

**Testimony of the Greater Philadelphia Chamber of Commerce  
on City Council Bill 070693  
October 18, 2007**

Good afternoon Chairwoman Blackwell and members of the Finance Committee. For the record, I am Joe Mahoney, Executive Vice President of the Greater Philadelphia Chamber of Commerce. I am pleased to offer comments on Bill 070693, known as the Philadelphia Re-Entry Employment Program, which would encourage the hiring of ex-offenders. This legislation, which offers a \$10,000 annual tax credit for up to three years, provides an attractive incentive for employers to consider hiring pre-qualified ex-offenders.

The Greater Philadelphia Chamber of Commerce applauds Councilman Goode and former Councilman Nutter for their work on this legislation and supports the concept and approach that is outlined in the bill. The Chamber believes that offering businesses incentives to participate, rather than inflict penalties for non-participation, is the appropriate way to address the issue of employment. A punitive approach, we believe, sends the wrong message.

We recognize that the problem of violence within the city is complex and will require a number of steps in order to reach a long-term solution. This past summer, the business community in partnership with the Philadelphia Youth Network and United Way stepped up and provided 1,049 employer paid internships for city youth through our Working Solutions initiative. It is our belief that this program helped to demonstrate the economic opportunities that are available to young people if they remain in school and

complete their educations. (Fifty-four percent of Philadelphia area inmates have not finished high school.) We also hope that Working Solutions kept those young people from either participating in or becoming victims of violent acts by being off the streets and earning a paycheck.

We are currently working on a tax credit in Harrisburg to provide an added incentive to other businesses, particularly small businesses, to participate in the Working Solutions program.

The legislation before you today can serve as the other bookend to this process by providing incentives to bring those who have committed crimes back into society in a productive way. By developing a skill and earning a paycheck, ex-offenders will be able to provide for themselves and their families and, through the training provided, will gain the necessary life skills to hopefully avoid the path to re-incarceration.

It is important to note that not all employers will be able to hire ex-offenders. Some may face regulatory obstacles, given the nature of their companies. Some occupations may have restrictions due to security concerns and regulations at either the state or national level. For instance, new security cards are being issued to longshoremen at the Port of Wilmington by the Department of Homeland Security as a result of federal legislation resulting from the 9/11 attacks. According to the Wilmington News Journal, “Offenses such as robbery, smuggling, drug distribution or firearm possession would disqualify a person from working at the port for seven years.”

Other employers may have significant perception issues to overcome prior to making the decision to employ former inmates.

For those businesses who are willing and able to provide opportunities for these individuals, the rewards outlined in the bill

are significant. In return for investing \$2,000 for training in each of the first two years and \$1,000 in the third, those businesses will enjoy a \$10,000 Business privilege tax credit each year for up to three years. Perhaps even more importantly, the participating businesses are providing the individual with an economic opportunity which all hope will prevent that individual from returning to the criminal justice system.

Not the least reason why we support this legislation is because, if successful, this could help address one of the key cost drivers which has been identified in the Administration's Five Year Plan—that of the increasing cost of prisons.

The Prisons budget has burgeoned from \$131.4 million in FY00, to \$194.3 million in FY06, a 48 percent increase (\$63 million). The January 2007 census hovered around 8,700, which is a 1,950 increase over January 2000 population (29 percent), adding approximately \$172,000 per day to the cost of Prisons operations.

The legislation before you sparked a number of questions on our part and many of them have been answered or clarified by the amendments which have been offered. For instance, the definition of “adequate health care” has been addressed in the amended version of the bill.

Some questions remain, such as what incentives can be provided to not-for-profit institutions to entice their participation in this program. As you know, Philadelphia has a rich array of not-for-profit institutions, which may be able to become part of this mix.

Issues like the timeliness of certification for individuals and city intrusion into the policies and procedures of the participating business appear to be issues that will be addressed in the drafting of regulations. We hope to have input into those regulations as

they will be key to our continued support and we believe, to the long-term success of the program.

In conclusion, we applaud the approach which is being offered to attempt to provide for the re-entry of ex-offenders into society. Nationally, a staggering 57% of inmates released from prison will be re-arrested and 31% re-incarcerated within three years. While we believe that this program will not be a quick fix, over the long term it is our hope that it will begin to address the needs of this population and open doors of opportunity that had been firmly shut. Finally, it will reduce the cost of incarceration that the city is facing.

As the sponsor of the bill told me in our meeting last month, “We are going to pay, one way or the other.” We believe training and employment is a much more cost-effective way to go.

Thank you for this opportunity.