasn't I included, and they're going to have really compelling stories to tell. Maybe there's some today that will talk. I don't know who will testify when we hear public testimony, but I'm sure there's people out there who are making very little money, have very high debt. It's placing a significant challenge on them or their families if they're married and with children, and this does not help them in any way. And I think that is the point, that if we're going to do something and we're going to spend significant amount of taxpayer dollars on a program, we want it to be something that is really effective and thoughtful and includes the people that we're trying to help.

COUNCILWOMAN BASS: So I hear your argument and the first thing that comes to my mind is the ten-year tax abatement, because a lot of these things that are suggested now, that we can't afford it, that these are people when talking about the current target audience of the bill, that these are people who can afford to pay. You know, a lot of these very same arguments could be made when we talk about the ten-year tax abatement and the fact that we have a large, a very large, population of folks who live here in the City of Philadelphia who can afford to pay their fair share of real estate taxes and School District taxes who are really off the hook.

And so it speaks to me that the Administration's policy on taxation really needs to be rethought on a multitude of levels, because you can't say that for those with school debt, that their debt -- you should be able to pay yours, but when we look at the ten-year tax abatement, you don't have to pay yours. It just is very -- that's very scattershot to me.

And so we also had the conversation, as you remember, a few months ago about tax amnesty, and that is for people who are unable to pay, but are trying to hold on and to do something about the penalty and interest on their properties, and we were unable to get,

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again, the support of the Administration, that there was -- the debt, the amount of the write-off was much too large, it could not be considered. But all of these things really do conflict with one another, and so it's very confusing to pinpoint exactly what the Administration's overall policy is when it comes to taxation and sort of like what's fair and what's not fair.

So as I said earlier, you know, I support voting this bill out of Committee today, but requiring some additional changes before final passage to be able to make sure we include people who are a lower income and have a lower amount of student debt and those who haven't had the opportunity to graduate yet, but still have significant debt. All of those things I think are things that should be included, but I also think that we have the time to get this done before December. There's a lot of days between now and December to see this go

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on final passage, and I think that is something we can get done.

So I thank you for your testimony, but I really do disagree with our ability to be able to make this happen.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you, Councilwoman.

Councilman Oh.

COUNCILMAN OH: Thank you very much.

I just want it noted that with the 35,000 threshold, the Administration is estimating that it would be taken advantage by about 35,000 people and it would ultimately be $52 million. And by making it available to not just recent graduates but to everyone in Philadelphia when it first rolls out, which makes it a better bill, it increases a tax credit to what the Administration says is 88 million to 139 million. I really haven't checked those numbers. But to say it's a better bill and then to oppose it because it costs more doesn't sound like you're actually looking for a better bill.

As I said, I'm happy to lower the threshold, but I don't want to have a discussion about lowering the threshold to make it better and then be told like it's too expensive. So I would like the Administration to come to like a number that it feels, with Council in that discussion, because as I said, I'm happy to go to zero.

Thank you.

COMMISSIONER BRESLIN: And just to clarify, my comment about it being a better bill was not about expanding it. It was about tying it to repayment, because the original bill would have given the credit to people who had the debt and were in default. So there was no connection to repayment, and the amendment tied it to repayment, which I think makes sense. We wouldn't necessarily want to be giving the credit

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to people who have debt and are not actively attempting to repay. So that was my comment. It wasn't about the expansion.

COUNCILMAN OH: Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

Councilwoman Parker. I'm sorry. I didn't see your light.

COUNCILWOMAN PARKER: Sure. Thank you, Madam Chair.

And hello to you, Commissioner Breslin. Let me just start by noting for the record that I surely agree with the sentiment that has been expressed by both Councilmembers Reynolds Brown and Councilman Henon and want to thank our colleague, the sponsor of this legislation, for helping to force the conversation on this very, very important issue.

I'm a firm believer that if we are ever to really close the gap between the have's and the have not's in our

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city, we cannot do so without having a coordinated approach, working with the state, along with the City and, wherever possible, the federal government, maybe when a little more logic seems to become prominent there, to work to get a solution to address this issue.

I also wanted to note for the record that I want to thank Mr. Douglas Webber from Temple and Christine Baker-Smith from the Hope Center for College, Community, and Justice at Temple University. And then there was some testimony that was included in our packet from an Ashley Bryant, student at Temple, and a Joe Ovelman, a former student, because all of their testimony affirms what we know about the challenges and the cost of admissions and its impact on Philadelphia residents. So, again, I want to thank the sponsor.

However, my question to you, Commissioner, is, the bill as written, what would its impact be on older

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borrowers who have student debt who are ages 60 or older? And the reason why I ask this question is that we know that the number of people age 60 and older with student loan debt, it has quadrupled over the last decade in the U.S., that those numbers have gone from about 700,000 to 2.8 million individuals, and this was according to a January 2017 report from the Consumer Finance Protection Bureau, a snapshot of older consumers and student loan debt.

And so while we know that this is a national problem, research shows that many older borrowers are already facing other types of debt and it's only compounded by student loan debt, and why is this? Because the majority of the student loans are being taken out by other than parents, grandparents and other caregivers. So if your mother or father, as Councilwoman Reynolds Brown noted, is not situated to just write the check when the tuition bill comes, that debt is being assumed by older borrowers in many instances for current students.

The way the bill is written, if I am the borrower who is assuming the debt on behalf of someone else, would I be eligible?

COMMISSIONER BRESLIN: This bill only provides a credit to graduated students.

COUNCILWOMAN PARKER: Okay. So if I'm taking -- if I'm doing what my grandparents did and taking care of me and they took out the loan on my behalf to help to finance my education, and although they aren't rich and they're stealing from Peter to pay Paul to make ends meet, they would not be eligible. Only I would be eligible even if they took out the debt on my behalf?

COMMISSIONER BRESLIN: That's correct. Parents, grandparents who took out the debt on behalf of the graduating student would not be able to take part in the credit.

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COUNCILWOMAN PARKER: Okay. Again, let me just -- and, again, the reason why I note that and wanted to get an answer to that question on the record is because, again, I support the sponsor's intent of this legislation and I thank him for even introducing it and forcing the conversation, because there's no way that we as a city can think that we will be successful in helping to ensure that those who are not wealthy enough to not just get accepted but to stay, but to stay, because getting in, as you mentioned, Councilwoman Reynolds Brown, is only half the challenge. The issue is how you get cleared every semester. That's what they used to call it when I was there. You know, you couldn't start the next semester if your bill wasn't paid and you didn't get cleared.

So I support that and want to commend the sponsor, but I also would like for us to take into consideration

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that the way students are financing education today, it is not just through what is considered to be the traditional means when you have a village. And what if it's not the mother or the grandparent who is taking care of the young person who is becoming a student but is an aunt or an uncle? You know, as I go through my district and talk with friends across the City who are a part of what I would call kinship care environments, that means someone other than the biological mother or father who is helping to raise a young person, that as we talk about a more holistic approach that includes the City and particularly the state, that we think about that unique demographic.

So thank you for just clarifying for me on the record whether or not this bill would impact that constituency which has also found itself saddled in student loan debt.

Thank you, Madam Chair, for your patience.

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COUNCILWOMAN BLACKWELL: Councilman Greenlee.

COUNCILMAN GREENLEE: Thank you, Madam Chair.

Mr. Breslin, Commissioner, just so I'm clear on this, because I know you had said that the amendments that the Councilman would be offering improved the bill, but you also say about how much more it would cost. So what you're saying is you think part of the amendments are positive and others are not because it would cost more? Is that --

COMMISSIONER BRESLIN: Well, when I was saying that -- I think our discussions, there wasn't a lot of time between our discussions and the hearing today. So there were some positives and one of them was the bill did not tie -- did not have a requirement of repayment of the debt.

COUNCILMAN GREENLEE: It did not what? I'm sorry.

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COMMISSIONER BRESLIN: Have a requirement for repayment of the debt. So that was one that was added. So when I refer to it as being improved, that was one of the comments that I think came out of the discussion and it was added to the bill. Not necessarily the expansion. That included more people, but still did not address it being need-based.

So the comments in my testimony that said that it needed to be more targeted still applies there. That just made it even broader and more expensive and didn't really get us to targeting who are the people that we're trying to help rather than just everyone who has student debt over $35,000. I think that stayed, and that's one of the issues as well.

COUNCILMAN GREENLEE: Okay. All right. Thank you. Thank you, Commissioner.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Councilman Henon.

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COUNCILMAN HENON: Thank you, Madam Chair.

I love this conversation, because it really is drawing a lot of attention, as you well have heard, and the City is experiencing for some time.

So a couple of questions to follow up the questions I had earlier. Are there any other programs in the City of Philadelphia that you're aware of that deals with student debt?

If you don't have it, can you get back to the Chair?

COMMISSIONER BRESLIN: Sure.

COUNCILMAN HENON: Because what I'm getting at is, I think we need to really take a comprehensive approach to this and leverage all of the other resources and non-profits and the universities and community colleges and see how we could most -- have a better outcome for those who need the outcomes and a little more of an enticement for people to apply and the people to

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graduate and for the students who graduate to stay here in the City of Philadelphia without an exorbitant amount of cost that we might be able to assist with in one form or fashion. And I'm not quite sure if a tax credit is the way to go opposed to a grant. I don't know what those options are, because we're not really talking about them today.

So my ask to you is -- because I'm not comfortable moving forward with this bill here today until we come up with or you can propose a comprehensive approach to deal with this issue. That includes waiving application fees here in the City of Philadelphia. That includes other programs that deal with a comprehensive approach for student loans and/or grant opportunities or financial assistance in a more deliberate way to help achieve what we're trying to accomplish now that may be far more beneficial than somebody receiving a tax credit to their wages. I'm not sure, because we don't have answers to those questions now.

So I think we need to set goals. I think we need to look at it a lot more comprehensively and starting with our Community College and encourage people to use that since it is the City of Philadelphia's college, that they be a part of this conversation moving forward. Again, not sure tax credit, grants, other programs all should go in factor.

And I'm going to end with, are there any other tax credits towards our wage income here in the City of Philadelphia, and if there is, how much is it utilized?

COMMISSIONER BRESLIN: We don't generally do tax credits against the wage tax. This would really be a refund process. And so the person would have to file a refund petition. We didn't really get into the administrative burden, which would be extremely significant with this. The reason we don't do wage tax credits

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is just the way City taxes are structured. We don't have a personal income tax, so residents don't file a tax return like they do with the State of Pennsylvania where everyone files a Pennsylvania income tax return every April. So in this case, we have a wage tax, and the wage tax is remitted by the employer. And so we know how much is remitted every month or week depending on the filing frequency of the employer, but we don't have all the detail of every employee. So really what ends up happening is, it ends up a refund petition, which is a little bit of a difficult process.

We do have the low-income wage tax reduction that works like this where when your income is below a certain level, you can get a half a percent reduction in your wage tax. We don't have huge participation in that program. I think we have about 2,000 applicants per year, and I think part of the reason

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is it's a very difficult process. You have to go through an application, then you have to -- in this case, you would have to file a refund petition. You would have to attach all of your documentation, submit that by mail. We don't have an electronic process for that. And then we have to go through each of those individually and either grant or deny the refund and then send the money to the taxpayer.

So it's a little bit of a difficult process, so there's not a lot of -- we don't utilize wage tax credits very often for that reason. It's just not an efficient process. And if you get into numbers like this with tens of thousands of potential applicants, that adds to the cost, because it would be a really difficult administrative burden for the Department.

COUNCILMAN HENON: Thank you.

COUNCILWOMAN BLACKWELL: Councilman Domb.

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COUNCILMAN DOMB: Thank you, Madam Chairwoman.

And thanks, Commissioner, for your testimony today. And as an aside, by the way, I just want to give you and your department, I think when I started, your collection rates were like 89 to 91 percent on real estate taxes and now you're up to 96.5. So great job. That's really -- we have a lot more money now we can spend because we're collecting more taxes, I guess, right? That's great.

So on this topic, I want to commend Councilman Oh. I think it's a very important topic. I just want to share some facts that may have some weight on our decisions.

I think you mentioned it in your testimony. Twelve years ago, non-native college graduates of schools in Philadelphia, 24 percent stayed here, while Boston was 48 percent. Today 66 percent stay here, while Boston is 51 percent. We're actually beating Boston.

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So we are attracting millennials and we are attracting baby boomers, and a side problem is that we have many millennials who commute to jobs in the suburbs every day. Forty percent of our population goes to a job in the suburbs, compared to New York that's 15 percent. 211,000 people, mostly millennials, leave the City and go to a job in the suburbs, like Vanguard that has seven vans that pick up millennial students at the train station in Valley Forge every day, and that's something that we need to address, why do we have all these companies out in the suburbs, which is probably due to the BIRT taxes and other taxes. So we need to address that.

But in the area of student loan, I've been looking at this for a year now and have met with several banks, because I have kind of the same idea as Councilman Oh and how do we help people, and one of the ways I thought we could -- maybe this is an adjustment or a

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different way to look at it. Many of the student debt right now is at higher interest rates, and if we could put together a consortium of four or five local banks that could offer refinancing of the college debt at a lower interest rate, we could dramatically save more dollars and more talking about in this program.

So I'm just throwing that out as another idea that would not cost the City money, but we would basically ask our local banks to come together with a $50 million or $75 million package of debt that we could refinance student debt and lower their payments dramatically. And I think the banks would be somewhat willing to do this, especially this interest rate environment. You have a lot of student debt out there that's 6, 7, 8, 9 percent. In today's environment you're at 4 and 5 or even lower. So that savings can be accrued without costing the City money.

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When you look at any program, though, 25 percent of the population in the country, their college debt of the lower quartile is 26,000 on average and only represents 12 percent of all college debt. Most of the college debt is focused around wealthier residents of this country. I don't have the stats for Philadelphia. I have the stats for the United States. So if we're going to do a program, I think we need to focus on the lower income and how do we help those people that are struggling to pay college debt, because average college debt for 25 percent of this country is under 26,000 of our population. So there has to be focus on that.

But I do like the idea of getting the banks involved and trying to have them refinance the debt privately versus having the City have the cost, but using the government to help make that happen.

So anyway, thank you.

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And, Councilman Oh, if you're willing to work with me on that, I'm happy to do whatever I can to help.

Thank you.

COUNCILWOMAN BLACKWELL: Councilman Oh, you have another comment?

COUNCILMAN OH: Yeah. I'd be happy to work with anybody. Just let me say that there are multiple goals that people are talking about, poverty, education. I hope everybody goes to school, hope nobody drops out of school, hope we take care of people who need help. I can't say that this bill does all those things. It is really a city competitiveness thing. We're talking about primarily a population of people that are mobile that have choices of leaving and staying, and while it is not directly a poverty program, it is a program to try to retain and attract people that are productive enough to drive a secondary economy to provide taxes and other things that help fund programs that directly deal with poverty.

I think if you try to deal with poverty through this type of bill -- and I'm not saying there aren't other types of bills for a city, state, or federal government. I'm just saying that this type of bill is a competitiveness bill, because while you're talking about poverty, you are dramatically increasing the costs and you're arguing against the costs. You're already saying you can't afford to do more, and there was arguments against the bill even at 50 million. And so now going into 100 million, 150 million definitely won't pass and won't have the support of the Administration.

So realistically I'm constraining the bill to what it can do in a range that I believe is doable in a financial sense that can be passed. Outside of that, I don't think we're going to have this discussion. And I would say I'm happy to discuss it once

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the bill passes out of Committee. The bill is held. I think that's the end of the discussion. That's what I've always seen. Maybe there could be another discussion, but I just don't see it, so I would like to see the bill pass, unless the Administration has something more particular.

COUNCILWOMAN BLACKWELL: Councilman Greenlee.

COUNCILMAN GREENLEE: Just very quickly, Madam Chair.

Commissioner Breslin, on Councilman Oh's point, will you go on record saying you will sit down and try to work with the sponsors? Because I have to tell you personally, I'm not ready to move this out today. So will you be willing to continue the conversation with the sponsor?

COMMISSIONER BRESLIN: Yes.

COUNCILMAN GREENLEE: Okay. Thank you.

COUNCILWOMAN BLACKWELL:

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Councilwoman Parker.

COUNCILWOMAN PARKER: Thank you. And I totally concur. I totally concur with the statements made by my colleague, Councilman Greenlee, and also just wanted to note for the record that an interest in holding the bill for further discussion is not abandoning, is not abandoning wanting to address the issue. It's just wanting to hold it for further discussion. So the idea that if in fact we support the holding of this bill, we are in fact attempting to abandon the discussion or working together in a proactive manner to develop solutions, you know, I don't wholeheartedly agree with that narrative. And, again, just for the record, want to commend my colleague for his leadership in bringing this issue to the forefront of discussion.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

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All right. As has been requested, we're going to temporarily -- absolutely. We do have other witnesses. Thank you. Thank you, Councilman.

Panel 2 -- thank you, Commissioner.

COMMISSIONER BRESLIN: You're welcome.

COUNCILWOMAN BLACKWELL: Douglas Webber and Christine Baker-Smith, we call on you. Douglas Webber, Professor, Temple University. Christine Baker-Smith, also a Professor at Temple University. Thank you very much. We thank you for being here. Have a seat and identify yourselves and begin your testimony.

(Witnesses approached witness table.)

PROFESSOR WEBBER: Hi. My name is Douglas Webber. I'm an Associate Professor at Temple University.

COUNCILWOMAN BLACKWELL: Good afternoon.

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PROFESSOR BAKER-SMITH: I'm Christine Baker-Smith, the Managing Director for the Hope Center for College, Community, and Justice at Temple University.

COUNCILWOMAN BLACKWELL: Thank you.

PROFESSOR WEBBER: Distinguished members of the Philadelphia City Council Committee on Finance, thank you very much for inviting me to this important hearing. As a researcher who strives to do policy-relevant work in the area of higher education, this is truly an honor. I commend you all for your focus on this important issue. I hope that you find my testimony today useful.

Student debt is a major issue for today's youth due to the severe financial and credit consequences of default and the fact that student loan debt cannot be discharged in bankruptcy. Today's student borrowers are hamstrung in ways that previous generations were not.

Much of my research has focused on both the causes and consequences of student debt as well as other areas of higher education finance, which I'd be happy to answer questions about later.

Philadelphia is a city with limited resources and extreme income inequality, so it is imperative that the money that you spend, that you choose to spend, is used in the most socially beneficial way possible. While I very much believe in the general thought of this bill, that it is a very worthy endeavor, I'd like to spend my time today discussing ways that the bill could be better targeted to those who are most struggling.

First, there are far more people struggling with small amounts of debt, say, less than $10,000 than larger ones. For example, only 3 percent of the college student population borrowed more than, say, $100,000, and the majority of

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those who did so did that through borrowing for graduate school, which is very likely to pay off. Not only is this level of student borrowing an outlier, but students with this much debt are on average doing much better than those with less than 10,000 in debt.

A statistic which shocks most people is that the default rate among students with less than $5,000 in debt is twice as high as the default rate for borrowers with over $100,000.

There are two reasons for this. First is the previously mentioned graduate education. More importantly, though, is that students who struggle the most are those who didn't graduate. Many of the borrowers with less than $10,000 in debt fall into this category.

Graduates with four-year degrees will make an average of $900,000 more over their lifetimes than the typical high school graduate. Now, this is an average, so many will make

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considerably less, but my point is this: I would much rather be a college graduate with $40,000 in debt than not have a degree and only 5,000 in debt.

Let me be clear. There are many people with significant student debt who did not attend a four-year school or who went to a predatory institution, which made outside promises about what a degree would get them. In other words, there are absolutely graduates who are struggling, but from both the perspective of the number of borrowers and the severity of struggling, being a college dropout is a more serious issue. I, therefore, urge you to consider this as you deliberate over the language in the bill.

One consideration you might make is to income limits, means testing, phasing out the benefit at a certain level of income in order to bring the overall cost of the bill down.

Thank you very much for your

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time today, and I'd be happy to answer any questions to the best of my ability.

COUNCILWOMAN BLACKWELL: Thank you.

PROFESSOR BAKER-SMITH: Thank you again for this opportunity. I am speaking to you from the Hope Center for College, Community, and Justice, which is one of the leading action research centers in the arena of college affordability.

Our research reveals that as many as 75 percent of all families find college unaffordable today. The fact that college is unaffordable decreases students' performance and motivation in high school. It diminishes the odds that they will get to and through college, and it increases the chances that they will end up with debt they cannot repay.

Philadelphia's poverty is often attributed to its relatively low rate of college attainment. In fact, Boston and Washington, DC have about 50 percent of

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their population holding Bachelor's Degrees. Philadelphia is 25. This puts us at a disadvantage, since college degrees in both academic and technical fields have widespread payoffs for their communities. People with degrees create more earnings, not only for themselves but those around them, like those grandparents that support debt. They pay more taxes, they rely less on government-funded programs, and they are more likely to volunteer and support philanthropic organizations.

Engaged citizens are crucial to a healthy city. Efforts to fight poverty and improve well-being throughout Philadelphia must, therefore, include targeted interventions to grow its college-educated workforce with efforts such as better coordination of City social services for college students and the very tax bill we are speaking about today.

Proposals such as these will

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help the ambitious and hard-working people entering college every year in this city to escape conditions of poverty long enough to obtain their college degree and avoid propelling them into poverty over the weight of their student debt.

Without sufficient food to eat and a safe place to sleep, most people have trouble learning. Food and housing security are educational expenses. They are critical components of the cost of college attendance. Including the cost of books, transportation, and medical expenses, these constitute more than half the total cost of attending college. Borrowing for these needs is understandable, yet risky, because loan limits often mean students fall short.

Over half of students at Temple University and the Community College of Philadelphia experience food and/or housing insecurity while they seek their college degree. This increases the

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likelihood that these students will have to take out more loans and decreases their odds of graduation.

Leaving college without a degree, as my colleague has said, is a widespread problem. Far too many Philadelphians make it only a year or two into college before leaving without earning anything but debt.

Similar to other large cities, one in six Philadelphians who are over 25 years old have earned some credits towards a college degree, yet they do not hold one. This is why borrowers with the least debt have the most trouble repaying their loans.

We must recognize also the racialized implications of these problems. Our work shows that black students take on more loans, amass higher amounts of those loans, and experience greater difficulty paying off those loans. They also disproportionately attend for-profit colleges where the

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prices are high and the returns are low.

The City of Philadelphia must take bold action to counteract these destructive trends. Talented young people from families with modest incomes are turning away from college at rates higher than ever before. Millions of people are starting college, many lured by the promise of financial aid, only to face insurmountable financial challenges once they arrive. Promising that opportunities emerge when people attend college and then putting the price of attendance out of reach is a bait and switch that betrays our American dream.

If we want to ensure that students from low- and moderate-income families attend colleges and are not scared off by the price that they complete their degrees and that they avoid debt that they cannot repay, we must face the affordability challenge head-on as a city.

Thank you very much. I have

some specific proposals I'm happy to talk about later if you have questions.

COUNCILWOMAN BLACKWELL: Thank you very much.

All right. We will now call on our third panel. Ashley Bryant, student, and Joe Ovelman, former student.

Thank you both.

(Thank you.)

COUNCILWOMAN BLACKWELL: And as Councilman Oh just said, we do have your total written report and recommendations, and we thank you.

(Witness approached witness table.)

MR. OVELMAN: Good afternoon, Council.

COUNCILWOMAN BLACKWELL: Good afternoon.

MR. OVELMAN: Are we afternoon yet? Good morning, Council. Thank you for having me. My name is Joe Ovelman. I have $229,000 in student loan debt.

I'd like to start with a

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statement. I was at the AG Shapiro's meeting last night and fumbled through this, so I have it written down.

Student loan debt forgiveness as solely a taxpayer burden, as this bill suggests, demonizes the student loan debt holder while exonerating the financial institutions that back the note and the institutions of higher education that sell the Kool-Aid.

The Kool-Aid is a bad bill of goods, a degree for which the cost-benefit analysis says run, run, run, but the university and bank says sign, sign, sign.

I worked through undergrad, finished with zero dollar in undergraduate degree debt, moved to New York City and had a critical -- and have a critical acclaim as an artist, but I was hungry all the time and had no health insurance. I went to an open house at University of Pennsylvania, a private university here in Philadelphia, and was

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lied to by officers of the University, people who worked for the University, about what I would get for my degree. I did everything they said I should do and still I have no job.

I am here today for three reasons. One is to -- so that my nieces and nephews and my friends' kids have options other than student loan debt, stop peddling that college is for everyone. Hold colleges, universities, lenders, and the borrower accountable. Make student loan debt dischargeable in bankruptcy.

When I talk about bankruptcy, often the retort to that is income-driven repayment. I was lied to by Navient when they suggested I enter income-driven repayment, because I asked them what happens at the end of the 30 years when my debt is forgiven? I once had an $11,000 credit card bill. I paid 6,000 off in cash, and that year 5,000 ended up on my income tax as income. That same thing is going to happen with all these people that are pushing them into income-driven repayment. At the end of their repayment period, their forgiveness amount as it stands right now will be counted as income and then the IRS will own them.

It's a very emotional thing for me, this debt, and I may -- oh, I did -- so I would like to finish where I began. When we make student loan debt forgiveness solely a taxpayer burden, you demonized me as a debt holder, who was lied to, sold a bad bill of goods, was backed by professionals in the room saying sign, sign, sign for a degree they knew most likely was not going to pay for itself. And that's how we solve the student loan debt crisis.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much.

MR. OVELMAN: Do you have any questions for that?

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COUNCILWOMAN BLACKWELL: Are there any questions --

MR. OVELMAN: Did you know about IDR, the repayment that we're pushing our kids into? At the end of that, that's income.

Thank you.

COUNCILWOMAN BLACKWELL: Thank you very much, Mr. Ovelman.

We will now call on Councilman Oh to read the testimony of Ashley Bryant, student.

COUNCILMAN OH: This was submitted by Ashley Bryant.

Good morning, everyone. I'm a student at Temple University studying IT and programming. I am graduating in May. I am also a first-generation college student from a blue-collar family. I solely funded my entire education, amassing a large amount of student debt.

I am currently devising my five-year post-grad plans with my boyfriend, which includes our intention

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to pay down as much of our combined student debt as possible. Luckily, I am fortunate enough to have offers of employment waiting for me after graduation, some with incentives to relocate. The tech industry is rapidly expanding in Philadelphia, but also in several other major cities across the country. The Philadelphia wage tax is one of the reasons I cite for looking elsewhere for employment, because I must maximize my contributions toward my student loans.

The proposed tax credit would highly incentivize me to stay in this city. It would allow me to be accountable for my student debt and participate in rites of passage like marriage and homeownership. Most importantly, I will be able to continue to call Philadelphia my home.

That's it.

COUNCILWOMAN BLACKWELL: Very positive statement.

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Are there any other comments or questions? Is there anyone here who would like to testify on this bill?

(No response.)

COUNCILWOMAN BLACKWELL: Okay. In the interest of time and as requested by members of this Committee, we're going to now recess this Committee hearing and enter into a stated meeting for the purpose of the bills.

We're going to deal with all three bills. We will note that the last bill we just heard, Councilman Oh's bill, Bill No. 190616, will be held in the Finance Committee.

We will now call on Councilman Greenlee for a motion on Bill No. 190509 and 190706.

COUNCILMAN GREENLEE: Thank you, Madam Chair. I move that Bill Nos. 190509 and 190706 be reported out of this Committee with a favorable recommendation and move that the rules of Council be suspended to permit for first reading at our next session of Council.

(Duly seconded.)

COUNCILWOMAN BLACKWELL: It has been moved and seconded that Bill Nos. 190509 and 190706 be reported out of Committee with a favorable recommendation and a recommendation for a suspension of the rules so as to permit first hearing at our next session of Council.

All in favor say aye.

(Aye.)

COUNCILWOMAN BLACKWELL: Opposed?

(No response.)

COUNCILWOMAN BLACKWELL: The ayes have it, and so these two bills are reported out and, as we said, Bill No. 190616 will be held in Committee pending the call of the Chair.

We will now resume our Committee hearing with regard to our final two resolutions.

We will ask the Clerk to read the title of Resolution 190663.

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THE CLERK: Resolution authorizing the City Council Committee on Finance to hold hearings to investigate the possibility of starting a fund to help decrease the cost burden on families living in historic districts who have additional expenses associated with maintaining their properties as required by the historic preservation guidelines.

COUNCILWOMAN BLACKWELL: All right. This is an interesting bill, and certainly we will call forward Panel 1, Paul Steinke, Executive Director of Preservation Alliance of Greater Philadelphia; Patrick Grossi, Advocacy Director, Preservation Alliance of Greater Philadelphia. And we will also have after that Sean Solomon, homeowner, and Barbara Wolf, homeowner.

We note that People's Emergency Center, our own James Wright, has submitted written testimony, but he couldn't be here to present it, and so we will submit that as though it were read as part of the testimony for this hearing.

(Witnesses approached witness table.)

COUNCILWOMAN BLACKWELL: Thank you. Welcome. Good morning. Thank you for your patience.

MR. STEINKE: Thank you, Madam Chairwoman, and good morning to you and to all the members of City Council present to today. The Preservation Alliance for Greater Philadelphia is a member-supported non-profit advocacy and education organization devoted to promoting the preservation and adaptive reuse of our city's incredible inventory of historic architecture.

The Preservation Alliance was happy to see this resolution come forward from Councilwoman Blackwell because I think we can agree on two things, everyone in this room. One is that Philadelphia is a very historic city and, two, it's a city that has a very large

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number of low- to moderate-income homeowners. And so since homeowners, myself being one and probably all of you as well, are primarily responsible for maintaining our houses and since Philadelphia is a very historic city, it's appropriate for our city government to consider ways to incentivize and assist homeowners with their responsibilities, especially in neighborhoods that have historic character and are worthy of preservation, like our many historic districts around the City.

So we're glad that this is something that you all are beginning to consider, and we thank Councilwoman Blackwell for her leadership in suggesting it.

I do want to offer one thing, which is, the Preservation Alliance itself earlier in the last decade offered a program called the Historic Property Repair Program, and it was created in partnership with the Office of Housing and Community Development, which now has a different name, Division of Housing and Community Development, and it was funded with about a million dollars of funds that were handed down from the Neighborhood Transformation Initiative of the early 2000s, and those funds were used to make small grants to homeowners of houses that are either locally designated historic or are part of a national historic district. And the funds, the grants, were used to cover the difference in a renovation project to the exterior of the house between the standard cost that it might cost to do the work and any increased cost that is required because of the historic standards of the Philadelphia Historical Commission.

The grants were limited to $20,000, and we made almost 100 of those grants between the years 2006 and 2012, and that leveraged additional investment

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from those homeowners and helped to preserve those houses in those neighborhoods.

So we offer that as a recent model that we were directly involved in with the help of the City to achieve the kind of goal that I think is implicit in the resolution that Councilmember Blackwell introduced.

There are some examples in other cities of similar programs, programs that are structured somewhat differently, but all of which have the same end. Some of them are loans. Some of them are grants. Some of them are tax credits. And we are here today, myself and my colleague, Patrick Grossi, our Director of Advocacy, to discuss this with you and take questions and hopefully inspire you to pick up on this idea and move forward with it to create such a program to assist homeowners of historic property.

Finally, we've also invited a

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pair of witnesses who own homes in some of our city's historic districts, and they've kindly agreed to be here today. They're sitting in front of you, and shortly they'll be at this table to answer questions about their own experience and that of their neighbors.

Thank you.

MR. GROSSI: Hello. My name is Patrick Grossi. As Paul mentioned, I'm the Director of Advocacy with the Preservation Alliance. I just want to add two further points of information.

One is really just to reiterate that at present, there is no program in the City of Philadelphia specifically catered to owner occupants of historic houses. And when I say "historic," I mean buildings that are listed on the Philadelphia Register of Historic Places. So we have any number of homeowner assistance programs, but none currently that specifically cater to an owner occupant of a historic house or, for that

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matter, small business owner of a historic or legacy business.

There's things like the historic rehabilitation tax credit. That's a federal program. That's had a lot of success in adapting historic properties, but that program is limited to income-producing properties. An owner occupant cannot apply for that program. It really makes most sense when you're converting a large historic building, like a former church or school or a factory, to some kind of modern use. Great program, but not one that meets the needs of the Philadelphians we're talking about today.

And the second thing is, I do just want to mention that one of the recommendations that emerged from the Historic Preservation Task Force, which Mayor Kenney called about two years ago, was for the creation of a Preservation Trust Fund. This would operate in theory very similarly to the Housing Trust Fund.

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It would be a bonus structure that you would get relating to either density bonuses, height bonuses. That's being worked out as we speak. We have not seen language on that yet, but Planning and Development and the Law Department are currently working on it. It's another potential avenue to get some much-needed assistance to low- and moderate-income families who own and operate historic properties.

So likewise happy to answer any questions you might have. Thanks for your time.

COUNCILWOMAN BLACKWELL: Thank you.

Councilman Squilla.

COUNCILMAN SQUILLA: Thank you, Madam Chair.

And thank you, Patrick and Paul, for being here, understanding that the Historic Task Force had made a lot of recommendations, and as we go through them to implement some of the ones that we could do legislatively, there's a couple that are going to be in our hearings coming up. But this one were we to provide a fund is something that you're correct, the language still hasn't been worked out between Law and Planning, but it's something that we have a big interest in in moving forward.

We know there's a need, especially people in the underserved areas that have historic properties who have a hard time managing their historic homes. And I think sort of what we're talking about earlier where there's a way to work on the ability of people who have wages and income that is low to be able to have access to this fund is something that's trying to be worked out, and that's probably what's driving the timeline on getting it introduced.

But I think it's important and I think it's necessary, and if we really want to be a City of the First Class and historic city that we are, I think this

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is something that we need to do moving forward. And thank you both for your advocacy and working with the Historic Task Force to make this all happen. We appreciate it.

COUNCILWOMAN BLACKWELL: We say thank you as well, and we look forward to working with Councilman Squilla on this issue. We kind of are thinking the same way, that we need to do something to help these people. And, you know, Lucien Blackwell was Councilman back in the day when the whole discussion first came up, and Spruce Hill Community Association and others, I always ask every term, we get the question of the whole issue of historic preservation, and my comment has always been, get me the majority of the people who will support it, and we always have the issue of who can afford it. And so maybe we can at some point, maybe we can come up with ways to service your good intentions and those who are so committed to this and maybe we can find

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some way to have things happen.

Thank you very much.

MR. STEINKE: If I may, Madam Chairwoman, I'd like to just add one thought, which is something like this if it's structured in the right way and carefully thought out and administered could also serve as an incentive for other neighborhoods that really warrant historic protection to get it through the historic district process, because one of the things we hear now from neighbors is, well, we really don't want that because all we can get is regulation, but we don't really get -- there's no incentive for us to become part of a historic district.

This would be an incentive. And, again, it would have to be very carefully thought out and administered, but it would send a signal to the residents of our historic neighborhoods that we as a city really value those neighborhoods and want to see investment

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in them with some assistance from a fund like this.

And I have to say, I do remember actually once sitting in your living room on Melville Street with your late husband, Councilman Blackwell, having a discussion very much like this. I'll always remember that.

COUNCILWOMAN BLACKWELL: Yes. Thank you. Thank you very much. It's a pleasure. Thank you both.

MR. STEINKE: Thank you.

COUNCILWOMAN BLACKWELL: Thanks.

Councilwoman Parker.

COUNCILWOMAN PARKER: Thank you, Madam Chair.

I wanted to just start with a special thank you to both you, along with Councilman Squilla, for your leadership in this area and to say that I view this effort, Councilwoman, as another tool in our toolbox that could certainly enhance our city's efforts to preserve all

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neighborhoods in the City of Philadelphia.

And so it's with that in mind that I want you to help me, Paul, if you can. I'm curious about the Historic Property Repair Program. I think in your testimony you said the grants were limited to $20,000 --

MR. STEINKE: That's right.

COUNCILWOMAN PARKER: -- per applicant.

What would you say the average size of those grants were?

MR. STEINKE: I don't have those numbers in front of me, but it would have been considerably less than 20,000. We could certainly look into that and get back to you with a more precise number.

COUNCILWOMAN PARKER: Okay. But 20,000 was the ceiling?

MR. STEINKE: Was the ceiling, correct.

COUNCILWOMAN PARKER: And you

mentioned 91 projects. Do you have it mapped out where those 91 projects --

MR. STEINKE: Yes. We can share that with you as well.

COUNCILWOMAN PARKER: Okay. And then if there were any sort of -- the brochures from the program when it was like in its prime, because you will remember we were dealing with an issue in the Ninth District --

MR. STEINKE: East Mount Airy, yeah.

COUNCILWOMAN PARKER: -- with someone about to demolish a beautiful brick stone property, one single and to build four, and I'm thinking that had this tool been available before that homeowner lost the property or couldn't afford to maintain it, this could have been a tool that helped to stabilize that property. So from that perspective, that's why sort of a mapping of where those grants were given would be very helpful.

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In addition to that, I want to just humbly recommend that as we move forward, we see if there's a way to promote via marketing partnership with the Redevelopment Authority and the Restore, Repair, Renew Program, which offers individuals earning up to 120 percent of the AMI a sizable loan. So imagine if you are able to get a grant, but we also know that the cost to repair or restore certain -- I don't care if you're talking about brick pointing or -- because to maintain a historic property, it's pretty expensive. So if you were able to access the grant and then you were able to get a loan with underwriting requirements that are as relaxed, as you could get up to $25,000, ten years to repay it back, 3 percent fixed rate, no one is going to be able to walk into a prime bank to get access to that amount of money at that rate. So if we could find a way to marry those two and sort of make it a package when we're talking to people about these are tools that are available that we provide in the City to help you, I think that would be a great thing to do.

And I want to commend you both for the work that you've done. You've been helpful to us on many occasions, and we greatly appreciate it.

MR. STEINKE: You're quite welcome. Thank you.

COUNCILWOMAN BLACKWELL: Thank you both again. Thank you.

Councilman Domb.

COUNCILMAN DOMB: Thank you, Madam Chairwoman.

And I guess good morning still.

MR. STEINKE: Yes. Good morning.

COUNCILMAN DOMB: And thank you for your work with historic properties. Just a couple quick questions.

I notice that the federal program is for investment properties and not homeowner properties.

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MR. STEINKE: That's correct.

COUNCILMAN DOMB: And I think Philadelphia's average housing stock is between 88 and 90 years. We're one of the oldest housing stocks in the country.

Have we made any type of inroads with our Senators or Congressmen to try to do something on the federal level that would include homeownership for what you're looking for?

MR. STEINKE: I guess the short answer unfortunately is no, that they've held fast to the rule that the tax credit may only be used for income-producing properties, and there's no indication that that may change any time soon.

COUNCILMAN DOMB: But would it be worth our while to sit down with our Congressmen and Senators and say, listen, because of the housing stock in Pennsylvania and specifically Philadelphia, this would be a big benefit for us if you could sponsor a bill that would take the relief off the City having

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to do it but have it done on a federal program?

MR. STEINKE: Yeah. It would be interesting to hear what their reaction to that would be. And I would add that the same conversation could be had at the state level, which also has a much more modest historic tax credit program, but it also is restricted to historic properties. There are some states that do allow it for owner-occupied residential, but not Pennsylvania. So that's another avenue we could pursue.

Did you want to add something to that?

MR. GROSSI: Yeah. I would just offer Baltimore and the State of Maryland as a potential model. They have a tax abatement program, not unlike our own, but it's specific to historic properties, and homeowners are eligible applicants.

COUNCILMAN DOMB: Well, if I

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could be of help in pursuing this, I'm happy to help.

MR. STEINKE: Very good. Thank you. We'll make a note of that.

COUNCILMAN DOMB: Thank you. Thank you for your testimony today.

Thank you, Madam Chair.

COUNCILWOMAN BLACKWELL: Thank you again.

We'll now call homeowners Sean Solomon and Barbara Wolf.

(Witnesses approached witness table.)

COUNCILWOMAN BLACKWELL: Welcome.

(Thank you.)

COUNCILWOMAN BLACKWELL: Certainly. Feel free to identify yourselves and make your testimony.

MR. SOLOMON: Thank you, Madam Chair and City Councilmembers. My name is Sean Solomon and I own a property in West Philadelphia's first historic district, Parkside. It's a small

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district, and the houses are all three-story homes. They're very large. They had fallen into disrepair towards the end of the 20th century and we were able to get the historic district designation in 2009. And so I've watched for the past ten years how our neighborhood has fared with the historic designation.

It's hard enough to keep up these houses without the historic designation. So in order to replace lost features of the homes, to do it properly in accordance with the Philadelphia Historic Commission is very expensive, as we were just talking about before, and often times those repairs are not made properly, because they're simply -- the money is not there.

And I fully support this resolution. I think this is a great start. And we are talking about the historic property, the program that the Preservation Alliance had about ten years

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ago, and I did see some buildings in our neighborhood get restored, the facades, with that program, and they did a great job. I thought it was a very effectual program, and I imagine that perhaps we could have that again maybe in a different form, which is why I support this resolution, because I've actually seen it work when those monies are put out and homeowners apply and they put forth the money that normally would fix up -- if you were to put like regular old roofing or vinyl siding, instead it is done with historic roofing and historic windows and things like that. I've actually seen it work. So I have a lot of hope that we can move forward and start having this come to our neighborhood.

And I just want to add one -- I could just give you one quick story. I have a neighbor who their front door, a beautiful oak front door, was removed many years ago. They had the door in

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their basement. They kept it. They saved it. And when it came time, they had somebody doing some renovations in their house and she wanted -- my neighbor wanted the door put back. And so we carried it upstairs. I helped them. And she tried to scrape the paint off and revarnish it, but when it came time to installing the door, the contractor didn't even know where, because they didn't know how to do it, and the door ended up back in the basement, whereas if we had something that could help people just give them that extra boost to fix their houses up in accordance with the Historical Commission standards, that would be a wonderful thing to have happen, and I hope to see this move forward. And I thank you for making this proposal and this resolution.

COUNCILWOMAN BLACKWELL: Thank you.

MS. WOLF: My name is Barbara Wolf. I'm a 45-year resident of Spring

Garden and I've owned my home on North 15th Street for the last 39 years in September of 2000 in a house that was built in 1868 in the post Civil War industrial boom of Philadelphia. When I first moved in, my stepfather said it was a house needing lots of work, but with strong bones.

Spring Garden has been a historic district, I believe, since 2001, and like many neighborhoods of the City, we represent what I consider authentically a historic neighborhood, not a Disney World, not a Williamsburg. And I see the historic designation as having been very helpful in our neighborhood. It helped attract a lot of new residents. It's helped attract developers to fill in all the empty lots that are available, and it's really made it kind of a livable, likable, attractive community.

I think for the City as a whole, the preservation of these historic

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neighborhoods and a bill like this that can support that is significant, because I see increasingly the City is relying on tourism as an important economic base, and only in Spring Garden judging by the increasingly frequent, sometimes irritatingly so, Big Bus tours that come through the neighborhood to see the prison and to see the houses, I see that these historic communities really are attracting increasingly tourism.

I think, however, the cost to secure and preserve an old building like mine to meet the historic designation is not cheap. I know even for my husband and I, we postponed probably for several decades $6,000 to $8,000 work on pointing on the house at least to do other projects and get three kids through college.

I do see for some of my lower income neighborhoods, particularly on the eastern end that remains a little bit more diverse in terms of African American

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and Hispanic homeowners, that these costs really can be astronomical. For some who have done the repairs with historic windows, it's really meant long-term loans to pay for the cost. And I see for one of my neighbors who has postponed doing brickwork on their facade, that the increasing deterioration as they move to get new estimates is really going to cost them more and more and having the house be in less and less good condition.

I think for a city, I think we want to support, with a bill like this, our historic neighborhoods, because I think it's -- we don't want the cost of preservation sometimes going along with the press of gentrification to make it difficult for homeowners of modest or low-income means that they cannot stay in their communities, because I think as a city and as a community, we stay strongest where we're cohesive, we're diverse, and we're stable. And I think the tourism is such becoming an economic

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pillar of our neighborhood, I think this is part of what is the attraction to keep people here.

I think this is a first step, this bill, exploring ways that we can support through grants or other ways and a step that's been successful before with the Preservation Alliance's previous program, that I think it's really worth looking at and going forward with.

As I age and my house ages, I want it to maintain strong bones. We don't want to see our houses or myself deteriorate with osteoporosis. I kind of hope this bill will keep our houses strong and help the whole group of neighbors who may have less resources than I do to keep their houses strong.

So I strongly support this bill and appreciate your putting it forward as an option.

COUNCILWOMAN BLACKWELL: Thank you very much.

Any comments or questions?

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(No response.)

COUNCILWOMAN BLACKWELL: Thank you. We thank you very much.

Is there anyone else here who would like to testify with regard to this historic preservation fund, Resolution No. 190663?

(No response.)

COUNCILWOMAN BLACKWELL: Seeing none, we will ask the Clerk to read the title of Resolution 180609, Food Diversion Tax Credit.

THE CLERK: 180609, resolution authorizing the City Council Committee on Finance to hold public hearings on a potential "Food Diversion Tax Credit" in the City of Philadelphia.

COUNCILWOMAN BLACKWELL: Thank you very much.

We'll call on this resolution's sponsor, Councilwoman Blondell Reynolds Brown.

COUNCILWOMAN BROWN: Thank you very much, Council lady. This resolution

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was co-sponsored by my colleagues Councilwoman Helen Gym, Councilman Derek Green, Councilman Al Taubenberger, Councilman Allan Domb, Councilwoman Jannie Blackwell, Councilwoman Maria Quinones-Sanchez, Councilmembers Bobby Henon, David Oh, Bill Greenlee, and Councilman Kenyatta Johnson, which authorizes the City Council's Committee on Finance to investigate the feasibility and potential of the creation of a Food Diversion Tax Credit.

The impetus for this bill is the following: Philadelphia is home to more than 500 full-service restaurants in Center City alone, not including coffee and pastry shops or fast food chains. The Philadelphia Streets Department reports nearly 640,000 tons of food waste per year at a significant expense, with 78 percent of the waste coming from commercial locations.

So I want to thank the Bellevue Strategies, Philabundance, and the Center for EcoTechnology, all of which are deeply concerned about growing a more healthier Philadelphia and being smarter about how we dispose of food.

Now more than ever, we believe, this partnership of stakeholders, believe that we need to craft stronger strategies which also will contribute to a healthier Philadelphia with more sustainable food practices.

Lastly, in our city, there are substantial threats to this new reality known as food insecurity. In fact, Philadelphia is currently tenth on the list of America's top ten hungriest cities. We're tenth on the list. A quarter of our population, we know and we hear often, live at or below the poverty line, with 19.3 percent of our citizens reporting food insecurity. And the most troubling aspect about food insecurity is that it in fact affects our most vulnerable, and that would be children.

So I do look forward to all of

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the partners I've mentioned who care very, very much about this issue, and the hope is that as we capture testimony, we can then use that to frame a potential piece of legislation that will move us towards crafting a measure by which we indeed put in place a Food Diversion Tax Credit given the enormous amount of food waste that we have in our city.

Thank you, Madam Chairwoman.

COUNCILWOMAN BLACKWELL: Thank you, Councilwoman.

We will now ask Libby Peters, Director of Policy and Strategic Initiatives for the Commerce Department, to come forward and make her testimony.

(Witness approached witness table.)

COUNCILWOMAN BLACKWELL: Thank you.

MS. PETERS: Good afternoon, Chairperson Blackwell and members of the Committee on Finance.

COUNCILWOMAN BLACKWELL: Thank

you. Thank you for your patience.

MS. PETERS: Thank you.

My name is Libby Peters and I am the Director of Policy and Strategic Initiatives for the Commerce Department. I'm happy to be here today to provide testimony on Resolution 180609, which authorizes a public hearing to explore the potential of creating a Food Diversion Tax Credit in the City of Philadelphia.

We applaud the agencies, organizations, and businesses that are working together to address the issue of hunger in our city. With our 24 and a half percent poverty rate and median household income of $46,000, the need in our city is great, and we must continue to find ways to engage businesses as partners to help us make a greater impact in our communities.

In 2016, Pew published a report that highlighted the fact that of the 30 largest cities in the U.S., Philadelphia has the highest number of tax incentives at 21. Over the past year, the City engaged a third-party consultant to evaluate seven of our most commonly used economic development incentives. While all of these programs were found to have a positive return on investment to the City, an important overall finding of the report was that our incentives regime is too complex. We have many competing programs, and due to the exemption of the first $100,000 in taxable Philadelphia gross receipts on the business income and receipts tax, approximately 70 percent of businesses in Philadelphia do not have a tax liability high enough to utilize a tax credit.

For all of these reasons, the Administration is working with City Council to begin to explore the creation of a Quality Jobs Creation Program, which we hope to pilot in FY21. Under this program, the City would be able to establish qualification criteria that

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closely align with our policy goals around wages, hiring, equity, and sustainability. Grants have the benefit of being available to small businesses as well as non-profits, and because we would not be under such strict confidentiality laws as related to tax credits, the City could publish reports on which businesses are receiving grants and better track outcomes related to the program.

Because food waste is also a sustainability issue, the Quality Jobs Grant Program could certainly reward businesses that have food diversion programs in place. We believe an easy-to-understand-and-access grant program designed to reward businesses who demonstrate corporate responsibility is better for businesses, better for the community, and better for our city than another standalone tax credit.

Thank you for the opportunity to testify before you today, and I'm happy to answer any questions that you

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may have at this time.

COUNCILWOMAN BLACKWELL: Councilwoman Reynolds Brown.

COUNCILWOMAN BROWN: Do you know if any other cities -- first of all, thank you for your testimony, which is important as we build a base and a foundation of evidence to substantiate or justify any subsequent action.

So do you know at this time if any other municipalities across the country might have already adopted this measure or this type of initiative?

MS. PETERS: I'm not aware of any, but I could do some research and get back to you.

COUNCILWOMAN BROWN: Okay. The only city in the world I know that has done this is Paris, France. And so I'm always of the belief once you get a group of smart people around the table, there's a way to figure out how we can make things better. And so the hope is that that will happen once we get past the resolution stage and build a case, make a case, if you will, for us to look very strategically and seriously in this direction.

MS. PETERS: Absolutely.

COUNCILWOMAN BROWN: Thank you very much.

MS. PETERS: Thank you.

COUNCILWOMAN BLACKWELL: Thank you, Ms. Peters. Thank you.

Panel 2, Cheyenne Pritchard, Sustainability Associate for Philabundance.

I'm sorry. One moment. Councilman Domb.

COUNCILMAN DOMB: Thank you, Madam Chairwoman.

Thanks for your testimony.

MS. PETERS: Thank you.

COUNCILMAN DOMB: I have a question for you. You mentioned the incentive study, which I thought was a very good study. What was your takeaway from that incentive study?

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MS. PETERS: The incentive study was a very robust study, very thorough. The main top-line finding was that we have a lot of different tax incentives. There are 21 different tax incentives in place in Philadelphia. That's the most of any major city, and that can create underutilization of some of the tax credits and sometimes create confusion in the marketplace.

One of the kind of key recommendations was that the City should consider kind of consolidating and streamlining the number of tax credits that we have so that we can be more targeted, that they can be more effective, and that we can really incentivize policy goals to a greater extent.

COUNCILMAN DOMB: Were most of the tax incentives in place? Because what I gleaned was that they felt our business taxes were high, the BIRT taxes and even the City wage taxes. Was that your understanding also?

MS. PETERS: I think that that was definitely one of the findings of the report, was that we have many different taxes, many that are placed on businesses due to restraints that we face with the state's uniformity clause. So many of the tax credits, as you say, are applied against the BIRT. And also remember that we have an exemption on the first 100,000 in gross receipts now, so about two-thirds of businesses no longer pay the BIRT.

COUNCILMAN DOMB: In your opinion, do you think it's the BIRT tax and partially the wage tax that causes the fact that I mentioned earlier, that 40 percent of our population commutes to a job outside the City every day?

MS. PETERS: I think that we're certainly working to address both of those taxes and have scheduled reductions, because that certainly affects our business environment.

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COUNCILMAN DOMB: Okay. Thank you. Thank you for your testimony today.

MS. PETERS: Thank you.

COUNCILWOMAN BLACKWELL: Thank you.

And thank you, Councilman Domb.

We now have Cheyenne Pritchard, Sustainability Associate from Philabundance; Harrison Hayman, Feed Philly Coalition; and Abbe Stern, Food Forward. Evan Ehlers as well.

(Witnesses approached witness table.)

COUNCILWOMAN BLACKWELL: Thank you. Identify yourself and begin your testimony in any order. Thank you.

MS. PRITCHARD: Good afternoon, members of City Council. Thank you for having me today to speak about a Food Diversion Tax Credit for Philadelphia. I want to especially thank Councilwoman Reynolds Brown for the invitation to be here today and for her tireless work to address hunger in Philadelphia.

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My name is Cheyenne Pritchard and I am recently a Program Manager in the Sustainability Department at Philabundance. I first have to admit that I'm a Pennsylvania transplant. I spent the first 18 years of my life in Iowa, growing up near cornfields with a large garden in my backyard. I understood from an early age that food is powerful. Food is nourishment, a catalyst that can bring different communities together. And I see this power here in Philly through the vibrant food culture of diverse and talented chefs and innovators. But I also see a different side of foods' power. In my work at Philabundance, I see hunger, families choosing between heating bills and their next meal, yet so much food is thrown away daily.

I joined Philabundance because I believe food is a human right, and I'm proud to be working amongst people that believe food waste and hunger should never co-exist.

Philabundance was founded nearly 35 years ago on this ideal when Pamela Rainey Lawler delivered surplus food from restaurants to nearby agencies, setting the foundation for Philabundance to become the largest food rescue organization in the region. Last year alone, we distributed over 26 million pounds of food, 75 percent of which would have otherwise gone to waste. From the port of Philadelphia to the wholesale produce market, from grocery store banners to mom and pop restaurants, we engage donors across the food system.

I oversee the Emerging Retail Program, which involves a number of current and future donors that we believe would benefit from a city-level tax credit. My work focuses on rescuing what we call the small, mini, and random. These are donations from consumer-facing food businesses that often require a complex logistics plan and significant oversight for smaller donations. This can often discourage potential donors. But we know from experience that the pounds add up and the community and environmental impact is there.

Since 2018, we've captured nearly one million pounds and have just begun to scratch the surface in Philadelphia. Some examples of our current partners include the Reading Terminal Market, the Philadelphia Airport, Starbucks, and Predamon J (ph).

Using our transportation fleet and collaborating with local groups such as Food Connect ensuring access, we are ready for more, but to do more, we need your support. I've had the privilege of working closely with a diverse pool of donors, community-based agencies, and rescue partners, and there are themes I see consistently. Money talks and policy matters.

To increase business participation, the food donation process needs to be financially feasible. Yes, many businesses care about the impact, but donating comes with additional costs, such as packaging product and storage space. If donating food is more costly than tossing it, it's difficult for us to make a powerful business pitch. This is particularly true for smaller businesses who have small profit margins, as they often don't benefit from the current federal enhanced donation tax credit and wouldn't see a change in hauling costs.

A city-level Food Diversion Tax Credit would offset these donation costs, further incentivizing business to join this initiative to help our neighbors and our environment while protecting their business interests.

We believe a city-level Food Diversion Tax Credit will both validate and elevate food rescue as an important and sustainable diversion strategy and further enable us and rescue groups to continue diverting more good food to people, not landfills. We've been doing this for 35 years, and we know your voice on this issue will make a difference.

I want to thank you for considering my testimony today. Philadelphia is a vibrant city full of loyalty and love, but yet we have one of the highest percentages of people facing hunger in the country. I hope you'll consider a Food Diversion Tax Credit for Philadelphia to help us take a big step forward in the fight against food waste and hunger.

Thanks.

COUNCILWOMAN BLACKWELL: Thank you.

MS. STERN: Hello. My name is Abbe Stern and I am the Operations Manager at the Rittenhouse Hotel as well as the founder of Food Forward. I'm here today on the business end of an organization who has tried to rescue food, tried to participate in the food waste problem in the City on the industry

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side.

Being on the corporation side of the business who has that waste to give, I see how difficult it is to get the managers, if you will, on board just on a labor standpoint. It's costing them materials in terms of packaging any excess food. It's also costing them labor to then train their employees to follow this new system and then using an outside vendor like a Sharing Excess to potentially pick up that waste and the coordinating efforts behind that.

I am very passionate about the issue, so I've been more than happy to take that stand for the hotel and for Hersha Hospitality as a whole in the City of Philadelphia, but I'm seeing how other organizations aren't that lucky and may not have those resources. With a kind of food diversion tax incentive like this, it could get more people in the space paying attention and wanting to participate.

It is costly to the business to have food rescue efforts in place. You need someone coordinating said efforts. You need materials to box up the goods, and you need someone to pick it up, as well as dealing with all the logistical nightmare kind of in between. This tax diversion credit is a small step towards bridging that gap to rescuing all the food waste in the City, especially on the hospitality end of things, but it is a step forward and it is the right step.

And that's all I have for you today. So thank you.

COUNCILWOMAN BLACKWELL: Thank you.

MR. HAYMAN: Hello, guys. Thanks for presenting this bill. This is great. I'm Harrison Graham Hayman. I'm the Chief Inspiration Officer of Gemini Hospitality Consultants and Management Company. We assist restaurants in their operations, but prior to that, I worked 30 years for the Bynum Hospitality Group

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or the Bynum Brothers, so I have the pleasure and honor of bringing some of the finest restaurants to Philadelphia, including Zanzibar Blue, South, Warmdaddy's, and the list goes on and on.

COUNCILWOMAN BLACKWELL: We love them.

MR. HAYMAN: They're great places. They're the greatest places in the world actually. I've had the pleasure and honor.

That's what I've done professionally. On the personal level, I started about six months ago or so the Feed Philly Coalition, which the intention is to bandy restaurants together to give their excess food, and as we know, especially with the restaurants, the Bynum Brothers, they never wanted to overcharge anybody. They wanted to keep the prices as reasonable as possible so the margins are extremely low.

So we're incredibly efficient

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with our food, but despite doing that, there is excess food. That's just the cold, hard reality in the restaurant business. As we've heard from my colleagues and we've discussed, food insecurity is an incredibly stark reality for far too many Philadelphians.

So what are some actions that we as responsible citizens and in this case restauranteurs can take in order to help hunger and eliminate food insecurity? One solution is to work on eliminating food waste from restaurants, convenience stores, catering halls, and every other establishment that prepares food and cooks food on a daily basis. So there's food left over. The unfortunate reality, as the statistics reported earlier by the Streets Department, it ends up in the trash.

According to EPA data, Philadelphia has more than 1,500 limited and full-service restaurants and caterers. I believe that number is low,

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but that's the number I have in front of me, a number that seemingly continues to grow every day. Strikingly, it is estimated that these businesses waste more than 22,000 tons of food, tons, and while some restaurants do participate in food recovery programs, most don't.

The story is similar for more than the 300 Philadelphia grocers and supermarkets. According to research, these businesses waste more than 21,000 tons of food per year. While the edible portion of this food is a much larger percentage than restaurants, there is still a significant portion of the food being wasted and thrown away while Philadelphians starve every day.

I would also add that our mindset about what is good food needs to change as well. So I use the example of a green pepper. Everybody who gets a green pepper cuts the top and the bottom off and hollows out the middle because we want the pretty middle, but there's

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nothing wrong with all the rest of that part of that green pepper.

At Feed Philly Coalition, we are working to accomplish the goal of eliminating food waste in Philadelphia. Our goal is to connect local restaurants and other establishments with the resources they need in order to preserve leftover food and donate it to food banks and pantries, soup kitchens, and other organizations that provide food to those who cannot afford a consistent meal rather than letting it go to waste in the garbage.

In previous years, the City has found success with donating unused food after large events, including the 2015 World Meeting of Families, the 2016 DNC, and the 2017 NFL Draft. Brown Super Stores and Giant Foods, both of which have significant presence in Philadelphia, have one acclaim for their food reduction efforts. So it can be done. It's just not being done

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consistently. It's being done when all the eyes of the world are watching, but not every day and every week.

While some restaurants have begun to follow this practice and prepare meals out of the excess products, our city has a long, long way to go. In order to fully tackle this problem, it requires a change in the mindset from restaurants, catering halls, supermarkets, corner stores, and others.

Many of these businesses have been hesitant, as Abbe said, to undergo the process of donating unused food because of the financial costs associated to them, but we have reached a point where we can no longer ignore the problems of hunger in the City any longer.

I'm a restaurateur. I get it. We're all burdened by day-to-day operations of the restaurant, just trying to make it go, but I'm a human being first and I can no longer sit idly by while too much food is being wasted so unnecessarily and blocks away people are food insecure or just starving.

Food insecurity is not only a moral issue, but an environmental one too. Food waste produces harmful greenhouse gases and consumes a significant portion of our planet's crop land, fresh water, fertilizer, and landfill volume. Food insecurity affects men, women, and children of all backgrounds. Childhood hunger in Philadelphia, as we alluded to, has more than tripled, which is hard to believe, from 2006 to 2016, with cognitive development and other behavioral issues as a result.

While some states and municipalities have begun to provide incentives for businesses to recycle their unused food, the majority of the country has not, and the businesses have been slow to get on board. However, this issue is too critical to be brushed aside anymore. That's why I support Philadelphia taking the necessary steps to create incentives to make a dent in this major issue. It's a long time past due to get this done, and I appreciate this forum to bring it up. Unfortunately, I think in this situation we're going to need policy to change behavior, and I think if we incentive folks, say it with cash, it's not going to cost you money. At a minimum, you'll break even. You may actually net-net be left with something, because like with anything else in the restaurant business, we'll learn to be efficient. We'll learn to figure out ways to do it to make it -- incorporate in what we do.

The analogy I use is recycling. There was a time in our lives when recycling wasn't commonplace. We just threw it out. But operationally you learn to adjust and you learn to do the right thing. Not everybody is recycling, but it's made -- it's helped. Not

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everybody will do the food donation thing, but it will certainly help.

So, again, thanks, guys. I appreciate you guys -- I appreciate you bringing it up and I appreciate all the support it already has. And thanks to Bellevue Strategies and my colleagues for all the hard work they do every day.

COUNCILWOMAN BLACKWELL: Thank you.

Let me say that certainly when we talk about this, this is right, as they say, down my alley, as recently as Saturday when we were at a wedding and we had nine of the largest pans of food left. Of course in this instance we took it to 1515, but we have always been involved.

It's so important that we have this commitment. I mean, we feed as many as 8,000 people at a time at my Christmas party, 4,000 to 8,000, and there are ways, there are -- sometimes people come, Chosen 300 Ministries, and in this

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instance, we had a gentleman and his wife take it to them because our person had a death in their family, and so they brought it downtown on their way home to Baltimore.

But everybody knows of our commitment to food and to not wasting it when so many people have issues in this regard. And certainly this is very important. I certainly commend Councilwoman Reynolds Brown for even coming up with this to do, and certainly it's an issue that we've been dealing with for many years and one that I'm glad we're going to formalize into a program so that we can make sure we don't waste and that people with food insecurities are able to take advantage of something this important.

Thank you, Councilwoman.

COUNCILWOMAN BROWN: You're welcome.

COUNCILWOMAN BLACKWELL: Any comment?

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MR. HAYMAN: We have one more gentleman here.

MR. EHLERS: I need to read my testimony.

COUNCILWOMAN BLACKWELL: Thank you.

MR. EHLERS: Council, thank you for having me. Councilwoman Reynolds Brown, thank you so much for bringing attention to this.

So really I just want to echo what my colleagues are saying and what everyone here, I'm pretty sure, is in agreement of.

My name is Evan Ehlers. I'm Co-Chair of Philadelphia's Food Policy Advisory Council focused on zero waste and I'm also the founder of Sharing Excess. We're a movement of students fighting for food insecurity in Philadelphia. We work with hundreds of students to pick up leftover food from grocery stores and restaurants and deliver that to over 27 hunger relief

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organizations throughout the City.

So we started because a local business reached out to us and asked can you pick up the leftover food that they had just sitting in their loading dock. It was an opportunity that they gave to us, and we saw how big of a problem this was firsthand. We started doing research on how much of a problem this is nationally.

So approximately one-third of all food goes to waste in the United States. It's about 126 billion pounds. You could fill over 700 football stadiums from the bottom to the very top with all of this food that is perfectly edible that can be given to people who need it.

Now, at the same time, one in seven people are considered food insecure in the United States, and as you know, in Philadelphia one in five people are considered food insecure, and the poverty rate is increasing by double digits every year. And what's really most apparent is

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that there's so much food going to waste that it could feed every one of the 40 million hungry Americans two times over. We're wasting so much food that we can end hunger, more than double, in the United States, but the only problem is that, like my colleagues are saying, is that it's a logistical nightmare for businesses to have their food -- get their food to people who need it to organizations like ours who are delivering to hunger relief organizations. And the businesses that we work with today, the over 40 businesses that we personally work with, I'll be the first to say that they're not doing this because of the money. They're not donating food because of the money. They're donating it for many other reasons, primarily because it's the right thing to do.

But my colleagues are here so that we can now push this to get the majority of businesses in Philadelphia to

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be on board with this movement. And I think really Philadelphia has a unique opportunity to be a role model city for other cities around the United States, where not so much should we think of this as a solution only for Philadelphia but also a solution for the United States. If we can figure this out here, we can be a role model everywhere, and we are more than willing and ready to help you guys do that, and with this diversion tax credit, we can help this become the new norm, and I think that that's what we can do. We can show everyone that this is what a real city is like and how they can care for their communities and work with businesses.

And so really what this comes down to at the end of the day for the businesses that aren't already on board is that they're a profit-thriving business. My colleagues and I are doing this mostly for free, right, but they need to make money throughout the day,

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and this tax credit, Food Diversion Tax Credit, is just enough. It's the straw to break the camel's back to make this work for the majority of food businesses in Philadelphia.

And I think it's only right that a business that's doing something for the betterment of the City, the City can then come back to return it and do something for the betterment of that business that is in turn helping the City and its citizens. Because Philadelphia is an ecosystem of communities, business, and government, and when businesses are financially incentivized, they are more likely to donate. And when businesses donate to people facing poverty, then those people facing poverty have one less thing to worry about. And when they have one less thing to worry about, including food, they get one step closer to becoming a contributing citizen of Philadelphia again, where it can become a beautiful system. And I think that this

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is really what we want to create, is this beautiful ecosystem of businesses, government, and people coming together to create prosperity for all.

So I hope this Council will help us continue this beautiful movement to make Philadelphia the best city in the world.

So thank you again so much for providing this opportunity, and we are so, so much behind this. Thank you.

COUNCILWOMAN BLACKWELL: Thank you. We know you'll be part of it if we get there. It will be with your help.

Thank you all very, very much.

Councilwoman Reynolds Brown.

COUNCILWOMAN BROWN: Yes. Thank you very, very much. I appreciate my staff -- thank you, Steven -- for the diversity and mix of the panel, and I'm always thrilled when I see young people who represent the next generation on the front line. It makes us hopeful that this huge elephant that's in front of us,

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indeed if we cut it up into little bites, we'll be able to figure out how we as a city can do better. It's an opportunity for Philadelphia to be a leader in this way. And you made a striking comment that we do it when the world is watching. We need to look to see how we can make this the norm and not the exception as we go down this road.

So know that this is step one on this particular issue, with hats off tipping our hats again to Bellevue Strategies. We'll reduce this to writing and then submit recommendations to the Mayor.

So thank you all for the important, good work that you do every single day. Thank you very much.

(Thank you.)

COUNCILWOMAN BLACKWELL: Thank you very much.

We want to thank members of the Committee. We will hold these resolutions in Finance Committee subject to the call of the Chair. This has been a very interesting, very important Committee hearing where we tried to serve people all morning long. We're grateful, and we shall recess.

Thank you all very much.

(Committee on Finance concluded at 12:40 p.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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