

May-10-07 Governor Signs Public Employee Benefit Reform Legislation

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GOVERNOR SIGNS PUBLIC EMPLOYEE BENEFIT REFORM LEGISLATION

TRENTON – Governor Jon S. Corzine has signed legislation cracking down on abuses of the public employee benefit system. The bipartisan legislation, which emerged from this summer’s special session on property taxes, is designed to ensure the system serves career public employees rather than political appointees.

“Though I believe there are important reforms that still need to be undertaken, such as a ban on dual-officeholding, this legislation marks an important step,” Governor Corzine said. “Combined with the recently negotiated contracts with our public workers, this bill will help protect the integrity of the retirement system and give the public faith that the benefits we provide to our public workers are accounted for honestly.”

The bill, which contains many of the recommendations put forward by the Joint Legislative Committee on Pension Benefits and Reform, removes elected and appointed public officials from the public employee system. It establishes of a 401(k)-style defined contribution program for all newly elected and appointed officials and excludes all professional service contractors from membership in the Public Employee Retirement System (PERS).

“This is an important first step in providing long-term cost-savings and limiting abuses of the state-administered pension systems. This is just one of the many long-term control measures that we have implemented to help stem the growth of property taxes in the future and provide relief for residents down the road,” said Senate President Richard J. Codey (D-Essex), a Senate sponsor.

The bill also provides important reforms to the state health benefits program. For instance, it caps sick leave payments at \$15,000 for all current elected and appointed officials at all levels of government.

“Throughout the Legislature’s special session on property taxes, I said that if we’re going to be serious about cutting the cost of government in New Jersey, we had to first look to our own house,” said Senator Karcher, (D-Monmouth, Mercer), who also sponsored the bill. “With today’s bill signing, we’re showing our commitment to the taxpayers of New Jersey, and setting a good example with fair and reasonable benefits for elected and appointed officials. Ultimately, our efforts to control runaway perks will mean savings for the taxpayers of the Garden State.”

Governor Corzine also recently announced a new contract with public employees that contained historic employee pension and healthcare contributions, raised the retirement age for new hires and created a defined contribution plan for public employees on earnings in excess of \$97,200. Legislation will be introduced shortly to codify the reforms contained in that contract in statute.

“This measure cuts out the entrenched core of abuse that has been corrupting our pension and benefits systems from within, giving the system the power to once again serve the career, rank-and-file employees for whom it was designed,” said Assemblywoman Nellie Pou (D-Passaic), one of two co-chairs of the Joint Legislative Committee on Public Employee Benefits Reform who sponsored the legislation in the Assembly.

“Today, we are proving that elected and appointed officials can talk the talk and walk the walk on benefits reform,” said Assemblyman Thomas P. Giblin (D-Essex), a member of the Joint Legislative Committee on Public Employee Benefits Reform and an Assembly sponsor.

The bill (S-17/A-21) was also sponsored in the Assembly by Assemblymembers O’Toole (R-Bergen, Essex, Passaic), Van Drew (D-Cape May, Atlantic, Cumberland), and Greenstein (D-Mercer, Middlesex).

The Governor has also signed the following bills:

SJR-51/AJR-121 (Doria, Kenny/Epps, Quigley, Prieto) – Designates Lincoln Highway Bridge as the “Shawn Carson and Robert Nguyen Memorial Bridge.”

A-2867/S-2091 (Cohen, Chivukula/Gill) – Revises trustee’s power to adjust principal and income under “Uniform Principal and Income Act of 2001”.