

Pension talks fly under the radar

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BY JOHN REITMEYER
STATE HOUSE BUREAU

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Two months ago, Wall Street downgraded New Jersey's credit rating largely over concerns about the state's grossly underfunded pension system. Lawmakers have yet to take up several bills that sponsors say would reform the system.

Legislation to prevent elected officials and others from collecting a taxpayer-funded paycheck while simultaneously receiving payments from the public pension system has also stalled.

Instead of being debated publicly in legislative committees, pension revision measures have instead become the latest issue subjected to private negotiations between Governor Christie, a Republican, and Senate President Stephen Sweeney, D-Gloucester.

Both men say they are making progress in their talks and agree the ultimate goal is to restore fiscal health to a pension system that was underfunded by \$54 billion as of the latest actuarial account.

That shortfall was cited by Standard & Poor's in early February when the Wall Street ratings agency lowered New Jersey's credit rating, a key factor in determining how cheap and easy it is for the state to borrow money to pay for new roads, schools and other capital investments.

Christie proposed several changes to the pension system in late 2010, leading to legislation put forward by Republican lawmakers earlier this year that would, among other things, increase the retirement age to 65 for many employees, require all public employees to contribute 8.5 percent of their salaries into the pension system, and eliminate cost-of-living increases for all current and future retirees.

Sweeney has also proposed a series of pension revisions that include changing the cost-of-living adjustments and the way employee contributions are calculated, but his legislation does not call for an increase in the retirement age, which was raised from 60 to 62 for new employees by then-Gov. Jon Corzine in 2008.

Both bills were introduced in February — around the time of the Standard & Poor's downgrade — but have not been heard in any legislative committees or come up for votes in either house of the Legislature.

Instead, Sweeney said that he and the governor have decided to bridge the differences in their plans in private negotiations, following the same approach that led to a compromise last year on the 2 percent cap on local property tax hikes and a similar cap on interest arbitration awards that can be awarded to police and firefighter unions.

"We have been meeting on a regular basis with the governor," Sweeney said during a briefing with reporters in Trenton last week. "We're discussing, we're working on it."

Christie also addressed the status of those talks during a recent radio interview.

"We're getting there," he said. "We're having meetings, we're having conversations, and we're getting closer."

Tied to budget action

No formal deadline has been established for the pension changes, and as of the latest accounting, the pension system was valued at \$72.6 billion. But Christie has tied passage of pension reform — and a series of health benefits changes for public employees — to the new state budget, which under the state constitution must be enacted by July 1.

The governor was asked about the pension issue during a news conference last week that also included his heavily publicized criticism of Sen. Loretta Weinberg, D-Teaneck, for collecting a \$36,000 annual pension while also receiving a \$49,000 legislative salary.

The bill put forward by the governor would prevent elected officials who have held a public office or job long enough to receive pension benefits from collecting those benefits while also remaining in the same office from which they have "retired."

Sweeney's bill would not address that issue, which has become a part of the pension debate after politickernj.com reported that Essex County Executive Joseph DiVincenzo, a Democratic ally of the governor's, is collecting a \$68,862 annual pension while also being paid a \$153,207 taxpayer-funded salary — all while not actually stepping down from his office

But Christie stopped short of endorsing another pension-reform bill, introduced by GOP lawmakers last spring, that would prevent any public employee from receiving a taxpayer-funded salary while also receiving state pension payments.

That legislation would apply to other examples that have become public recently, including Bergen County Executive Kathleen Donovan's earning \$134,617 while also collecting a \$73,228 annual pension for her many years of service as county clerk and a lawmaker; and Bergen County Sheriff Michael Saudino, who is being paid \$138,000 as sheriff while also collecting a \$129,987 annual pension for his prior career in law enforcement, which included serving as police chief in Emerson.

The tougher bill, which cleared the Senate State Government Committee in October but has yet to come up for a vote in the Senate Budget and Appropriations Committee, would also apply to Christie's Cabinet secretary.

"It would take a lot of good people out of the system," Christie said in explaining his opposition.

Referring to DiVincenzo's case, the governor added, "That's not the situation. The situation is retiring from the same job you have."

But Senate Budget and Appropriations Committee Chairman Paul Sarlo, D-Wood-Ridge, said the tougher bill could get a vote in his committee soon.

"I'm more inclined to support the stricter version," Sarlo said. "This loophole needs to be closed

immediately so we don't have more of these situations happen."

E-mail: reitmeyer@northjersey.com

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