



Committee of Seventy

Clean and effective government. Fair elections. Informed citizens.

Eight Penn Center, 1628 JFK Boulevard, Suite 1002
Philadelphia, PA 19103
(215) 557-3600, www.seventy.org

FOR IMMEDIATE RELEASE

Contacts: Zachary Stalberg
President and CEO
(215) 557-3600, ext. 106
(267) 241-1628 (cell)

CITY COUNCIL URGED TO ELIMINATE CONTROVERSIAL “DROP” PROGRAM

PHILADELPHIA – August 4, 2010 – Zachary Stalberg, President and CEO of the non-partisan Committee of Seventy, urged City Council to move swiftly to eliminate the city’s Deferred Retirement Option Plan (“DROP”). Mayor Nutter called for an end to DROP yesterday when he released an independent report – which was prompted by a request by Seventy in January 2008 – confirming that the controversial program has cost \$258 million, or \$22.3 million annually, since it began in 1999.

“Given the city’s continuing financial crisis, and the severely underfunded pension fund, this is a tough pill to swallow,” Stalberg said. “City officials have a responsibility to the taxpayers to make sure that DROP doesn’t continue to make these problems worse.”

The day after he took office on January 7, 2008, the Committee of Seventy urged Mayor Nutter to commission an independent top-to-bottom policy review and financial audit of DROP – which allows long-tenured City employees to remain employed for up to four years after they cease receiving pension credits for their service and, in return, to receive a lump sum pension benefit payment when their employment ends – to determine whether the program was accomplishing goals that remained relevant and whether it should continue to be extended indefinitely. Seventy’s letter is available at:

http://www.seventy.org/Downloads/Policy_&_Reform/Letter%20to%20Nutter%20on%20DROP%20January%202008.pdf.

While Stalberg acknowledged that the expected opposition of the municipal unions could be a hurdle to eliminating DROP, he predicted that the public’s outrage would resonate more with elected officials, most of who are running for reelection in 2011. Although the outrage was largely directed to the participation of elected officials in DROP, a Penn Project for Community Engagement/WHYY summary of

feedback from community forums on the 2009 budget reported that DROP was “one of the most-discussed items,” with respondents believing that “cutting it would be a way to save money that doesn’t involve anyone losing jobs.”

“When an outside outfit tells us that DROP has already drained over a quarter of a billion dollars, and continues to eat into the city’s fragile finances, cost-savings of this magnitude can’t be ignored, regardless of any political consequences,” Stalberg said. “How can you save the program and look residents in the eye and ask them to pay 9.9% higher property taxes?”

Stalberg said that the Committee of Seventy does not criticize any city employees for enrolling in DROP or for already accepting DROP benefits since they were “following the rules that currently exist.” However, he said that “rules can’t stay in place forever when they no longer make financial sense.”

Stalberg concluded by urging city residents to let Council members know how they feel about ending DROP. Contact information is available at: http://www.seventy.org/Resources_City_Council.aspx.

The Committee of Seventy is a non-partisan organization fighting for clean and effective government, fair elections and informed citizens. See www.seventy.org for more information on Seventy’s position on DROP.

###