

Legislation Text

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Authorizing the Committee on Labor and Civil Service to hold hearings to consider the possibility of offering pension buyouts to City employees.

WHEREAS, As the City's population and budgetary capacity shrank, Philadelphia's pension problem has grown dramatically, to the point where there are currently more annuitants receiving their pensions than active employees paying into the system; and

WHEREAS, The Philadelphia Municipal Retirement System ("Retirement System") began Fiscal Year 2016 only 45% funded, a rate significantly lower than the national median, amounting to a liability of about \$5.7 billion; and

WHEREAS, The growth of pension costs has outpaced the City's other expenses and its revenues, having increased 230.4% between FY 2001 and FY 2017 versus 39.2% of revenues and 31.2% of other costs; and

WHEREAS, City employees and retirees have consistently paid their fair share, while the City has generally contributed only the minimum municipal obligation required by law; and

WHEREAS, The Kenney administration, working with public employee unions, is working to negotiate pension benefit changes through negotiations, as well as its intention to marginally increase the City's annual pension payment and to improve the management of the Retirement System both to lower expenses and maximize return, but these worthwhile efforts will not ameliorate the burden of anticipated pension payments on future budgets; and

WHEREAS, Controller Alan Butkovitz has expressed an interest in joining other states and municipalities with similar pension shortfalls by exploring the possibility of offering current employees and retirees a buyout; and

WHEREAS, Buyouts are lump-sum payments to employees that could be based on the actuarial benefit times the funded percentage of the pension plan, plus a bonus to entice beneficiaries to exit the system; and

WHEREAS, The implications of the pension funding issue compel the City to consider every option even as it accounts for other interests, including our citizens' ability to retire with adequate savings and dignity; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That Council does hereby authorize the Committee on Labor and Civil Service to hold hearings to consider the possibility of offering pension buyouts to City employees.