

Testimony of Catherine Scott  
Regarding Bill # 110443  
City Council Hearing - June 8, 2011

Good Morning, President Verna and members of City Council. My name is Catherine Scott, President of AFSCME District Council 47. My Union represents approximately 4,000 employees in the City of Philadelphia, the First Judicial District and the Philadelphia Parking Authority who are members of the City Pension Plan. Thank you for the opportunity to testify today.

Before I address this specific legislation, I would like to provide some facts which I know you as City Council members know but have been so distorted or misrepresented that they need to be clearly stated.

- 1) Pension payments are not taxpayer dollars. They are paid by the Pension Trust Fund to retired employees.
- 2) Pensions are a negotiated benefit, like wages.
- 3) Our members pay into the pension fund out of every paycheck. If they are in the J plan, they pay 3.75% of their salary from the day they start working. If they are in the Y plan, which is a lower benefit than the J plan, they have paid between 1.95% and 2.2% depending on what the plan actuaries decide each year. Our members have never missed a pension payment.

- 4) DC 47 represented employees do not return to City employment after completing their deferred retirement option program.
- 5) The City has failed to make its pension payments, sometimes skipping entire years, sometimes paying less than it was legally obligated to pay as is currently happening under this administration.
- 6) There is a difference between current pension obligations and an unfunded liability.
- 7) To stay current on pension payments, the City's portion is 2.25% of salary for J plan participants. For a Social Worker making \$40,000 per year that's \$900 per year. In this example, our members would pay \$1,500 per year.

As to this proposed legislation City Council is relying on various actuarial analyses to evaluate the cost of DROP. A Bolton analysis dated June 1, 2011 to City Council contains an analysis for plans Y and J in which our members participate. On pages 3 and 4 Bolton has multiple assumptions, one of which is 2 years of wage increases since the Boston College study. As we all know, non-uniformed Union represented employees have not had wage increases since July 2007 and step increases and longevity have been frozen by this Mayor since July 2009. Why would anyone accept, much less believe, any cost analysis which can't get basic information like salaries correct. Both the Boston College Study and now the Bolton study are fraught with incomplete and inaccurate information.



For several years both the Inquirer and the Daily News have attacked City Pensions in general and DROP in particular citing the so called cost of the program. On June 3, 2011 the Daily News switched its attack with an editorial stating "DROP is no longer about the money". It acknowledges "(In fact, DROP was always just a tiny raindrop in the tidal wave of pension problems headed for the City). DROP is now about confidence in government."

Rather what this has always been about is a relentless attack against City employees and defined benefit pensions. This most recent bait and switch should been seen for what it is. Just as the citizens of Wisconsin have recognized that the attack against public employees was never about balancing the budget, our daily papers are now revealing their true anti-worker goals.

The Deferred Retirement Option Program is part of the existing pension program and as such is a mandatory subject of bargaining and can only be addressed at the bargaining table for Union represented employees.

Again, thank you for the opportunity to testify.