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AND DELINQUENCY

December 17, 2008

Mr. Jeffrey Clay
Executive Director
Public School Employees' Retirement System
5 North Fifth Street, 4th Floor
Harrisburg, PA 17108-0125

Dear Mr. Clay:

We write to convey our displeasure with the recent announcement that the Public School Employees' Retirement System bonused their investment staff; all with the employee pension investments losing money! In our opinion this is an indefensible position and a gross miscalculation on your part.

We read where you stated you were advised you were under a contractual obligation to award the bonuses; yet in a subsequent step you ended the program for the future. The logical question, in light of the financial market, is why did you not take action to end the bonus program NOW?

In a year when the General Assembly and the Governor are cutting funds from budgeted programs; in a year when cost of living increases are being returned to the state treasury; in a year when the Governor is seeking give backs from state employees, why should you be any different?

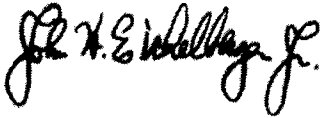
We hope you reconsider your position on the bonus awards.

Senator Eichelberger is set to reintroduce his bill banning bonuses throughout the Commonwealth. We will aggressively advocate for its passage in the General Assembly.

Time and circumstances have changed. The public and a number of legislators want the bonus practice to cease immediately.

Thank you for your consideration in the matter.

Very truly yours,



Senator John H. Eichelberger, Jr.
30th Senatorial District



Senator Jane C. Orié
40th Senatorial District



Senator John C. Rafferty, Jr.
44th Senatorial District

CC: Lt. Governor
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Senator Dominic Pileggi, Majority Leader
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