

PFT Retiree Chapter
10 South 19th Street
Pittsburgh PA 15203

February 20, 2014

Dear PFT Retiree Chapter Member:

At our last Executive Board Meeting on Feb. 6, 2014, we discussed at length a possible proposal on pension reform that may soon come out of Governor Corbett's office. AFT-PA President Ted Kirsch recently (Feb. 12, 2014) held a "town hall discussion" via telephone dial-in regarding pension reform, and the drive to make automatic union dues deductions from paychecks of those represented in a bargaining unit against the law.

Both of these actions: pension reform and elimination of automatic dues deductions impact directly on state workers' (teachers included) standard of living after retirement, and the ability of unions to maintain adequate membership, staff representation to bargain for wages/benefits of members, and funds for lobbying on educational issues.

Don't be placated by the block grant of money Governor Corbett recently approved for special education in each district. Bear in mind that he has taken **one billion** from education's general funding in his first term. This sudden "gift" to education is only because he's running for re-election this year. The school districts are still way behind in much needed general state funding.

With regard to pension reform, State Budget Secretary, Charles Zogby was quoted in the **Post Gazette** on Feb. 9th as saying the pension reform (to come from Corbett) may be something of a **hybrid-plan**. That is one that will enroll new hires in **a defined benefit plan up to a point, after which they would be switched to a defined contribution plan**. We are skeptical of these hybrid-plans for good reasons: they have not been tested (used) on a system as large as ours; and while they are promoted as both a **defined benefit and defined contribution**, known other times as a **Cash Balance Plan**, they are a much lower-earning / lower-return to the individual's pension savings and pension retirement benefit. Additionally, as President Kirsch explained, with this plan the pension fund becomes deprived of much needed funds as the money normally going in becomes gradually reduced.

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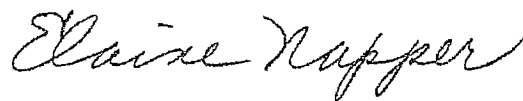
Now, while the Governor did not state in his budget address any specific reform plan as described in the preceding paragraph, he did state that he wanted to cut the minimum amount the state and school districts pay into the fund this coming year. Even the **Post Gazette** Editor saw this as an irresponsible plan. It is a sure-fire way to raise costs even higher in future years. It is just the sort of money-shifting scheme that got us into the pension funding problem we currently have. As we know, the state and school districts still owe money into our pension fund from those previous cuts. The pension fund is currently slowly recovering due to **Act 120** which **increased** the state and school district contributions over the next several years. Act 120 should remain in place as it is showing progress.

I sent this letter out because it is imperative that we all remain on top of these issues. The AFT is strongly behind us. Labor lobbyists are active in Harrisburg arguing against these attacks on unions and pensions. At the end of the "Town Hall" conversation, President Kirsch also put us on notice of a group called "The Commonwealth Fund" that is sending out anti-union information to homes in the state.

In conclusion, I ask that you be available if we need to do another letter writing campaign as we did last Jan. 2013. If a request comes to you from us or AFT-PA in the mail, by phone, or on your email to contact your State Representative or Senator, please do so. We will also need your help in the upcoming elections with phone banks as we make calls for voter registration and/or promoting PFT recommended candidates.

Thank you for taking the time to read this and for whatever help you can give us.

In Solidarity,

A handwritten signature in cursive script that reads "Elaine Napper".

Elaine Napper
PFT-R President

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