

**AMERICAN ARBITRATION ASSOCIATION**

**FRATERNAL ORDER OF POLICE**

**AAA Case #01-25-0000-9827  
(Act 111 Interest Arbitration)**

**and**

**CITY OF PHILADELPHIA**

**Arbitration Panel**

Robert Gifford, Esq.  
Neutral Arbitrator and Panel Chair

Richard G. Poulson, Esq.  
*Willig, Williams & Davidson*  
FOP-Appointed Arbitrator

Shannon Farmer, Esq.  
*Ballard Spahr LLP*  
City-Appointed Arbitrator

**Appearances**

<p><b><i>FOR THE FOP:</i></b> Thomas M. Gribbin, Jr, Esq. Deborah R. Willig, Esq. Felicia Carter, Esq Jesse Bernstein, Esq.</p> <p><i>Willig, Williams &amp; Davidson</i></p>	<p><b><i>FOR THE CITY:</i></b> Elliot Imani Griffin, Esq. Catherine E. Talmo, Esq.</p> <p><i>Ballard Spahr LLP</i></p> <p>Frank E. Wehr, Esq. Andre Mason, Esq. Megan Ryan Malone, Esq.</p> <p><i>City of Philadelphia Law Department</i></p>
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The undersigned arbitrators were duly appointed as the Board of Arbitration (Board or Panel) pursuant to the provisions of Section 4(b) of the Act of June 24, 1968, P.L. 237, as amended, 43 P.S. §217.4(b) (Act 111) and the procedures of the American Arbitration Association. Hearings in this matter were conducted on March 18, March 19, March 20, March 21, May 12, May 19, May 20, May 21, May 29, June 17, and June 23, 2025, in Philadelphia, Pennsylvania, at which time both parties had a full and fair opportunity to present documentary and other evidence, examine and cross-examine witnesses, and offer argument in support of their respective positions. The Panel acknowledges that the parties agreed to waive the time limits under Act 111. Following executive sessions of the Arbitration Panel, the following Award was adopted by a majority of the Panel.

### **BACKGROUND**

This Act 111 interest arbitration was conducted under the dictates of the Pennsylvania Intergovernmental Authority Act (PICA Act), which created the Pennsylvania Intergovernmental Cooperation Authority (PICA). The PICA Act requires that the City develop, at least annually, five-year financial plans that provide for balanced budgets and must be reviewed and approved by PICA. The City is further required to undertake “a review of compensation and benefits” and to ensure that expenditures, including those for employee wages and benefits, are balanced with revenues. 53 P.S. § 12720.102(b)(1)(iii)(H); 12720.209(b) and (c). Under the PICA Act, a failure on the part of the City to comply with such requirements would result in the mandatory withholding of state funding and tax revenues designated for the City.

Most relevant for this Panel, Section 209(k) of the PICA statute, entitled “Effect of plan upon certain arbitration awards,” requires that, prior to rendering an Act

111 award which grants a pay or fringe benefit increase, the Panel must consider and accord substantial weight to:

- i. the approved financial plan; and
- ii. the financial ability of the [City] to pay the cost of such increase in wages or fringe benefits without adversely affecting levels of service.

53 P.S. § 12720.290(k)(l). The Panel also must make a written record of the factors it considered when making its determination, according substantial weight to the approved five-year plan and the City's ability to pay. 53 P.S. § 12720.290(k)(2).

During this Act 111 proceeding, both parties raised arguments regarding the City's financial condition and ability to pay for this Award within the confines of the approved five-year plan. In making this Award, the Panel has carefully reviewed and considered the testimony of the witnesses and the exhibits submitted by the parties, as well as statements made by both parties in support of their respective positions. This Panel has duly considered the parties' arguments and has accorded the City's financial concerns the substantial weight required by law.

## **I. FINDINGS AND REASONING**

In light of the PICA Act's requirement that the Panel make findings, supported by substantial evidence in the record, that the City has the ability to pay the cost of the Award without adversely affecting service levels, the Panel has carefully considered the evidence and the contentions of the parties and makes the findings set forth herein.

1. The City is statutorily required to maintain a balanced budget.
2. The City is also required to submit to PICA for approval a revised five-year plan that is balanced in each of its years whenever it appears that the City's budget is no longer balanced as a result of unplanned revenue decreases or expense

increases. The City is required to provide quarterly updates to PICA showing how actual results and current projections compare to those contained in the approved five-year plan.

3. The City must make mid-year adjustments if there is a variance from the approved five-year plan. Because the City is prohibited by law from enacting mid-year tax increases, such adjustments generally must come from service reductions.

4. After the 2021-2024 Interest Arbitration Award (21-24 Award) was issued, the City's financial condition improved. In fact, the City's fund balance at the end of FY2025 was more than \$900 million, which met the City's internal target level, but is below the percent achieved by the other top 20 cities by population.

5. Although the City's fund balance has improved, the FY2026-FY2030 Five-Year Plan maintains fund balances well below the Government Finance Officers Association (GFOA) recommended levels and below the City's internal target.

6. Although fund balances are projected to remain well below the City's economic targets, the Panel recognizes that the City's fund balance met its target in FY2025 and the City is projected to continue to maintain positive General Fund balances during the FY2026-2030 Five-Year Plan as required by law.

7. The parties presented expert testimony regarding the City's financial condition and projections regarding the national and City economy over the next five years. The City presented evidence that PICA's analysis found that the City's tax projections were the most accurate of the peer cities they studied, particularly the wage tax projections. The FOP also presented testimony regarding the accuracy of the City's projections over the past several years, including a comparison of the City's projections and actual results and an analysis of the potential for financial flexibility within the Five-Year Plan. All of this testimony was taken into account in reaching this Award.

8. As did the panel that issued the 21-24 Award, the Panel concludes that the City has acted responsibly in reaching its Five-Year plan forecasts. The Panel notes that those forecasts have sometimes proved more conservative than the actual revenues. Similarly, the Panel recognizes that the City faces significant uncertainty regarding how the City's economy will be impacted by national and international economic decisions, which could lead revenues to fall significantly below the City's forecasts.

9. The Panel understands that the stability and prosperity of the City, is contingent on continued, consistent, and reliable federal funding. In FY2024, the City of Philadelphia received over \$2 billion in federal funds (through a mix of both direct grants and via state passthrough funds) to support City operations. These funds support more than 25 departments and fund roughly 1,000 City positions, along with contracted positions via professional services contracts (primarily in health and human services). In addition, the City receives more than \$1 billion in Wage Tax revenues from

employees who work for the federal government, hospitals and universities, all of which face job losses as a result of changing federal policies.

10. The Panel also notes that the City continues to face economic and demographic challenges, including high poverty levels, which create a large demand for social services, and the City's responsibility for both city and county government services, which comparator cities largely do not bear.

11. The City's poverty rate has dropped to 20.3%. But, despite continued improvement, the City's poverty rates are still the highest of the nation's ten largest cities, and higher than that of the state or the nation as a whole.

12. The Panel also recognizes that the stability and prosperity of the City is contingent on providing safe living and working conditions for its residents and businesses. To this end, the Panel also notes that while levels of crime spiked during the early years of the 21-24 Award, they have since decreased due in large part to the leadership of the Police Department and the efforts and sacrifices of Philadelphia's police officers.

13. The Panel acknowledges that many police departments in the surrounding suburban areas pay their police officers more than the City does. Although the Panel recognizes that this disparity between suburban and urban police departments is common across the country, the Panel notes that this lag between what the City pays its officers and the surrounding jurisdictions may, in part, contribute to the Department's current struggles to recruit and retain officers.

14. The Panel notes that the economic improvements that the FOP has received since 2002 have outperformed the City's economic growth as a whole and has led to the City's compensation for its police officers being more competitive with comparator cities today than it was in 2002.

15. The Panel also notes that the health and welfare benefits that FOP members enjoy are stronger than those of other comparator cities and national benchmarks, with lower co-pays and no deductibles or employee premium contribution.

16. The City's contracts with all of its unions expired June 30, 2025. The Panel commends the City for establishing a labor reserve in the FY2026-2030 Five-Year Plan to cover wage increases for its union members. The Panel notes that the FY2026-2030 Five-Year Plan includes a \$550 million labor reserve over the life of the Plan, including over \$100 million allocated for FY2026, which is significantly larger than the labor reserve created under any previous Mayoral administration.

17. The Panel recognizes and commends the work of police officers who come to work every day and serve in a manner consistent with the Police Department's values of honor, service and integrity.

18. The Panel also recognizes that this work has been made more difficult as the number of police officers is more than one thousand officers below budgeted levels.

19. The Panel also recognizes and commends the extraordinary effort made by police officers to save lives, including transporting shooting victims to hospitals to save lives without waiting for ambulances to arrive in the most dire of situations.

20. The Panel notes the testimony of Police Commissioner Kevin Bethel regarding the Department's recruitment and retention efforts and focus on the wellbeing and mental health of its officers, particularly with the creation of the Health and Wellness unit.

21. At the same time, the Panel was also impressed by the leadership of FOP President Roosevelt Poplar and the testimony of FOP representatives regarding the difficult and dangerous work performed by Philadelphia's police officers, and the need for police officers to have additional support in the Department.

22. The Panel recognizes that the City plans to welcome millions of visitors in the summer of 2026 due to the celebration of the nation's 250th birthday, the MLB all-star game and the FIFA world cup. This influx of visitors and the corresponding need for police deployment will place a unique strain on the Police Department and police personnel. The need to maintain order and protect the millions of visitors will require extraordinary effort from the Police Department, further straining the Department's staffing and requiring flexibility in scheduling.

23. The Panel recognizes that, under the terms of the 2022 Civilianization Award, the Department saw great success in utilizing civilians in roles that do not require the expertise of a police officer. In light of this success, and given the Department's current staffing challenges, the Panel has awarded provisions that are intended to continue that progress while also rewarding officers who have demonstrated their continued commitment to the City.

24. The Panel recognizes that this Award addresses areas that will have a significant impact on the Department and the lives of officers and the public. In doing so, the Panel has sought to strike a balance with the needs of the officers who put their lives on the line to protect the public every day as well.

25. Accordingly, the Panel has awarded wage increases that are in accordance with the City's other union agreements, but which also are intended to reflect the extraordinary demands placed on officers by current conditions, including the level of violence in the City, staffing demands, and inflation, while also reflecting the City's financial condition and the threats that the City faces.

26. Given the present uncertainties presented by the national economy, the Department's staffing issues, and the international events coming to Philadelphia next summer, the Panel believes this necessitates an Award for a shorter term than some recent awards.

27. The Panel recognizes that the FOP has sought improvements in its pension and health benefits and the City has sought to increase the cost of health benefits for officers. The Panel declines to award either side the benefit changes they propose.

28. Due to the City's efforts and the sacrifices made by police officers and other City employees, the level of funding in the pension fund has improved by more than 20 percentage points over the past decade. The City's actuary projects that the pension system will be 80% funded by 2028 and 100% funded by 2033. The Panel agrees that reaching full pension funding is a critical component to establishing the City's long-term fiscal health. Therefore, the Panel believes that making improvements to the pension benefits, as the FOP requests, is not appropriate at this time.

29. The Panel likewise has decided not to award any changes in the current health benefit program. Although the Panel recognizes that the benefits of these employees are extremely robust as compared to compactor police departments, the Panel also recognizes that LEHB has made extraordinary efforts to provide the highest quality and most innovative benefits to officers while moderating costs. The Panel takes note of LEHB's efforts to actively reduce costs and recover funds, which benefits the City.

30. Finally, while the Panel has awarded certain adjustments to the disciplinary process that reflect proposals made by both parties, the Panel has declined the City's proposal to expand the role of the Civilian Police Oversight Commission and the FOP's proposal to exclude the Commission from the various roles it currently plays in the discipline process. Moving forward, the Panel recommends that the Commission invest in fostering stronger relationships with both the Police Department and the FOP as it fulfills its current role.

## **II. AWARD**

1. Term: July 1, 2025 through June 30, 2027

2. Wages:

a. 3.0% increase effective July 1, 2025

b. 3.0% increase effective July 1, 2026

3. Bonus: The City shall pay each bargaining unit member as of the date of the Award a one-time cash payment of \$3,000, less required deductions and withholdings, within 30 days. The bonus payment is intended to recognize not only the efforts and sacrifices of Philadelphia's Police Officers but also to enable officers and their families to share in the benefit of the healthcare cost moderation that the Joint Board and LEHB have achieved, including extraordinary efforts to negotiate financial arrangements that reduce costs and pursue cost recovery.

4. Health and Welfare:

a. In light of the excellent administration of the health fund by the Joint Board and LEHB which has led to LEHB having robust assets while providing exceptional benefits and service to members and their families, the City shall not be responsible for the payment of any expenses for administration or claims incurred for the first full month following the issuance of the Award.

b. Effective July 1, 2026, the City's annual administrative payment to the Joint Board will be \$150,000.

5. Officer Safety and Well-Being:

a. Wellness Days. Effective 60 days after issuance of the Award, officers will be provided with one (1) wellness day per fiscal year that must be requested at least 48 hours in advance, subject to the following restrictions:

i. Wellness days cannot be used on the date of a City holiday, parade or any mass-deployment event of more than 200 personnel, or when an officer has been noticed for court.

ii. Wellness days cannot be used in June or July 2026.

iii. The commanding officer reserves the right to limit the number of personnel using wellness days within a district, unit or squad to ensure appropriate staffing.

iv. Unused wellness days will be forfeited at the end of the fiscal year.

v. Officers may not volunteer for overtime on the same day that they use a wellness day.

vi. Wellness days may be used in full day increments only.

b. Early Intervention System. The City shall implement a data-informed Early Intervention System designed to support officers by identifying performance factors that impact officer safety and well-being and provide support to officers who need assistance. Within 20 days following the issuance of this Award, the Police Department will provide the FOP with information on the factors that will be measured under the system and will thereafter meet with the FOP to receive its input before the system is implemented. The FOP and the Police Department will form a committee to monitor the program after it is implemented. The Panel will retain jurisdiction to resolve any disputes over the implementation and administration of the EIS program.



6. Grievance and Arbitration:

The Police Termination Arbitration Board (PTAB) arbitrator selection process will be revised as follows:

a. In the event an arbitrator resigns from the panel or is otherwise not able to continue to serve on the PTAB, the party that added the arbitrator will have sixty (60) days to name a replacement. Any matters assigned to the former arbitrator will be reassigned to their replacement.

b. Apart from any jointly-appointed arbitrator, the parties will appoint an equal number of party-appointed arbitrators to the panel.

7. Retiree Trust Fund:

a. Within 60 days after issuance of this Award, the City shall make a lump sum payment of \$5.0 million to the FOP Retiree Joint Trust Fund.

b. On or before July 1, 2026, the City shall make a lump sum payment of \$5.0 million to the FOP Retiree Joint Trust Fund.

8. Civilianization:

a. In recognition of the operational flexibility included in this section of the Award, the City shall increase the wage schedule by 1.5% effective January 1, 2026, and by 1.5% effective January 1, 2027.

b. In recognition of the provisions of this section of the Award and the Police Department's need to retain experienced officers discussed elsewhere in this Award, effective January 1, 2027, the City shall implement the following longevity schedule:

<u>Years</u>	<u>Percentage</u>
1-2	0
3-4	4.3%
5-9	4.8%
10-14	5.5%
15-19	6.2%
20-24	6.7%
25-29	7.3%
30+	7.8%

c. The City will be permitted to assign non-bargaining unit members to supervise Communications Dispatchers. The City will not transfer existing FOP bargaining unit members out of these positions in order to replace them with employees outside the FOP bargaining unit, however, if an FOP bargaining unit employee leaves their position or there are existing vacancies, the City may fill the

position with an employee outside the FOP bargaining unit, at the City's discretion, or may assign FOP bargaining unit employees to supervise civilian supervisors of Communication Dispatchers.

d. The City also will be permitted to assign non-bargaining unit members to perform work currently performed by members of the bargaining unit in the following units as set forth below:

(i) Court Liaison Unit – The City may offer to transfer officers out of the unit at its discretion as employees outside the bargaining unit are hired or transferred. Officers who elect to transfer out of the unit will be offered positions outside of patrol.

(ii) Grants Unit – The City may offer to transfer officers out of the unit at its discretion as employees outside the bargaining unit are hired. Officers who elect to transfer out of the unit will be offered positions outside of patrol.

(iii) Aviation Unit – When officers serving as pilots leave the unit, the City may replace them with employees outside the bargaining unit, at the City's discretion.

(iv) Juvenile Assessment Center – The City may use officers in the unit for other duties within the unit, such as supporting the city-wide juvenile diversion program, and use employees outside the bargaining unit to process juvenile detainees.

(v) PCIC/NCIC Director – The Director may be replaced with an employee from outside the bargaining unit when the current director leaves.

(vi) Drone Unit – The City may end the detail of officers who are currently detailed to pilot drones as employees outside the bargaining unit are hired or transferred into that role at its discretion, recognizing that piloting of drones will be considered shared work between bargaining unit members and employees outside the bargaining unit when that occurs.

e. Within 30 days of issuance of the Award, the City will identify clerical and administrative work currently performed by members of the bargaining unit for proposed reassignment to non-bargaining unit members to perform, which will not result in the transfer of existing officers out of these units:

(i) Public Affairs

(ii) Internal Affairs Division Drug Screening Unit

(iii) Transfer & Review Board

(iv) Real Time Crime Center

The Panel will retain jurisdiction to resolve any disputes under this paragraph.

f. If, during the term of the Award, the City seeks to pursue further civilianization, including expanding or revising the terms of this Paragraph 8, the City will provide the FOP with at least 30 days' advance notice of its intent to do so in order to provide the parties an opportunity to review the proposed reallocation of work. Unless the time limits are extended by mutual agreement, either party may request interest arbitration over the proposed reallocation of work within 30 days following the end of the 30-day notice period. If the FOP fails to do so, the City shall be permitted to move forward with its proposal. Any interest arbitration so convened shall not be considered a re-opening of the contract, but shall be limited to the dispute submitted and, in the event that work is reallocated or shared, whether any changes are necessary to the CBA to carry out that change in work and whether any economic changes for the FOP bargaining unit are warranted. The Panel shall retain jurisdiction to hear any request for interest arbitration under this paragraph.

9. Family Sick Leave:

a. Effective January 1, 2026, the Police Department will conduct a pilot program allowing members to use up to five (5) days of their accrued sick leave per calendar year to care for the following family members: spouse or domestic partner, child (including stepchild who resides with the employee), biological or adoptive parent.

b. Family sick leave may not be used between June 1 and July 31, 2026.

c. All use of family sick leave will be subject to all existing rules for the use of sick leave by employees, including but not limited to when a doctor's note may be required from the family member's health care provider to demonstrate proof of illness and placement on the sick abuse list.

d. No later than January 31, 2027, the City will provide data on the use of sick time (including family sick) for calendar year 2026 (excluding June and July) compared to the comparable period in 2025. If the average number of sick days per employee used in 2026 is 105% or less than days used in 2025, the pilot program will become permanent unless modified by a future panel. If the average number of sick days per employee used in 2026 is more than 105% of days used in 2025, the City will have the right to reopen this provision before this Panel to consider whether the program should be terminated in light of the increase in usage.

10. Work Schedules: Article VI(k)(3) shall be amended to adjust the event-deployment benchmark to 400 officers and the notice requirement to 30 days.

11. Vacation: For summer 2026 vacation period only, Article IX(G)(1) shall be amended as follows: The Police Department will have the right to cancel vacation signups for two (2) consecutive weeks with three (3) months' notice. Cancellations will be done by inverse seniority within the selected unit. In the event of a

cancellation by the Police Department of vacation scheduled between June 1, 2026 and July 31, 2026, the affected officer will have the option to either reschedule or cash out the cancelled vacation leave.

12. Police Department Reserve Program: The Police Department shall be permitted to implement the PPD Reserve Program in order to prepare and train personnel for future specialized assignments. Personnel assigned to the Reserve Program will not be considered assigned to the unit or have a right to be permanently assigned to the unit, regardless of how long they serve in a reserve capacity in the unit.

13. Promotions: Article XXII(E)(3) shall be amended to change the service requirement for the Sergeants' examination from two (2) years to four (4) years.

14. Discipline:

a. Discipline Code. The Disciplinary Code shall be revised as follows:

(i) A new charge for "Failure to Use Body Worn Camera in Accordance with Policy" will be added.

(ii) Remove the footnotes to 5-§005 and 5-§006.

b. Command Level Discipline. When there are multiple disciplinary charges pending against an officer that include charges eligible for Command Level Discipline, the Police Department will have the discretion to process all charges together or consider the Command Level Discipline-eligible charges separately.

c. Disciplinary Diversion. The Police Department shall implement an Internal Affairs Disciplinary Diversion Program in order to provide remedial training as an alternative to formal disciplinary actions for minor departmental infractions. The Panel will retain jurisdiction to resolve any disputes over the implementation and administration of the program.

d. Back Wage Payments. The parties will implement a pilot program for a period of 18 months from the issuance of this Award for streamlining calculation of back wage payments to officers who are reinstated following termination. During the pilot period, in the event that an officer is due to receive back pay as part of a grievance settlement or award, back wages will be limited to the monthly amount of base wages, stress and longevity pay that the officer would have earned during their absence. During the pilot period, back wages shall not include overtime or any other cash compensation and shall not be subject to any offsets for interim earnings other than payments from the City pension fund. During the pilot period, officers will still be required to submit interim earnings information so the parties can review data on what the interim wages and the overtime earnings would have been in order to determine whether they want the pilot program to continue. At the end of the pilot period, the pilot program will continue only if agreed to by the parties.

15. K-9 Compensatory Time: Effective 60 days after the issuance of the Award, Article 17(K) will be revised to adjust K-9 compensatory time to 3.5 hours per week. In addition, the City, in its discretion, will have the right to cash out accumulated compensatory time earned by K-9 officers.


16. Commanders: The Panel recognizes that the FOP has made numerous proposals involving Commanders, including proposals related to compensatory time and compensation for emergency deployments. The Panel believes that these proposals require further evaluation. As a result, the Panel directs the parties to submit recommendations to the Panel within 180 days regarding whether any adjustments should be made to the manner in which Commanders receive compensatory time/pay for certain types of additional work. The Panel will retain jurisdiction over this issue.

17. Retention Incentives: The Panel directs the parties to submit recommendations to the Panel within 120 days regarding whether and to what extent additional adjustments may be warranted in order to foster improved retention of senior officers. The Panel encourages the parties to seek the views of senior officers in making these recommendations. The Panel will retain jurisdiction over this issue.


### **III. CONCLUSION**

All remaining terms and conditions of employment not expressly modified by this Award or previously agreed to by the parties in negotiations shall remain “as is” through June 30, 2027. All proposals of the parties not included in the Award are denied.

It is understood that the signature of the Arbitrators attest to the fact that the contractual changes represent the majority opinion and Award on each issue by the members of the Arbitration Panel.

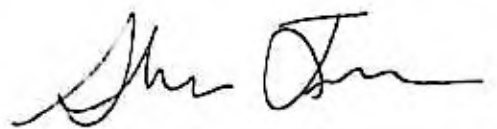
  
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Robert Gifford  
Neutral Arbitrator and Panel Chair

Date: 8/15/25

  
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Richard Poulson  
FOP-Appointed Arbitrator

Date: 8-15-25

Concur X      Dissent     

  
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Shannon Farmer  
City-Appointed Arbitrator

Date: 8-15-25

Concur X      Dissent