

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 554 Session of
2012

INTRODUCED BY LAWRENCE, BOYD, CLYMER, CUTLER, EVANKOVICH, GROVE,
HARPER, HESS, KAUFFMAN, KORTZ, QUINN, SWANGER, TOEPEL AND
VULAKOVICH, JANUARY 31, 2012

REFERRED TO COMMITTEE ON URBAN AFFAIRS, JANUARY 31, 2012

A RESOLUTION

1 Memorializing the City Council of Philadelphia to address
2 concerns raised by the public and press concerning the
3 Deferred Retirement Option Plan and the associated costs to
4 the city's distressed pension plan.

5 WHEREAS, The City of Philadelphia operates a defined-benefit
6 pension plan for the benefit of current and retired city
7 employees; and

8 WHEREAS, The current balance of the city's pension fund is
9 less than 50% of the assets needed to pay its future
10 liabilities, with some employees eligible to retire as young as
11 age 45, leading to significant concern about the fiscal
12 commitments made by the fund to its beneficiaries; and

13 WHEREAS, The Deferred Retirement Option Plan (DROP) was
14 authorized by Mayor Ed Rendell in 1999 and allows city employees
15 to retire, receive pension benefits and remain employed by the
16 city while having collected pension benefits; and

17 WHEREAS, At the time of authorization, the DROP program was
18 promoted as a benefit to city workers that would impose a

1 negligible financial impact on the pension fund; and

2 WHEREAS, A recent study from Boston College estimated that
3 the DROP program has cost the Philadelphia pension fund an
4 additional \$258 million over the past decade, with an annual
5 cost between \$21 million and \$36 million; and

6 WHEREAS, Numerous members of the Philadelphia City Council
7 have participated in the DROP program at a cost of millions of
8 dollars to the pension fund at a time of financial uncertainty;
9 and

10 WHEREAS, Disparate public and private organizations have
11 called for the abolishment of the DROP program, including the
12 Pennsylvania Intergovernmental Cooperation Authority, the
13 Committee of Seventy and the Philadelphia Inquirer Editorial
14 Board; therefore be it

15 RESOLVED, That the House of Representatives memorialize the
16 City Council of Philadelphia to take swift and purposeful action
17 to terminate the DROP program, to take thoughtful and meaningful
18 action toward addressing the long-term fiscal issues surrounding
19 the city pension fund and negotiate revised pension benefits
20 with future employees that allow for prudent financial planning
21 and a reduced burden on taxpayers in the years and decades to
22 come; and be it further

23 RESOLVED, That copies of this resolution be transmitted to
24 the Governor, the Mayor of Philadelphia, each member of the City
25 Council of Philadelphia, the Chief Investment Officer of the
26 Philadelphia Board of Pensions and Retirement and each member of
27 the Philadelphia Board of Pensions and Retirement.