



NEW JERSEY GENERAL ASSEMBLY

CAROLINE CASAGRANDE
ASSEMBLYWOMAN, 12TH DISTRICT
71 WEST MAIN STREET
SUITE 101
FREEHOLD, NJ 07728
(732) 866-1695
FAX: (732) 866-4262
aswcasagrande@njleg.org

JUDICIARY COMMITTEE
STATE GOVERNMENT
COMMITTEE

September 21, 2009

Pension and Health Benefits Review Commission
c/o Mary Ann Ryan, Administrator
Division of Pension and Benefits
P.O. Box 295
Trenton, NJ 08625-0295

Dear Commissioners:

Thank you for considering A3959, which creates new membership eligibility standards for PERS and TPAF.

Simply put, pensions should be for full time employees who have dedicated their lives to public service. The current system allows part time political appointees to game the system for their own personal gain, at tremendous costs to the taxpayers. The only way to stop this raiding of the public pension system is to place an hours requirement on eligibility to participate in the system.

When the New Jersey Legislature met in special session in 2006 to discuss property tax reform, the Joint Legislative Committee on Public Employee Benefits Reform made 41 recommendations for legislative changes. The number one recommendation made by the committee was to limit the defined pension plan to full time career employees. Now, almost three years later, the Legislature has refused to address setting a full-time work requirement on membership into the PERS and TPAF defined benefit pension plans.

In November 2006, when the Committee released its report, the state's retirement systems had an \$18 billion unfunded liability. Recent figures show the unfunded pension liability has grown to \$34.4 billion. Unless the Legislature acts promptly to correct this severe pension crisis, it will only continue to get worse.

This legislation, A3959 will address one of the underlying problems with the pension fund; it will prohibit the part time political appointee from being eligible for a pension

they don't deserve. In the past year, the Legislature sought to reform the system, by increasing the minimum wage an employee must earn to participate in the system. That value increased from \$1,500 a year for state workers and \$500 for teachers to \$7,500. The value for PERS had not been updated since 1986, and the TPAF value had not been increased since the fund's inception in the 1950s. Even this new value does not accomplish the stated goal of the reform committee, to limit pension eligibility to full time employees.

That is why an hours requirement for membership in PERS and TPAF is absolutely necessary. In February 2008, this Commission stated that, "A study of the pension systems' annual minimum hour requirement for pension service credit is warranted." The Commission has also endorsed the concept of restricting public employer health care benefits to full time employees. Without legislation that reduces the obligations of the pension funds, the financial stability of the funds will be compromised and either increased contributions to the funds or a curtailment of benefits will be required.

Recommending this legislation for enactment will show the Legislature that there is a need to address this issue immediately, before the pension fund deficits grow to a point where current retirees fear for their pension.

Sincerely,



Caroline Casagrande
Assemblywoman, District 12