



CITY OF PHILADELPHIA

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MICHAEL A. NUTTER
Mayor

September 14, 2009

Dear Senator:

I respectfully request your vote in support of HB 1828 without further amendment and without further delay.

Since early June, I have been to the State Capitol nearly weekly seeking authorization of three essential tools that would assist the City with its financial recovery in the wake of the worldwide economic collapse. I have had the opportunity to meet with many of you to explain our circumstances, and to detail our own actions to address the issue while discussing the tools we need from the General Assembly.

On behalf of the City, I have consistently asked for State approval to: (1) defer a portion of our pension payments for FY10 and FY11; (2) change our pension amortization period; and, (3) impose a five-year temporary 1% increase in the local sales tax to pay for pension obligations, including repayment of the deferrals with interest.

HB 1828 contains these provisions. These provisions were in the bill as passed by the House on August 5th and as passed by the Senate on August 26th. And, they remain in the bill which was yet again passed by the House and returned to the Senate on Friday, September 11th. Thus, both chambers have actually agreed to these provisions, and while I fully understand the legislative process and prerogative of both chambers to add amendments, the citizens of Philadelphia cannot afford any further delay.

As I have explained, the global economic crisis hit state and local governments hard. And, since Philadelphia must have a balanced five-year financial plan we were faced with a \$2.4 billion hole. Working on our own, we have fixed \$1.7 billion by implementing a variety of efficiencies and cuts, making major reductions in the workforce, stopping scheduled wage and business tax cuts, and increasing fees and fines.

We came to the State truly as a last resort seeking a helping hand. Mindful of your own budget issues, the legislation we seek has absolutely no fiscal impact on the Commonwealth. It does not cost you one dime. But inaction and further delay will have a costly impact.

We have to balance a five-year financial plan because our finances are subject to review by PICA, a state agency that ensures that we don't use any gimmicks to keep our fiscal house in order. Under the legislation that created PICA, we are required each year to get approval for a Plan that shows that we have a balanced budget not just for one year, but for each of five years. In a vote last Friday, PICA made clear that unless HB1828 is passed by September 18th, we will have to demonstrate how we will maintain a balanced five-year Plan without the sales tax and pension changes. Unfortunately, the only way to keep the Plan balanced would be to make devastating cuts to our budget.

The additional workforce and service reductions we will need to make without passage of HB 1828 will be felt beyond the boundaries of the City. Philadelphia is not an island, but is integral to the economic health and vitality of the Southeast region and the Commonwealth.

If HB 1828 does not pass, we will need to find another \$700 million to insure a balanced budget and plan. This means the elimination of 1000 police and 200 fire positions, reducing trash collection from weekly to twice a month, ceasing operations at two City health centers, and shuttering entire service departments, including Parks, Recreation, Libraries, Planning and Commerce. In total, more than 3000 positions will be cut.

Given the magnitude of these cuts and the civil service procedures we must follow to effectuate layoffs, we initiated implementation on September 10. Citizens and stakeholder groups have been notified that all recreation centers and libraries will close. Notices were given of the change in trash collection. And scores have been calculated to prepare for the thousands of layoff notices that will be sent out on September 18.

These are actions none of us want to take. And, it is unfortunate that they had to be initiated. But, the simple fact is that the City cannot spend money it does not have. And throughout this fiscal crisis, we have had to act responsibly and prepare for the worst while hoping for the best.

I know that you understand the importance of this bill to the City and to the Commonwealth. And, I remain hopeful that you will approve HB 1828 without further amendments and without any further delay.

During my numerous visits to the Capitol advocating for HB 1828, I have had the opportunity to meet many of you. I have learned a lot in a short period of time about the General Assembly and the importance of developing relationships, sharing information and forging common ground. For too long, the State and the City have had been reluctant partners, instead of true partners. I look forward to continuing to work together in a true spirit of partnership.

Please, I ask for your support of HB 1828.

Sincerely,



Michael A. Nutter
Mayor