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City Clerk
Councilor Slifko
May 23, 2016
N/A

RESOLUTION NO. 47 -2016

Supporting House Bill 414 (PN 2545) for Municipal Pension Reform

WHEREAS, House Bill 414 (PN 2545) before the Senate Appropriations Committee was favorably amended and reported from the Senate Finance Committee on November 18, 2015 to include comprehensive municipal uniformed-union pension reform that will provide Police and Fire pension plans that are fiscally sound, secure and sustainable; and

WHEREAS, as amended, HB 414 (PN 2545) combines two legislative proposals and the recommendations outlined in the Governor's Task Force on Municipal Pension Reform, chaired by Auditor General Eugene DePasquale; and

WHEREAS, the reforms embodied in HB 414 (PN 2545) are critical as uniformed-union, public safety costs are frequently the largest portion of a municipal budget, and those costs continue to grow beyond taxpayers' fiscal sustainability. The consequences of widespread, underfunded pension systems mean less public safety personnel, more municipal debt, higher taxes and less attractive communities; and

WHEREAS, HB 414 (PN 2545) looks at existing pensions and how well they are funded. Municipalities with plans funded at 90% or above have the option to retain their current plan structure or they may choose one of the two plan designs outlined in the bill. Plans funded above 50% and below 90% must choose one of the two plan designs for all new hires as outlined in the bill, and plans that are under 50% funded must move under PMRS for administration and all new hires in that municipality will receive the PMRS designed plan outlined in the bill; and

WHEREAS, in the City of Reading, obligations for past pensions (the City's MMO) have increased from \$6 million/yr to \$16 million/yr within the past 4 years, and now represent a staggering 17% of the City's \$90 million annual budget; and

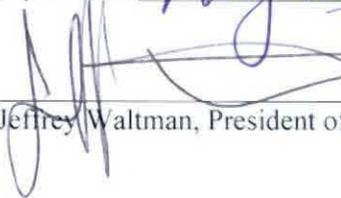
WHEREAS, in the City of Reading, not only are these costs unsustainable now, they are also unsustainable in the future, and without pension reform in regard to future hires, the City will not be able to remain out of Act 47, even if, in the short term, it is able to exit that Act by the upcoming 2019 deadline; and

WHEREAS, throughout the Commonwealth, 66 out of 67 Pennsylvania Counties have at least one municipality with a distressed pension system, and without the reasonable options which HB 414 provides for future hires, the Commonwealth as a whole will experience severe financial fallout from multiple failed pension systems.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF READING HEREBY RESOLVES AS FOLLOWS:

Respectfully requesting the legislators of the Commonwealth of Pennsylvania to take all actions required to enact HB 414 (PN 2545) which provides responsible pension reform

Adopted by Council May 23, 2016



Jeffrey Waltman, President of Council

Attest:


Linda A. Kelleher CMC, City Clerk

I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Resolution passed by the Council of the City of Reading, on the 23 day of May A. D. 2016. Witness my hand and seal of the said City this 24 day of May A. D. 2016.


CITY CLERK