

Monday, February 9, 2009

My name is Cathy Scott. I am President of AFSCME District Council 47. Joining me today are, Eric Braxton, a spokesperson from the Library Coalition, Stan Shapiro from One Philadelphia, and John Hogan from Neighborhood Network.

We thank you for attending this press conference.

Over the next weeks before the Mayor's March 19 budget address, the City has the opportunity to explore all aspects of the budget for the next five years before making decisions that will impact all of us. The City and its elected officials have a responsibility to openly, transparently, expertly and honestly examine every potential action that may impact the lives of our fellow citizens. To date, the Mayor has failed to do so.

The Mayor was widely criticized for the secret process he engaged in prior to announcing his first round of cuts in City services. Responding to blistering criticism, the Mayor, the City and their allies have now embarked on a Public Relations Ploy to give the appearance of openness, transparency and honesty as they prepare their next round of cuts in services.

In preparation for his Budget address, the Mayor has announced two programs to explain, from his point of view, the "wisest choices" in what has become termed, "The Budget – Round Two."

One program is Phillystat meetings.

The second program is a forum co-sponsored by Penn and WHYY that is subtitled "Community Forums to Explore Budget Cuts." The title announces that the forum results are already determined – more cuts on top of more service cuts.

The initial forum will be repeated in three other areas of the City. But one can expect the results of the first forum to be mirrored at the other three.

By design, by intent, and, to date, by action, the program is fatally flawed.

It presents only one option to the public -- Cut services here, or cut services there. We call it the, "More rats or fewer libraries" campaign. The result of the forums is foreseeable. It's predictable. And, unless the process is subject to major revision, it will lead the City and its citizens down a false and self-defeating path.

Pretending democracy, claiming citizen involvement with some limited freedom of choice, the forums will provide little political cover from another round of blistering criticism because they provides only false and unacceptable answers to a situation that

has many facets.

Unless a change is made in the information and decision making process, the deck has already been stacked in favor of additional service cuts.

With only the information presented to date, true civic engagement is impossible.

Picture Philadelphia as resting on a four legged stool. Now, due to the economy, the four legs are uneven and Philadelphia is shaky. If you keep sawing away at the “service” leg, the stool will fall over.

There are other ways to even the legs of our wobbly financial stool. Build up income. Streamline spending. Collect uncollected revenues. Make those who get a free ride pay their fair share. Ask those who benefit more to pay more.

There have been dozens of ideas for revenue increasing measures that do not require citizen tax increases.

To mention a few:

The new members of City Council presented a plan.

The Controller presented areas to raise revenue and collect taxes.

The newspapers have targeted abatement losses, perks and pet projects, red tape and inefficiencies.

A recent proposal suggested taxing oil refined in Philadelphia by just twenty-five cents per barrel that would add millions to the City’s budget options.

The union I represent will continue to provide additional sources of new and lost or uncollected revenue over the period of these forums. Other unions are prepared to identify areas for savings and enhanced revenue.

These are not insignificant amounts. Over five years, these proposals would save or produce hundreds of millions that should be part of the pie citizens are falsely being asked to cut up at forums.

We stand in front of a building that used to generate \$121,000.00 in real estate taxes to the City. It was bought by Penn. Due to Penn’s tax exempt status, it now generates only \$83,000.00 in real estate taxes – a figure Penn seeks to reduce further.

There are hundreds of similar properties throughout the City, which pay little in real estate taxes but gobble up costly city services -- for example, trash collection, street lighting, fire and police protection.

At Temple, there are buildings just like this. Children’s Hospital continues to eat up city blocks and services and skips on paying its fair share.

There used to be a program that generated millions to the City. It was called PILOT – Payments In Lieu Of Taxes.

Rather than addressing making the wealthy pay their fare share, the Mayor's Phillystat materials promotes these three exempt entities as areas of growth which will bite even more off the real estate tax rolls.

But, there is no talk of PILOTS, either mandated or voluntary.

Before continuing callous service cuts, let's ask, what does Amtrak pay? Is that fair? What does Independence Blue Cross pay? Is that fair? Why does SEPTA pay less than the Sunday Breakfast Association an organization that tends to the homeless and poor who can ill afford more service cuts. Is this fair?

If PILOT payments were made equaling just 40 percent of real estate taxes currently exempted, the City would collect more than \$38 million a year. Or, more than \$190 million over five years. Just 14 of the largest exempts, paying a fair share would garner \$21 million per year. Or, more than \$104 million over five years.

Leaving aside that only the government's information will be presented, the only two announced questioners of these facts will be Tom Ferrick of WHY Y and Chris Satullo.

Neither is totally independent of the process. Sometimes just the appearance of a conflict of interest is enough to raise questions. I have heard some of those questions.

Does Mr. Ferrick come to the table with a mind already made up? His recent writings on the budget matters suggest he will. Mr. Satullo is the co-founder of the Penn Project for Civic Engagement – the group running the forums. Penn, as explained a moment ago, has a stake in the outcome of the budget decisions.

Will the question be asked, "Should Penn pay the City for the many services it currently receives for free or should we close the pools to save money?"

I can predict the answer to the question if it is asked. But, I cannot predict that the question will be asked.

No one is suggesting that Penn, WHY Y or the Mayor has any ulterior motive. But any pollster or researcher will acknowledge that how you present a question can determine how it is answered.

An example. "Would you rather have government raise your taxes or accept some cuts in minor services?" "Would you rather government did a little better job collecting taxes or see cuts in services?" Similar questions. Different answers.

This difference of intent is at the core of the situation facing Philadelphia.

It is our position that the second, third and fourth forums must be changed to address the other legs of the wobbly stool. Specifically, one meeting for discussing increasing revenues; one to discuss potential savings; and, the third, to discuss the implementation of a comprehensive program under which the City actually collects what it is owed.

Genuine engagement of the citizens requires the citizens to have all the facts before they are asked to make a choice.

The question at the remaining forums shouldn't be, "What cuts do we make to address the budget crunch?"

"The questions should be, "How do we run the best possible city with the current level of services? How much will it cost? And, where do we find the revenue?"

There is time to do this right. Today, I ask if there is the will and courage to do this right.