

**DEPARTMENT OF LABOR
FISCAL YEAR 2025 BUDGET TESTIMONY
MARCH 26, 2024**

INTRODUCTION

Good afternoon, President Johnson and Members of City Council. I am Perritti DiVirgilio, Director of Labor. Joining me today are Manny Citron, Chief of Staff, Candace Chewning, Deputy Director of Workers Protection, Cara Leheny, First Deputy, and other senior Department of Labor leaders. I am pleased to provide testimony on the Department of Labor’s Fiscal Year 2025 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission:

The Philadelphia Department of Labor (DOL) builds partnerships between management and the labor organizations representing City employees and non-City employees; creates, implements, and administers City policies and practices necessary to achieve equal employment opportunity (EEO) in the workplace and compliance with antidiscrimination policies and laws; and administers and enforces the City’s worker protection laws for over 700,000 public and private sector workers in Philadelphia. As the City’s main point of contact for the labor community, the Department: handles negotiations between City unions and City management; responds to unfair labor practice charges filed against the City; represents the City in union disputes; develops and conducts training; investigates complaints of discrimination, harassment, and retaliation; ensures that employers with City contracts pay prevailing wages; and resolves minimum-wage waiver requests. DOL provides essential support for the City employees who are working to build a City government that residents can see, touch, and feel. Additionally, DOL works to build economic opportunity for all Philadelphians through enforcement of the City’s worker protection laws.

Plans for Fiscal Year 2025:

In FY25, the top priority of the Philadelphia Department of Labor will be to resolve any open Collective Bargaining negotiations: Our team will be tasked with reviewing grievances, complaints and arbitrations over the last contract term to determine trends and modifications that must be addressed in the negotiations for all municipal unions.

The Department believes that positive employee relations will lead to less turnover, less workplace disruptions, strengthen workplace bonds and culture, increases employee morale and productivity, and align in total with Mayor Parker’s vision for a greener, safer, cleaner city with economic opportunity for all. To help reach that goal, during FY25, the Department of Labor will maintain and re-establish strong relationships with labor union representatives, department heads, commissions and other stakeholders to foster open and transparent dialogue on labor and employee relations. Additionally, the Department will work to support its partners in OHR to improve our staffing levels for civil service positions.

On the external facing side of the Department, our priority in FY25 is to continue serving the workers of Philadelphia by ensuring that wages get

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paid and benefits can be properly accessed. We will continue our monitoring of prevailing wages and workforce diversity on City job sites and continue our diligent enforcement of worker protection ordinances.

PROPOSED BUDGET OVERVIEW

General Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$3,460,299	\$2,766,257	\$4,249,815	\$4,297,992	\$4,194,853	(\$103,139)
Class 200 - Purchase of Services	\$519,617	\$600,483	\$497,319	\$803,319	\$497,319	(\$306,000)
Class 300/400 - Materials, Supplies & Equipment	\$24,420	\$23,303	\$21,420	\$21,420	\$21,420	\$0
Total	\$4,004,336	\$3,390,043	\$4,768,554	\$5,122,731	\$4,713,592	(\$409,139)

Proposed Funding Request:

The proposed Fiscal Year 2025 General Fund budget totals \$4,713,592, a decrease of \$409,139 from Fiscal Year 2024 estimated obligation levels. This decrease is primarily due to one-time FY24 terminal leave payouts in Class 100, one-time funding for negotiations, and to non-recurring funding for case management software.

The proposed budget includes:

- \$4,194,853 in Class 100, a \$103,139 decrease from FY24. This decrease is due to removing one-time terminal leave payouts. The remaining funding is sufficient to cover class 100 costs for Labor’s existing workforce.
- \$497,319 in Class 200, a \$306,000 decrease from FY24. This is due to removing one-time funding for negotiations and for case management software. The remaining funding is sufficient to cover our existing Class 200 needs, including language access related to community outreach and worker protection operations, interest arbitrations with the City’s collective bargaining units, seminars and trainings for staff.
- \$21,420 in Class 300/400, level with FY24. This funding will support any material, supplies, and equipment purchases needed in FY25.

STAFFING LEVELS

The department is requesting 57 budgeted positions for FY25, the same amount as FY24.

Employment Levels (as of December 2023)

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	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	57	37
Number of Exempt Positions	14	12
Number of Executive Positions (deputy level and above)	8	8
Average Salary of All Full-Time Positions	\$79,552	\$83,582
Median Salary of All Full-Time Positions	\$63,328	\$63,328

NEW HIRES

New Hires (from 7/1/2023 to December 2023)		
	Total Number of New Hires	Creole
Black or African American	2	1
Total	2	1

Detail for new hires since December 2023, if applicable:		
	Total Number of New Hires	[Chinese]
Black or African American	4	0
Asian	1	1
Hispanic or Latino	0	0
White	2	0
Other	0	0
Total	7	1

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PROGRAM BASED BUDGETING: EMPLOYEE AND LABOR RELATIONS

PROGRAM NAME: LABOR AND EMPLOYEE RELATIONS

Program Number: 0301

FY25 Proposed General Fund: \$2,256,659

Program Description: This program contains two units: Labor Relations (LRU) and Employee Relations (ERU). The LRU administers the application of and training on the City’s collectively bargained agreements; and facilitates contract negotiations and dispute resolutions related to collective bargaining, grievances, and general labor relations concerns. The ERU administers the City’s EEO policies by providing Citywide training, investigating complaints of discrimination, harassment and retaliation, and developing policies and training to ensure compliance with employee protection laws and policies and consistent with employee relations best practices.

FY25 Strategic Goals:

- **Collective Bargaining Negotiations:** OLR will be tasked with reviewing grievances, complaints and arbitrations over the last contract term to determine trends and modifications that must be addressed in the upcoming contract negotiations for all municipal unions. The OLR also will conduct a tour of all City departments to strategize high priority items that ultimately will be negotiated.
- **Employee and Stakeholder Engagement:** Maintain strong relationships with labor union representatives, City administration, department heads, commissions and other stakeholders to foster open and transparent dialogue on labor and employee relations matters. Provide a mixture of benefits that increase morale and job satisfaction. Positive employee relations leads to less turnover, less workplace disruptions, strengthens workplace bonds and culture and increased employee morale and productivity.
- Work collaboratively to set labor policy that aligns with the Mayor’s vision for a safer, cleaner, greener city with economic opportunity for all.

FY25 Performance Measures:

Measure	FY23 Actual	FY4 Target	FY25 Target
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Number of employees trained by the Office of Labor Relations and the Employee Relations Unit	5,032	5,000	5,000
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PROGRAM BASED BUDGETING:

PROGRAM NAME: LABOR POLICY AND COMPLIANCE

Program Number: 0302

FY25 Proposed General Fund: \$2,456,933

Program Description: This program contains two units: The Office of Labor Standards (OLS), and the Office of Worker Protection. OLS monitors City contracts to ensure that prevailing wage standards are met as set forth in the Bacon-Davis Act and Chapter 17-1077 of the Philadelphia Code. The Policy and Compliance unit administers the City's Fair Workweek, Paid Sick Leave, Wage Theft Prevention, Domestic Workers Bill of Rights Ordinances, COVID-19 employee protection from retaliation, COVID-19 pandemic paid sick leave resources, and Parking Worker’s Just Cause Ordinances.

FY25 Strategic Goals:

- **Leveraging OWP partnerships, technology and data collection to promote compliance:** OWP prioritizes partnerships and data collection, including administering a Community Outreach and Education Fund, facilitating the Domestic Worker Standards Task Force, and collecting and publishing annual compliance reports and a domestic worker task force report. During FY25, OWP pilot new public engagement tools for diverse communities to promote awareness and compliance of labor laws. The Office also seeks to continue to work on regulation writing while incorporating data and collaboration.
- **Fully integrate into City structures to increase enforcement:** DOL became a permanent City department in 2020 and many departmental priorities are to build out internal structures. During FY25, OWP will continue to hire and develop staff and integrate into City structures to provide secure and efficient enforcement and compliance methods to the public.

FY25 Performance Measures:

Measure	FY23 Actual	FY4 Target	FY25 Target
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Percent of prevailing wage projects with compliance issues	4.1%	<5%	<5%
Number of paid sick leave and wage theft complaints submitted and investigated	240	250	250
Number of paid sick leave and wage theft inquiries received and responded to	909	900	900

Other Budgetary Impacts

Federal and State (Where Applicable)

N/A -- the Department of Labor does not rely on any Federal or State funding.