Pennsylvania Democrats call for elimination of pensions for new-hires

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As the Pennsylvania budget impasse continues into its third month, Democratic politicians are calling for the elimination of pensions for newly hired state and school workers and the privatization of the state monopoly of the wine and liquor industry.

Pennsylvania has been without a state budget since June 30, when the previous fiscal year ended. Since then, the state has not made payments to local school districts, county governments or for a vast range of human services—from homeless shelters and food banks to early childhood education and health services for the elderly.

Current Governor Tom Wolf has stated that he is prepared to work with Republican lawmakers on a budget deal which will include cuts to state worker and teacher pensions and the state-run wine and liquor stores. Other Democratic politicians have responded to the weeks-long impasse by publicly campaigning for concessions on the most anti-worker demands of Republican legislators.

Former Democratic Governor Ed Rendell spoke on the public radio show *Smart Talk*, declaring that the current Democratic Governor Tom Wolf needs to compromise with Republicans on ending pensions for future state workers. The problem, he said, was that pension costs are unbearable for the state and for local school districts' budgets, and that pensions, a hard-won gain of the working class, are for the past: "I think in ten years there will be nowhere in the United States where there will be defined benefits not in the private sector and very little in the public sector as well."

Rendell followed up by advocating the destruction of the state-owned wine and liquor stores that provide decent paying jobs for workers. In his plan, supermarkets and grocery stores will be allowed to sell wine and beer, along with restaurants. The current state stores will still be operating but "they would be competing with new restaurants…over the course of time the good state stores in the good locations I think would survive…the bad state ones would phase out." In trying to save face with his complete right-wing agenda, he lied that after the closing of many state-owned stores, "most of the workers will keep their jobs!"

All of these compromises must be enacted, according to Rendell, in order to finally tax the shale gas drillers throughout the state, which would be the Republican concession.

Rendell is no defender of working class rights. While governor of Pennsylvania from 2003 to 2011, he raised the retirement age for state workers from 60 to 65 and to 62 for school employees. He also recalculated the formula used for pensions in order to reduce benefits.

Rendell also cut hundreds of millions from state payments to the pension funds leaving them underfunded by billions and is responsible along with former governor Corbett and the Wall Street bankers and investment firms for their current $50 billion deficit.

In an almost identical statement at a Capitol news conference, Democratic Auditor General Eugene DePasquale said, "Find out some compromise on the shale tax. Use that money for education. Find a bit extra money to get the governor closer to his spend [sic] number [on education]…Then work out a fiscal responsible pension reform plan that I think all the parties can buy into and help save money and protect retirees." Regarding the wine and liquor stores, "all I can tell you is that consumers want more convenience and there's a way to find a compromise to do that as well."

Earlier in the year, DePasquale issued a report in which he called for the termination of municipal pensions to be replaced by defined-contribution plans.

Some schools throughout the state have withdrawn loans to bridge the funding gap or cut programs, while in other school districts teachers are working without pay such as in Chester Upland school system near Philadelphia.

Pre-K Counts and Head Start, important education for the development of children, have been forced to operate on shorter hours and seek loans from banks. At Bright Futures Learning Centers in Steelton and Harrisburg, workers have had their medical insurance cancelled and five staff members have been laid off. The school opening has been delayed for two weeks, forcing 86 children to miss out on early education, and the utilities will soon be shut off.

College students who rely on state grants to pay for the outrageous cost of college still have not received the money. The purchasing of books, school material, and living expenses will have to wait. About 18,000 students at Penn State University are patiently waiting for the almost $25 million in state grant money.

In this year’s *The State of Working Pennsylvania*, authored by the Keystone Research Center, the budget impasse threatens the state’s economy recovery, which, according to Executive Director Stephen Herzenberg, has been “nascent and fragile,” or in other words non-existent. Furloughs and job layoffs could be enacted if cash reserves dry up. In turn, consumer spending will shrink, hurting the unstable economy.

Moreover, the interminable falling wages for the majority of workers will continue, along with the rise of incomes of the richest in the state. The report states that, “The bottom 70 percent of Pennsylvania workers have also seen their wages decline in the current economic recovery, between 2009 and 2014.” This has been “accompanied by the breathtaking growth in the gap between the incomes of most families and the highest earners (CEOs, financial executives, and other high earners in the private sector). While market incomes (income before taxes and transfers such as unemployment insurance payments) fell 5 percent for the bottom 99 percent of Pennsylvania families since 2001, the top 1 percent have seen their real market incomes climb 27 percent.”

This coordinated assault on pensions is a nationwide effort by both ruling parties, including the Obama administration, which has announced plans to slash benefits for hundreds of thousands of workers in multi-employer pension funds. Workers in Detroit, Chicago, and Stockton, California have felt the noose around their retirement benefits, too. Now, Democratic politicians are calling for Tom Wolf to tighten it around Pennsylvania workers.