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House of Representatives
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PENNSYLVANIA ENERGY DEVELOPMENT AUTHORITY

***The following letter appeared Thursday, March 5, in the Letters to the Editor section of the Herald Standard.**

February 27, 2009

Herald Standard
8-18 E.Church St.
Uniontown, Pa., 15401

To the editor:

I write to correct a serious misapprehension by the Herald in editorializing about my proposed early retirement bills for public school teachers and state employees ("Bill Coming Due for Taxpayers", 2/22/09)

The proposed bills, HB 30 and HB 31, are not a typical early-retirement package. They are, in fact, without added costs to either taxpayers or the retirement funds.

How so, you say? And, rightly so.

When a senior teacher retires with 30-plus years of service, they typically are at or near the top of the pay scale. In almost all cases, they are replaced by a younger teacher – often a first-year teacher – at or near the bottom of the pay scale. That "net savings" in salary (plus many benefits costs, since those are all percentages of salary) will continue for a number of years into the future. In House Bill 30 and House Bill 31, we require the Budget office to recapture 60 percent of those net savings from the stream of payments to each state agency and each school district, leaving 40% of the net savings in on the table for districts to share. This "recapture" is sent to each pension fund to pay for the benefit.

Why do this, you might ask? For a free lunch for public employees and teachers? No.

Doing this, in the manner described above, will open up over 10,000 new teaching jobs for our young people – at a time when jobs are desperately needed. And, most of those new retirees will stay in Pennsylvania, and spend their new retirement checks in our communities.

Believe me, if an early retirement bill required money from the two pension funds, or from new taxpayer monies, I would absolutely agree with you. We can't afford it. But this solution in HB 30 and HB 31 provides an avenue for us to create new jobs with the same money we would otherwise continue to pay to more senior employees, if they cannot retire early.

I hope you will reconsider your position and help in the effort to adopt this.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter J. Daley".

Peter J. Daley, Chairman
House Commerce Committee