

## Legislation Text

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Authorizing City Council's Legislative Oversight Committee to hold public hearings on the establishment of a "rainy day fund" for the City of Philadelphia.

WHEREAS, While the City of Philadelphia has had a positive fund balance for the eighth consecutive year and accumulated a record \$295 million surplus last budget year, the City's fiscal condition continues to remain precarious and dependent upon a strong national economy and scarce funds from the state and federal governments; and

WHEREAS, The Pennsylvania Intergovernmental Cooperation Authority, the state oversight board charged with overseeing the City's finances, recently published their White Paper No. 9, entitled "Philadelphia's Fiscal Challenge: Finding A Way To Save," which recommended the City create a rainy day fund; and

WHEREAS, The PICA report states that the City needs "to proactively prepare for identifiable and unknown fiscal threats that may impede continued fiscal stability and prosperity," and "can not afford to be caught unprepared" considering how long it took for the City to recover from the recessions of the 1980s and 1990s; and

WHEREAS, A rainy day fund could set aside funds in the event of a recession or other unpredictable fiscal surprise, and would help prevent the City from raising taxes, cutting services, or increasing debt while earning interest and improving the City's bond ratings; and

WHEREAS, Pennsylvania's Tax Stabilization Reserve Fund (the "sunny day fund"), created in 1985, currently holds funds exceeding \$1.1 billion dollars, and has provided fiscal stability and an improved bond rating for the state; and

WHEREAS, Forty-four states have created a rainy day fund or some type of stabilization reserve fund, and a recent report found that sixteen of thirty-five cities studied have established some type of reserve surplus fund, including Houston and Washington D.C., and the City can benefit from studying the impact and implementation in those cities and states; and

WHEREAS, Through public hearings the City can determine the best way to implement a rainy day fund, either by City ordinance, Home Rule Charter amendment, or state enabling legislation, and the hearing could address such issues as what percentage of annual expenditures should be set aside in the fund, who should oversee the management of the fund, and what the guidelines would be as to when funds can be withdrawn; now therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That authority be given to the Legislative Oversight Committee to hold public hearings on the establishment of a "rainy day fund" for the City of Philadelphia.