

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 060095)

RESOLUTION

Authorizing City Council's Legislative Oversight Committee, Finance Committee and the Committee on Labor and Civil Service to hold public hearings examining the current condition of Philadelphia's pension fund, including potential liabilities and its effect on the City's budget and to also discuss viable steps to mitigate rising costs and unfunded liability.

WHEREAS, Pension issues have overwhelmed the City of Philadelphia for decades and are increasingly challenging not only for other governments, but also for private corporations; and

WHEREAS, The Philadelphia pension plan has just under 65,000 members—one of the largest municipal plans in the country; and

WHEREAS, Each year, Philadelphia puts more money into the city pension fund, and each year, the amount it owes the fund continues to grow; and

WHEREAS, In FY2006, the general fund is projected to spend \$342 million, almost \$150 million more on pensions than it spent in FY2001; and

WHEREAS, The Pennsylvania Intergovernmental Cooperation Authority (PICA) issued a report on December 21, 2005 entitled, "An Ounce of Prevention: Managing the Ballooning Liability of Philadelphia's Pension Fund"; and

WHEREAS, The report stated, "The latest actuarial report shows that as of July 1, 2004, the pension fund had a \$7.2 billion liability, but assets of only \$4.3 billion. The difference, 40.2 percent of the City's liability, is an unfunded liability of \$2.9 billion"; and

WHEREAS, This staggering unfunded liability highlights the need to make changes to contain costs and improve the pension fund's health; and

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WHEREAS, Currently, the City pays the minimum allowed under state law for the unfunded liability. While paying the minimum amount saves money in the short run, the PICA report indicates that it will cost the City \$1.8 billion in the long run; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That authority be given to the Legislative Oversight Committee, Finance Committee and the Committee on Labor and Civil Service to hold public hearings examining the current condition of the Philadelphia pension fund, including potential liabilities and its effect on the City's budget and to also discuss viable steps to mitigate rising costs and unfunded liability.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the ninth of February, 2006.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmembers Kenney, Blackwell and Ramos

Sponsored by: Councilmembers Kenney, Blackwell, Ramos, Krajewski, Tasco, O'Neill, DiCicco and Reynolds Brown