

50% increase; less for workers, teachers

Legislators raise own pensions

Wednesday, May 09, 2001

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HARRISBURG -- Without a word of debate yesterday, state lawmakers increased their pensions 50 percent and granted lesser increases to all state employees and public school teachers.

The vote capped weeks of furious deal-making between legislative leaders and Gov. Tom Ridge.

Ridge said he would sign the pension increase into law if lawmakers passed his proposed budget for next year, ended the stalemate over how to spend \$11 billion in tobacco settlement funds, put \$10 million into the pension fund and passed a series of education reforms that Ridge proposed.

The state budget is expected to be passed within a few weeks and without much controversy. The end to the two-year battle over how to spend the tobacco funds also is in sight.

Ridge said he will sign the pension bill in good faith that the Legislature will complete those matters.

Legislative leaders made short work of his education reforms on Monday, passing them in the House and Senate so fast that some lawmakers cried foul because that occurred in just a day, bypassing the usual months of hearings and committee deliberations.

The education reforms included the establishment of so-called "independent schools," grants of \$500 per family to pay for the cost of tutoring failing students, and a \$30 million tax credit for corporations that fund scholarships and other programs at private and parochial schools.

The reforms were passed to set the stage for yesterday's vote on pensions. Lawmakers have sought a better pension for themselves for decades.

The original plan was to give lawmakers a 50 percent increase to their pensions, which will bring their pensions to the same level as district justices. Under the bill, a lawmaker earning \$61,980 a year for 20 years would qualify for a pension of \$37,188 a year, compared to \$24,792 previously.

But Ridge refused. All state workers had to be included, he said.

So the 109,000 state employees were written into the bill to receive 25 percent increases to their pensions, with a 1.25 percent increase in employee contributions.

Democratic leaders last weekend successfully added 234,000 public school teachers to the pension bill, granting them 25 percent increases too, provided the contribution rates of most teachers rose 1.25 percent, to 7.5 percent of their salaries.

The pension increases do not apply to any retirees, but a provision in the bill does increase the monthly medical cost reimbursements for some retired teachers from \$55 to \$100.

Patsy J. Tallarico, a mathematics teacher from the New Kensington-Arnold School District and president of the Pennsylvania State Education Association, said in a statement, "School districts will save money in salary by replacing retiring teachers with younger and less-costly employees. They can use the savings to enhance educational programs and to limit local property tax increases."

Tallarico said it was not the union's choice to link the education reforms to the pension bill.

"We worked very hard with legislative leaders to address our concerns. We achieved as many positive changes as were possible. We then focused on ensuring that PSEA's members were included in the pension multiplier increase. In exchange, we agreed to consider legislators' entire voting records in the next election rather than this specific vote."

Lawmakers justified the pension increases by noting that the pension funds for both state employees and the one for public school employees are bloated with earnings from the booming economy of the 1990s.

"It's not a raid on any taxpayer money. It is funded by the surplus in the pension fund and increased contributions from state employees, lawmakers and teachers," said Mike Manzo, aide to House Minority Leader H. William DeWeese, D-Waynesburg. "There were times, obviously, when it looked like it wouldn't get done. Any vote like this is always tough."

One byproduct of the increased pension for lawmakers, noted House Majority Leader John Perzel, is that it would encourage older legislators to retire now and take the increased pensions.

He estimated that 20 to 30 of the state representatives will likely retire soon after the bill is signed by Ridge, meaning the pension increase could act as a de facto term limit on lawmakers. In return for higher pensions, lawmakers' contributions will rise from 5 percent to 7.5 percent of their salaries.

Lawmakers have bucked for an increase to their pensions since 1975.

Teachers' pensions hadn't changed substantially since 1958. Perzel said there was not enough money to grant teachers larger pensions and a provision to allow full retirement at 30 years of service, which many older teachers had zealously advocated.

"We can't do both because we don't have enough money or enough teachers," said Perzel. Too many teachers would retire with a 30-and-out provision, and the increase to their pensions gives most teachers a better deal in the long run, he said.

The bill passed the House 176-23, without a word of opposition and no debate. It took five minutes to approve, then ship to the state Senate for consideration. An hour later, the Senate approved the bill, 41-8, without discussion, and sent it to the governor's desk for his signature.

"I came to Harrisburg to do what's best for the people of Pennsylvania and grabbing a larger pension for myself doesn't seem the best way to do that," newly elected state Sen. Mike Stack, D-Philadelphia, later said in explaining his no vote.

"I do think the teachers and state workers are deserving of a pension increase, and I was more than ready to support legislation that did not include legislators. That would have been an easy decision to make."

Ridge will sign the bill next week, when he returns from a trade mission to Poland, said his spokesman, Tim Reeves.

"We have agreements with the Legislature on the other provisions, and we are confident they will be met," he said.