For Immediate Release
December 7, 2018

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PICA Board Approves City's Revised FY2019-FY2023 Five Year Plan

December 7, 2018— The Board of the Pennsylvania Intergovernmental Cooperation Authority ("PICA") today unanimously approved the *City of Philadelphia's Revised Five Year Financial Plan for Fiscal Years 2019-2023* (the "Revised Plan"), submitted to PICA on November 23, 2018. In November 2018, the City executed a collective bargaining reopener agreement (the "Reopener") with AFSCME District Council 33 ("DC33").

This Reopener resulted in $28 million in additional health and welfare costs that were not included in the *City's FY2019-FY2023 Five Year Financial Plan*, approved in July 2018 (the "Plan"), prompting the submission of a Revised Plan in accordance with the Pennsylvania Intergovermental Cooperation Authority Act for Cities of the First Class (the "PICA Act").

PICA Staff recommended approval of the Revised Plan, based on the following:

- The projected fund balance for FY2018 in the Revised Plan is $368.7 million, an increase of $140.2 million over the estimated fund balance in the Plan.
- The total cost of the DC33 Reopener totaling $28 million, can be absorbed by the above increase of the FY2018 year end fund balance without having a significant adverse impact on each year's fund balance in the Revised Plan.
- The Revised Plan includes certain other commitments totaling $84.5 million over the plan period, which can also be absorbed by the increased FY2018 year end fund balance.
- As is evident by the City's most recent Quarterly City Managers Report, the City is still experiencing steady tax revenue growth in the first quarter of FY2019. The City is currently projecting an additional $37.2 million for FY2019 General Fund revenues above the Plan's projection.

Although PICA is confident that the Revised Plan is based on reasonable assumptions—which will ultimately result in positive fund balances over each of the five fiscal years presented—PICA continues to be concerned about potential risks to the Plan, such as the possibility of declines in economic growth, School District funding, real estate transfer tax projections, or rising pension costs.

For the full report click here.