

**DEPARTMENT OF LABOR  
FISCAL YEAR 2027 BUDGET TESTIMONY  
MARCH 24, 2026**

**INTRODUCTION**

Good Afternoon, Council President Johnson and Members of City Council. I am Cara Leheny, Acting Director of the Department of Labor. Joining me today are Camille Duchaussee, Chief Administrative Officer, and Curtis Bronson, Chief of Staff. I am pleased to provide testimony on the Department of Labor's Fiscal Year 2027 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 anti-discrimination 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; and ensures that employers with City contracts pay prevailing wages. DOL provides essential support for the City employees who do the work to build a City government that residents can see, touch, and feel. Additionally, DOL works to build access to economic opportunity for all Philadelphians through enforcement of the City's worker protection and prevailing wage laws.

The Philadelphia Department of Labor, through its Offices of Employee and Labor Relations (OELR), Worker Protections (OWP), and Labor Standards (OLS), serves as a central resource for investigating and enforcing federal, state, and local employment laws and policies, as well as local labor laws, and ensuring fair treatment for workers within the city of Philadelphia. Together, these offices provide a range of services designed to protect employees' rights, promote workplace compliance, and support economic security for workers and employers alike.

**Plans for Fiscal Year 2027:**

In FY27, the Philadelphia Department of Labor will focus on implementing and sustaining the multi-year collective bargaining agreements achieved in prior fiscal years, negotiating new agreements for those set to expire, and strengthening proactive labor-management collaboration across City government. Building on the stability created through successful negotiations, the Department will monitor grievance and arbitration trends, improve early dispute resolution processes, and ensure consistent contract administration. These efforts will help reduce workplace disruptions, improve

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morale and retention, and support a stable municipal workforce aligned with Mayor Parker's vision of a cleaner, greener, safer city with economic opportunity for all.

On the external-facing side, the Department will continue its strong enforcement of worker protection ordinances and prevailing wage requirements on City-funded projects. Following the recovery of over \$5 million in restitution benefiting more than 2,600 workers in the current fiscal year, FY27 will emphasize data-driven enforcement, improved case tracking, and measurable performance outcomes. The Department will also strengthen oversight in anticipation of increased compliance demands tied to major city projects and events.

The Department will complete critical hiring in its remaining vacancies, improve coordination with the Office of Human Resources to reduce vacancy timelines, and align planning with operational needs. Through disciplined fiscal stewardship and enhanced performance tracking, the Department will continue modernizing its operations to deliver accountable, transparent, and high-quality labor services to the City and its workforce.

**PROPOSED BUDGET OVERVIEW & OTHER BUDGET DRIVERS**

<b>General Fund Financial Summary by Class</b>						
	FY25 Original Appropriations	FY25 Actual Obligations	FY26 Original Appropriations	FY26 Estimated Obligations	FY27 Proposed Appropriations	Difference: FY27 Proposed-FY26 Estimated
Class 100 - Employee Compensation	\$4,194,853	\$3,293,586	\$4,309,944	\$4,402,577	\$4,452,926	\$50,349
Class 200 - Purchase of Services	\$437,319	\$556,800	\$1,415,961	\$1,265,961	\$890,814	(\$375,147)
Class 300/400 - Materials, Supplies & Equipment	\$21,420	\$5,600	\$21,420	\$21,420	\$21,420	\$0
	<b>\$4,653,592</b>	<b>\$3,855,986</b>	<b>\$5,747,325</b>	<b>\$5,689,958</b>	<b>\$5,365,160</b>	<b>(\$324,798)</b>

<b>Contracts Summary (Professional Services only)</b>						
	FY23	FY24	FY25	FY26	FY26 YTD (Q1 & Q2)	FY27 Projected
Total amount of contracts	N/A	N/A	N/A	\$72,087	\$72,087	\$87,402

*The Department had no professional services contracts in FY23-25.*

<b>Total S/LBE Contract Participation Goal (Public Works; Services, Supplies &amp; Equipment; and Professional Services combined)</b>			
	FY25	FY26	FY27 Projected
S/LBE Contract Participation Goal	N/A	N/A	25%

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### **Proposed Funding Request:**

The proposed Fiscal Year 2027 General Fund budget totals \$5,365,160, a decrease of \$324,798 from Fiscal Year 2026 estimated obligation levels. This decrease is primarily due to one-time FY26 funding for Interest Arbitrations/Contract Negotiations and one-time FY26 funding for professional services related to implementing a case management system. It is also due to one-time FY26 bonuses for DC33 and DC47 employees.

The proposed budget includes:

- \$4,452,926 in Class 100, a \$50,349 increase from FY26 estimated obligations. This funding will provide funding for contracted wage increases for DC33, DC47, non-represented, and exempt employees.
- \$890,814 in Class 200, a \$375,147 decrease from FY26 estimated obligation levels. This is due to arbitration costs that will not recur in FY27, as well as one-time funding for professional services related to implementing a new case management system in FY26. The remaining funding covers Labor's existing Class 200 needs, including support to implement a security guard training program, language access related to community outreach and worker protection operations, interest arbitrations with the City's collective bargaining units, and seminars and trainings for staff.
- \$21,420 in Class 300/400, level with FY26. This funding will support any material, supplies, and equipment purchases needed in FY27.

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**STAFFING LEVELS**

The Department is requesting 56 budgeted positions for FY27, level with FY26.

<b>Employment Levels (as of November 2025)</b>			
	FY26 Budgeted	Filled as of November 2025	FY27 Proposed
Number of Full-Time Positions	56	38	56
Number of Exempt Positions	13	8	13
Number of Executive Positions (deputy level and above)		8	
Average Salary of All Full-Time Positions		\$84,190	
Median Salary of All Full-Time Positions		\$77,320	

**NEW HIRES**

<b>New Hires (from 7/1/2025 to November 2025)</b>		
	Total Number of New Hires	Spanish
Black or African American	1	N/A
Hispanic or Latino	1	1
White	1	NA
Total	3	1

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**VACANCY RATE AND ALLOWANCE**

<b>Vacancy Rate Summary (General Fund)</b>						
	<b>FY25 Actual Vacancy Rate</b>	<b>FY26 Budgeted Vacancy Allowance</b>	<b>FY26 Vacancy Rate</b>	<b>FY26 Budgeted Vacancy Allowance Rate</b>	<b>FY27 Budgeted Vacancy Allowance</b>	<b>FY27 Budgeted Vacancy Allowance Rate</b>
Departmental Total	28.1%	\$(692,105)	32.1%	14.2%	\$(783,153)	14.9%

**OTHER BUDGETARY IMPACTS**

**Federal and State (Where Applicable)**

N/A

**CONTRACTING EXPERIENCE**

M/W/DSBE Participation on Large Professional Services Contracts											
Top Five Largest Contracts, FY26											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE and SBE Participation Achieved	\$ Value of M/W/DSBE and SBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business	Waiver for Living Wage Compliance?
Insight Public Sector	Case Management	\$72,087	3/27/2025(RFI)	9/25/2025	MBE: BGFE	0%	\$0	0%	\$0	N/A	N/A
					WBE: BGFE	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				

*Note: Local Business and Waiver for Living Wage Compliance not applicable to RFI.*

*Non-Profit Vendor Demographics not applicable.*

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**PROGRAM BASED BUDGETING:**

**Program Name:** Office of Employee and Labor Relations

**Program Number:** 01

**FY27 Proposed General Fund:** \$2,869,178

**Program Description:** The Employee and Labor Relations (OELR) program contains three units: the Labor Relations Unit (LRU), the Employee Relations Unit (ERU), and the Training Unit. LRU administers application of and training on the City’s collectively bargained agreements and acts as the chief negotiator for the City in all contract negotiations. Additionally, LRU facilitates dispute resolutions related to collective bargaining, grievances, and general labor relations concerns. ERU administers the City’s EEO policies by investigating complaints of discrimination, harassment, and retaliation and developing policies to ensure compliance with employee protection laws and policies and consistency with employee relations best practices. The Training Unit provides multiple Citywide trainings, including mandatory training for all City employees, to ensure compliance with employee protection laws and City policy. The unit also provides guidance on employee relations best practices.

**FY27 Strategic Goals:**

- OELR will successfully resolve outstanding arbitrations in FY and FY27, and conclude interest arbitration with any public safety unions whose contracts expire at the end of FY27.
- The Department is on track to have all civil service positions filled by the end of Q1.
- The Labor Department will continue to reduce the amount of time it takes to close an ERU investigation.
- In addition to regularly scheduled meetings, OELR will facilitate quarterly meetings between the municipal unions, senior Administration officials, and department leaders to proactively discuss relevant policies.
- OELR will provide critical compliance training to over 7,000 City employees.

**FY27 Performance Measures:**

Measure	FY25 Actual	FY26 Target	FY27 Target
Number of employees trained by the Office of Labor Relations and the Employee Relations Unit <sup>1</sup>	7,275	≥ 6,500	≥ 7,000

<sup>1</sup>The FY25 actual results were influenced by an influx of new training requests, some of which were one-time.

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**PROGRAM BASED BUDGETING:**

**Program Name:** Labor Policy and Compliance

**Program Number:** 02

**FY27 Proposed General Fund:** \$2,495,982

**Program Description:** This program contains two units: the Office of Labor Standards (OLS) and the Office of Worker Protections (OWP). OLS enforces standards of compliance on City contracts consistent with the federal Davis-Bacon Act and Chapter 17-107 of the Philadelphia Code, as well as monitoring compliance with other Code sections on City projects. OLS enforces labor laws, including:

- A. Chapter 17-107 – Contractors: Labor- Management Relationships
- B. Chapter 17-1600 – Economic Opportunity Plans
- C. Geographic and Economic Hiring Preferences (GEHP)

Geographic Economic Hiring Preference (GEHP) is an initiative launched by the Office of Transportation and Infrastructure Systems (OTIS) in partnership with other City departments including the Labor Department. The purpose of GEHP is to promote economic opportunity by targeting hiring in designated priority ZIP codes.

Priority ZIP codes are identified based on economic indicators such as poverty levels, unemployment rates, and limited access to construction career pathways. The provision applies to select capital projects exceeding \$10 million in construction value. Currently, identified projects fall within the Streets Department, Water Department, and the Philadelphia International Airport portfolio.

Under the GEHP provision, covered projects must meet workforce participation goals of:

- 20 percent Journeyman hours performed by workers residing in priority ZIP codes; and,
- 20 percent Apprentice hours performed by workers residing in priority ZIP codes.

In FY26, OLS formally began implementing fines and penalties under Philadelphia Code Section 17-107. While the authority to assess penalties has always existed within the Code, it had not previously been enforced in a consistent manner. The purpose of enforcing fines and penalties is to establish accountability and promote compliance. By applying the Code consistently, OLS aims to deter repeat violations, particularly in cases involving worker misclassification and underpayment of prevailing wages. This approach is not punitive for the sake of punishment; it is corrective and preventative. The goal is to change contractor behavior, protect workers, and ensure that companies that follow the law are not placed at a competitive disadvantage.

OWP enforces and advances certain labor laws, including but not limited to:

- A. Chapter 9-4100 – Promoting Healthy Families and Workplaces;

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- B. Chapter 9-4300 – Wage Theft Complaints;
- C. Chapter 9-4500 – Protections for Domestic Workers;
- D. Chapter 9-4600 – Fair Workweek Employment Standards;
- E. Chapter 9-4700 – Wrongful Discharge from Parking Employment;
- F. Chapter 9-5600 – Workforce and Career Pathways Information Sheet;
- G. Chapter 9-3303(1)(d) – Use of Tower Cranes;
- H. Chapter 9-6500 – Protecting Victims of Retaliation;
- I. Chapter 9-6600 – Enforcement of Worker Protection Ordinances

Additionally, OWP will be tasked with two additional ordinances to enforce, both of which will require additional investigative processes and one of which – Chapter 9-6700 – will require the establishment of an approval program for security guard training programs:

- J. Chapter 9-2300 – Protection of Displaced Service Employees
- K. Chapter 9-6700 – Minimum Training for Security Officers

The OWP has a mission to advance and uphold worker protection laws through enforcement and outreach with a commitment to promoting economic security and justice.

Labor Policy and Compliance aims to continue the reputation that Philadelphia has earned as a better place to work by increasing economic security and keeping workplaces healthy for over 700,000 estimated workers in the city.

### **FY27 Strategic Goals:**

- The Labor Department will use its new OWP case management system to develop investigation targets aimed at decreasing the lag times between complaint receipt, opening, and closing of an investigation.
- The Labor Department will increase compliance with Philadelphia’s worker protection laws by creating and implementing a strategic enforcement plan in coordination with OWP’s outreach team, DOL’s Communication Director, the Law Department, the Commerce Department, and community partners.
- OLS will continue to collect contract fines, an effort that began in FY26, and will continue to refine this new process.

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**FY27 Performance Measures:**

Measure	FY25 Actual	FY26 Target	FY27 Target
Percent of prevailing wage projects with compliance issues	8.1%	< 10.0%	< 10.0%
Number of worker protection complaints submitted and investigated <sup>1</sup>	N/A	≥ 250	≥ 400
Number of worker protection inquiries received and responded to <sup>2</sup>	1,171	900	900

<sup>1</sup>FY25 actuals are not applicable due to an expansion in the scope of this measure. Previously, this measure only included wage theft and paid sick leave complaints. Beginning in FY26, this measure includes all worker protection complaints.

<sup>2</sup>This measure is difficult to predict and varies from year to year. As such, Labor has set a conservative Target in FY26 and FY27.

## About this Report

This document is a report from the Philadelphia Department of Labor's **Office of Labor Standards** and the **Office of Worker Protections** from January 2025 through December 2025. This report is published twice a year.

*The information is a summary as actual numbers may vary.*

Access previous **Labor Policy and Compliance Reports** [here](#).

## Labor Policy and Compliance Unit Overview

**\$2,012,713**

Total Finances Recovered

**23**

Total Staff

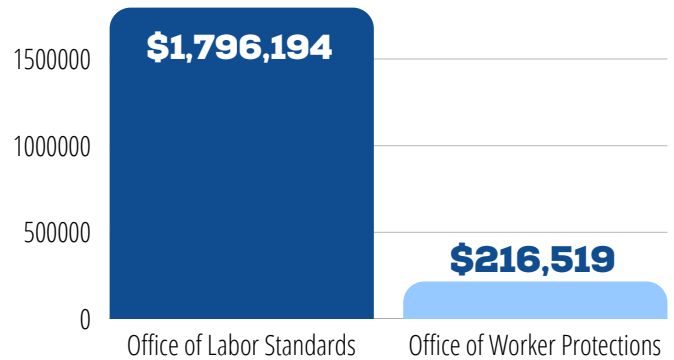
**189**

Total Violations

**13**

Total Laws Enforced

Total Finances Recovered  
January to December 2025



Fiscal Year 2025 Operating Budget is available online [here](#).

## Office of Worker Protections

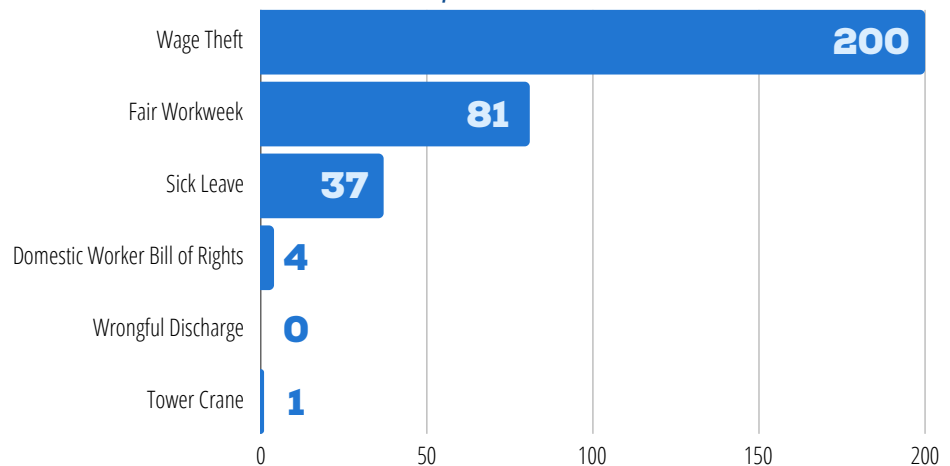
**323**

Total Complaints Filed  
between Jan. 1, 2025  
and Dec. 31, 2025

**972**

Total Inquiries  
between Jan. 1, 2025  
and Dec. 31, 2025

Total Complaints Filed



**198**

Total Cases Closed between Jan. 1, 2025 and Dec. 31, 2025

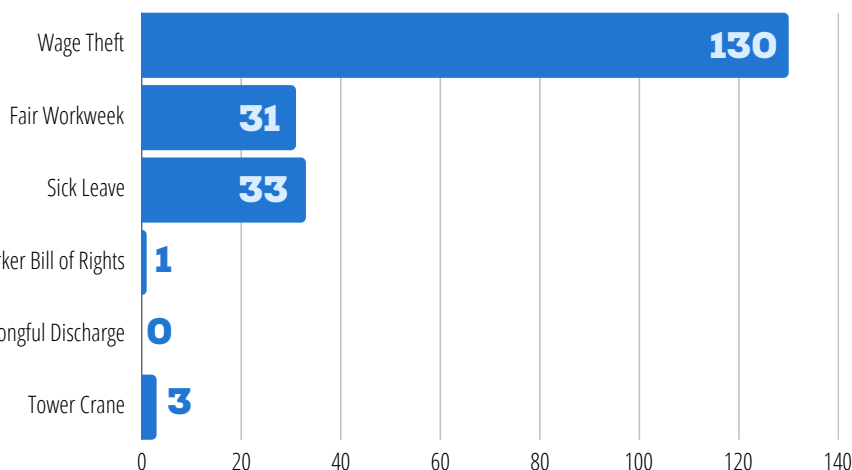
**33**

Total Violations between Jan. 1, 2025 and Dec. 31, 2025

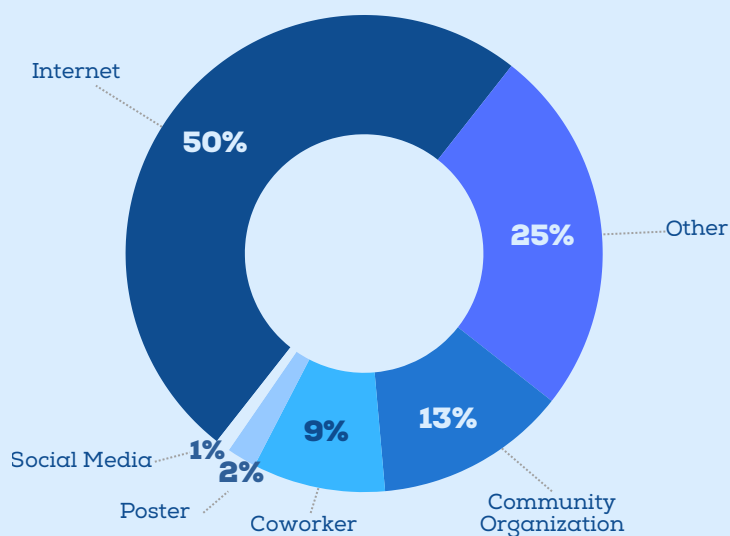
**16**

Total Mediations between Jan. 1, 2025 and Dec. 31, 2025

Total Cases Closed



How Complainants Heard of Office of Worker Protections



**30**

Total events between Jan. 1, 2025 and Dec. 31, 2025

**25**

Total Languages resources are available in

**20**

Trusted Community Partners engaged to distribute resources

Bad Actors

What is a Bad Actor?

Bad actors are employers who are delinquent on resolving violations or are unresponsive. (Please note that this definition may be updated in light of the POWER Act.) **Employers will be removed from this list upon compliance.**

Employer	Number of Violations
Frank Fleming's General Contractors	2
Divine Mercy Homecare	2
Flexright Solutions	1
Pavescapers	1
Plenty Cafe	2
Jorge Alfaro Rodriguez	1
Flowers & Company LLC (Nadine Louw)	1
Mike's Auto (Mike Mayberry)	1