



IN THE KNOW: DROP – WHAT’S NEXT?

Now we know. Philadelphia voters really cared about DROP.

DROP caused five City Council members to retire this year and ruined Councilman At-Large Frank Rizzo’s bid for a fifth term. When the official votes are counted, DROP could also end Marge Tartaglione’s 25 years as a City Commissioner.

Another Council DROP enrollee, Majority Leader Marian Tasco, was reelected by her Ninth Council district constituents. But her chief opponent won a surprising 29% of the vote. (Register of Wills Ron Donatucci, also enrolled in DROP, had no primary opponent.)

So can we finally drop DROP? Not quite yet, and here’s why:

- Some elected officials are still eligible for DROP
- DROP could decide the next Council President
- DROP could stick around for non-elected city workers

Read this [IN THE KNOW](#) to see what this means. (For those who know enough about the details of DROP, sorry for a little repetition up front.)

-May 18, 2011

[I just arrived from Mars. What’s DROP?](#)

DROP – formally known as the “Deferred Retirement Option Plan” – is a program that was designed to keep experienced employees on the job a few extra years to train their replacements. City Council created it in 1999, worried that police and firefighters from the Baby Boom generation would retire all of a sudden with nobody to take their places.

[How does it work?](#)

An employee promises to retire but stays on the job for up to four years. The employee’s pension benefits (that they have earned towards future monthly pension payments) are then frozen and he/she no longer contributes to the city’s pension fund. The locked-in retirement payments are put in an account earning a guaranteed 4.5 percent interest. When the employee retires, he/she gets the accumulated funds (plus the interest earned) in one lump sum payment, as well as monthly pension payments.



Committee of Seventy

Clean and effective government. Fair elections. Informed citizens.

Can any city employee take DROP?

Yes, until recently. In March 2010, City Council passed a bill that eliminated DROP for officials elected for the first time after September 18, 2009.

So no one elected for the first time this year can enroll in DROP?

Right.

What about someone who is *re-elected* this year?

They are still eligible to participate in DROP. So is anyone who was elected to a city office before September 18, 2009 – even if they are re-elected after that date (assuming they meet the program’s eligibility requirements, which has to do with years of service and age).

If Mayor Nutter is re-elected in November, can he enroll in DROP?

The mayor vowed never to participate in DROP back when he was in City Council. But in case he ever considered changing his mind, yesterday’s results proved that DROP is toxic when it comes to elected officials.

Why is it so toxic?

It goes back to January 2008. City Commissioner Marge Tartaglione and Councilwoman Joan Krajewski – who were enrolled in DROP – ran for re-election in November 2007, retired for 24 hours in January 2008 in order to collect their lump sum DROP payments, and then came right back to work. The six figure lump sum payments to politicians who “retire” for one day – which is legal, according to the city’s Law Department – didn’t sit well after the economy soured and unemployment soared.

Can anyone now on City Council enroll in DROP?

Yes, if and when they meet the eligibility requirements, Council members Jannie Blackwell, Blondell Reynolds Brown, Darrell Clarke, W. Wilson Goode, Jr., Bill Green, Bill Greenlee, Curtis Jones, Jr., Jim Kenney and Maria Quiñones Sánchez can enroll in DROP. Marian Tasco is already in DROP. Since she has no opponent in the general election, she will retire for 24 hours in January 2012, get her \$478,057 DROP payment and return to office.

Why would anyone on Council even think about enrolling in DROP?

If they really plan to retire for good and never face voters again, they could decide that the lump sum payment is worth it. Anyhow, Reynolds Brown, Goode, Green, Jones, Kenney and Quiñones Sánchez have publicly pledged never to participate in DROP. Blackwell, Clarke and Greenlee said they had no current plans to enroll – but won’t rule it out. And O’Neill? As far as we know, he hasn’t said whether or not DROP is in his future.



Committee of Seventy

Clean and effective government. Fair elections. Informed citizens.

What about other elected officials?

District Attorney Seth Williams was elected for the first time in November 2009, so he can't enroll in DROP. But City Controller Alan Butkovitz, City Commissioners Anthony Clark and Joe Duda can (again, if eligible) because they came into office before September 18, 2009. As we said, Marge Tartaglione has already taken her DROP payment.

What about Ron Donatucci?

If the Register of Wills beats his Republican opponent in November, he will retire for 24 hours to collect his \$368,000 lump sum DROP payment and then return to office. If he loses, he will just take his DROP payment and retire.

You said DROP could determine the President of Council.

Both Marian Tasco and Darrell Clarke want to be Council President. But Tasco's DROP payment could swing the presidency to Clarke – or to someone else.

Has anyone declared a favorite?

The Democrats who won their party's nomination for District and At-Large seats in the 2011 primary aren't showing their cards (except for Tasco and Clarke, whose presumably would vote for themselves). On the GOP side, Tenth District incumbent Brian O'Neill won't commit; Second District challenger Ivan Cohen says "no way." Among the Republican At-Large candidates still in the hunt, Joe McColgan agrees with Cohen; David Oh and Denny O'Brien are adopting a "wait and see" posture and Al Taubenberger and Michael Untermeyer condemned Tasco's actions but (to our knowledge) haven't declared their intentions.

If DROP is so bad, why not just get rid of it?

The Committee of Seventy is with you on that. So are Mayor Nutter, City Controller Alan Butkovitz and the Pennsylvania Intergovernmental Cooperation Authority (which oversees the city's finances), among many others.

After the primary results, why isn't everyone in favor of getting rid of DROP?

Don't make that leap. Remember that DROP is a program for the entire city workforce. Some Council members (such as Jim Kenney, for example) want to eliminate the whole program. But most of his colleagues don't want to alienate city workers (and risk losing their votes) or the unions that represent them by abolishing DROP altogether.

Doesn't DROP cost the city a lot of money?

Yes, but how much depends on who you believe. A July 2010 Boston College study commissioned by the mayor put DROP's cost at \$258 million, or \$22.3 million annually, since



Committee of Seventy

Clean and effective government. Fair elections. Informed citizens.

the program began in 1999. A study of the BC study paid for by City Council said DROP's real cost from 1999-2009 was \$100 million.

I hear the city has a really bad pension problem. Would eliminating DROP help?

The pension fund says it's around \$5 billion short of what it should have on hand. At \$258 million or \$100 million, the mayor says there is no point in continuing with a program that just makes a bad situation worse.

Will Council just try to let the issue die?

Council had no intention of holding a public hearing on DROP before the primary. But outgoing Council President Anna Verna announced that a hearing will be held during the week of June 6.

What will happen at the hearing?

Expect a number of bills proposing amendments to DROP. Councilman O'Neill, for example, has already introduced a resolution to allow firefighters and police officers to remain in DROP for a fifth year to make the city safer.

Any predictions?

We know better than to predict what City Council will do. We'll keep you posted.

What does the public think?

It's hard to know if the fury over DROP was just restricted to the elected officials (and the large payments some have received or will receive). The average DROP payment for non-elected employees is around \$100,000, according to the city. The payouts for elected officials tend to be big because they usually have worked for decades in higher-paying jobs, so they earn larger annual pensions.

How can I tell Council what I think about DROP?

You can always write or call your Council members and the mayor. They do listen to calls from the public. To find out how to contact your elected representatives, click [here](#).

http://www.seventy.org/Resources_City_Council.aspx

One more question: Does DROP have anything to do with John Street?

It could if the former Mayor decides to run for a city office again. Street collected a DROP payment of \$450,000 when he left City Hall in 2008.

This is part of The Committee of Seventy's "IN THE KNOW" feature, explaining important issues facing Philadelphia and the region. Let us know what you think of this edition, or suggest other issues for us to examine, at info@seventy.org.