

Legislation Text

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October 26, 2011

To the President and Members of
The Council of the City of Philadelphia:

For the following reasons, I am returning to your Honorable Body without my signature Bill No. 110557, which was passed by Council at its session on October 13, 2011.

Bill 110557 would require certain City contractors who provide services for the City, depending on the size of the contractor, the size of the City contract and whether or not the contractor is a “for-profit” entity, to provide all full-time employees who work on those contracts up to seven days of earned sick leave a year. The bill also requires certain recipients of City financial assistance, such as grants and tax incentives, of more than \$100,000 to provide employees who work in connection with the benefited project the same benefits.

As my Administration has testified, both in connection with this bill and with Bill 080474-AA, I certainly am sympathetic to the policy goal of promoting employment that includes good benefits that allow employees to care for themselves and their families when they are sick. Moreover, I appreciate that, unlike Bill 080474-A, which would have applied to all employers in the City, Bill 110557 is far more limited and is directed to workers whose job is supported to some degree by public dollars.

In developing my views regarding this bill, however, I have had to balance my views regarding the social benefit of the mandate against the potential costs to the City of instituting it.

When the City contracts for services, our primary duty is to ensure that the City gets the best service while trying to limit costs, in order to maximize our limited budget. Establishing employment requirements on City contractors generally may have some impact on the cost of some contracts, as contractors who do not provide the benefits incorporate their potential added costs into their overhead charges. The bill might also impact the pool of available contractors, if contractors choose not to do business with the City rather than deal with additional administrative issues it may raise for them. For example, an employer may have to decide whether to treat its employees differently from one another, depending on the location of the employee or whether that employee works on the City project.

I certainly appreciate, as the bill’s sponsor Councilman Goode has emphasized, that the section of the Philadelphia Code into which these requirements would be incorporated contains a broad waiver provision that would allow the City to waive the requirements, for example, if it appears that costs will be passed to the City that the City cannot afford. I am advising my Administration to utilize the waiver provisions as much as affected departments determine necessary, in order to make sure that potential additional costs in any particular case can be evaluated before the City proceeds to assume such costs if determined appropriate in a particular case.

I also appreciate conversations I have had with Councilman Goode in which he has assured me of his

willingness to work cooperatively on any potential amendments we may consider useful to eliminate or prevent any unintended consequences that may result from the bill. In that regard, I also look forward to input regarding this new requirement provided by the Living Wage and Benefits Advisory Committee created by Bill No. 110558, which was also passed by Council on October 13, 2011, and which I have signed today. The Committee is charged with advising Council regarding the implementation, effectiveness and enforcement of the sick leave requirements, as well as regarding the Code's minimum wage and benefits standard for City contractors. Although created as an advisory committee to Council, I will look to the Committee to assist my Administration with these considerations, now and after July 1, 2012, when the sick leave requirements take effect.

Even so, requirements such as this also send a message to the business community. Just this week, Council voted in committee to favorably recommend two business tax and fee reduction measures that send a strong signal to the business community that we want to encourage businesses to locate and expand in the City. Consideration, and hopefully adoption, of those bills will have not only a concrete monetary impact, but also an intangible impact as well. Regardless the extent to which the requirements of this bill are applied in particular cases, I am concerned that the bill will potentially affect the perception of the City's appreciation of the importance of business growth, and increased employment, to our success as a City.

Because of my support for the general goals of the bill, and the fact that the potential tangible costs of the bill may be quite limited, I am not returning the bill disapproved. In order to reflect my concern about the signals we are sending to the business community, however, I am returning Bill No. 110557 to you unsigned.

Respectfully,
Michael A. Nutter,
Mayor