

FROM	NAME & TITLE	Deborah F. Moore-Carter, Labor Commissioner <i>DFMC</i>	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Office of the Labor Commissioner 417 East Fayette Street, Suite 1405		
	SUBJECT	City Council Bill 09-0348 F&PRS – Post Retirement Increases		

TO

The Honorable President
Stephanie Rawlings-Blake and
Members of the Baltimore City Council
Room 406, City Hall
100 N. Holiday Street
Baltimore, Maryland 21202

DATE: July 7, 2009

Recommended Position

The Office of the Labor Commissioner is in support of City Council Bill No. 09-0348, which amends the variable benefit provisions of Baltimore City Code Article 22 Fire and Police Employee’s Retirement System in the following manner:

- Terminates the current variable benefit provisions at 6/30/08.
- Transfers the V/B assets to the general assets of the system.
- Transfers the V/B liabilities to the regular liabilities of the system.
- Provides a guarantee by the City of all previously granted V/B increases (which it does not currently).
- States the intention of the City to examine the feasibility of establishing post-retirement increase provisions upon the System attaining and maintaining an 85% funded ratio would be based on market value of the assets as determined by the system’s actuary.

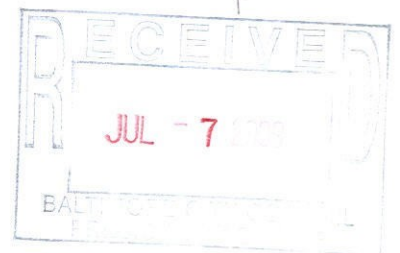
Comments and Analysis

The Office of the Labor Commissioner defers to the financial analysis used by the Department of Finance. As it currently stands, the F&P can not sustain the current system plan for variable benefits. The national economic crisis has only highlighted the inability to sustain the current system even more.

The Department of Finance has projected that the City’s required contribution to the F&P will increase by 29% from 82.1 million to 1.06 million for Fiscal Year 2011. If amendments to the variable benefit provisions are not made, the City will have to contribute another \$61.5 million to the estimate of \$1.06 million for Fiscal Year 2011.

The growth of the F&P has not matched the pension system’s increasing costs. Consequently, the City is responsible for finding additional monies from the General Fund in order to support the system. This could mean potential cuts in services offered to Baltimore City residents, as well as losses or stagnation of the number of city job positions.

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