

## Legislation Text

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Authorizing the Committee on Legislative Oversight to hold hearings with the Pennsylvania Intergovernmental Cooperation Authority (PICA) to examine Philadelphia's financial health and stability.

WHEREAS, Mayor Jim Kenney delivered the Fiscal Year 2019 budget address on March 1st, with planned expenditures for the fiscal year totaling \$4.7 billion. The address focused on addressing public safety, the opioid crisis, street repair and sanitation, workforce development, and the School District's future under a locally-selected School Board; and

WHEREAS, The City will assume local control of the Philadelphia School District on June 30th, 2018, following the School Reform Commission's November 2017 vote to dissolve that body. It is projected that the District will be underfunded by \$900 million by 2023 under current conditions; and

WHEREAS, The Mayor's budget proposal included a six percent property tax increase, slowing projected Wage Tax reductions, and increasing the real estate transfer tax. These changes have been estimated to account for a \$980 million revenue increase aimed at eliminating the School District's future deficit; and

WHEREAS, The Pennsylvania Intergovernmental Cooperation Authority (PICA) is a state agency authorized in 1991 to issue bonds on behalf of the City to help prevent insolvency. In exchange, the agency was granted the power to oversee and approve the City's budget as a safeguard for the maintenance of the City's fiscal health; and

WHEREAS, According to the Annual Financial Report, the General Fund held a \$189.2 million balance at the close of Fiscal Year 2017. While significantly higher than projected, this balance would cover less than three weeks of City spending. The lack of a fiscal 'cushion' negatively affects the City's credit rating, making borrowing more expensive for Philadelphia taxpayers. To improve its fiscal standing and boost its bond rating, analysts note that the City must strive for a surplus that covers two months of expenditures; and

WHEREAS, In order for Philadelphia to maintain the economic growth it has seen in recent years, and to ensure that all Philadelphians are able to share in theses gains, the City must prioritize its fiscal health and take steps to ensure that it can meet its obligations; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we hereby Authorize the Committee on Legislative Oversight to hold hearings with the Pennsylvania Intergovernmental Cooperation Authority (PICA) to examine Philadelphia's financial health and stability.