



Probation Association of New Jersey

Serving New Jersey Since 1904

An affiliate of the American Probation and Parole Association

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Pension Reform Bill Package Passes Assembly Appropriations Committee

By: George P. Christie, President of PANJ
March 2010

New Jersey lawmakers continue to put forth a significant effort to pass a wide-range of state pension and benefits reforms in the immediate future as a means of saving tax dollars. As I have previously reported to the membership, measures now under consideration were first proposed by the Joint Committee on Public Employee Benefits Reform during the special legislative session in summer of 2006. Since that time, the Legislature and the former Corzine Administration could not come to consensus on many items proposed.

Much has changed since Governor Christie took office and under the leadership of Senate President Sweeney and Assembly Speaker Oliver; all three are in support of major overhauls to public employee pension and benefit reform for state, county and local employees, as well as school district employees. Legislative leadership in both the State Senate and General Assembly have given assurances that newly introduced measures enacting major reform will be given swift passage.

The pension bills, which have bi-partisan support, passed the full Senate last week. They were also released from the Assembly Appropriations Committee yesterday, with many groups coming out both in support and opposition to the bills. Assemblywoman Stender was the lone opposition vote on A2459 and A2460. Additionally, Chairwoman Pou did not post ACR115 for a vote, thus not allowing the bill to be posted for a vote by the full Assembly on Monday. While there seems to be widespread support for the bills, there clearly seems to be some uncertainty among the members. During the committee hearing, there was no discussion on the bills by any lawmaker on the committee, which infuriated those that testified in opposition to the bills. The bills are scheduled for a vote by the full Assembly on Monday and once passed, Governor Christie has pledged to sign them as soon as they reach his desk.

PANJ Line Staff First V.P. Dwight Covaleskie and PANJ First V.P. of the Supervisor's Unit Brad Fairchild attended the Assembly Appropriations Committee on Thursday, March 18, 2010, on behalf of PANJ and testified in opposition to the bills. They testified that in 2008, our union negotiated our current contract in good faith. At that time, we made significant concessions, many included in these measures to encompass more public employees. We are dismayed that in the year-and-a-half since those negotiations, we are now faced with more sweeping changes to our pension and benefits. PANJ has contributed our share to cut costs and find ways to save the state money in the pension system by agreeing to pay for a portion of health benefits and pension; by taking furlough days; and by reducing the number of paid holidays among other "givebacks." All of these things have taken money out of the paychecks of the 2,800 probation officers and supervisors we represent.

Additionally, we testified that we are dismayed about the heated anti-public employee rhetoric and anti-union messages and attitudes we heard in the Governor's budget address this week. Governor Christie stated in his speech that he believes the pension calculation, which is part of this package for future retirees, also should include

current employees. We believe this completely flies in the face of the contract we signed just two years ago and would violate our agreement. Dwight's comments were published in a follow-up article of the committee hearing posted on Politickernj.com which can be found at this site:

<http://www.politickernj.com/max/37823/appropriations-committee-turns-budget-hearing-preview>

The Governor also stated that he believes that the civil service system should be optional. We wholeheartedly disagree with this proposal and believe it would represent a huge step backward for state employment. Civil service was created to guard against corruption and cronyism in government. We should not be opening the door to the return of the days when workers could lose their job and be replaced by a relative or fired for no cause. We have already witnessed how the Judiciary removes unclassified supervisors for no reasons and this action would leave all PANJ members open to mismanagement and abuse.

Even more shocking is that this budget once again will not require the State to pay its fair share into the pension system. We do not believe that the State can legitimately claim it seeks to "reform" the pension system, while continuing the reckless and irresponsible policy of underfunding our retirement funds

Below is a synopsis of each bill and its impact on PANJ members.

A2461/S2: This bill is the most comprehensive of the package. As currently written, these items do not affect individuals currently in the pension system. If that changes, we will notify you promptly.

This measure changes the pension calculation from years of service over 55 (N/55) to years of service over 60 (N/60) for new employees entering the pension system. This would reduce pension payments to the pre-2001 level and would mean a reduction in pension calculation for *those who enter the pension system after this law is enacted*. This will equate to a 9 percent change in pension calculation for new employees. Many believe that this change to a lower age is a significant reason for the massive unfunded liability in the pension system.

The bill also changes pension calculation from the three highest salary years to the five highest salary years. Individuals in the police, fire and State Police pension system would have their calculation changed from one year to three years at the highest salary. Employees would now be limited to one job (the highest salaried) for purposes of pension calculation. This would apply to new enrollees.

Also under this bill pension enrollment for new employees would be limited to those full-time employees who work at least 35 hours per week on a state level or 32 hours per week on a local level. New employees working less than these hours but earning at least \$5,000 could enroll in a 401-K type defined contribution plan. Current employees who have less than 10 years of service can opt to move from the tradition system to the new defined contribution plan or leave the state system completely.

A2460/S3: This measure would require all public employees (state, local and school district) to pay 1.5 percent of the costs of health benefits and limits enrollment in the state health benefits plan to only full-time employees. Such changes to health benefits were enacted in recent years but currently only apply to certain state employees.

A2459/S4: The legislation would extend caps place on payouts for sick leave and vacation time placed upon state employees in 2006 to apply to other public employees. Employees would be limited to only a \$15,000 payout for unused sick time and limits vacation or sick time carried over from one year to the next. The measure also eliminates the sick leave injury program going forward.

ACR115/SCR1: This measure would ask voters to approve a mandatory contribution to the pension system beginning in July 1, 2011. If approved by the voters, the state would be

required to pay 1/7th of the required pension payment each year for seven years until the pension payments are made current. For more than a decade, the state has not made the level of pension payment into the system as required by the state constitution. If the state fails to bring pension payments up-to-date, the payout obligations will exceed the amount of funds in it.

PANJ will continue to aggressively monitor these bills and will take whatever action necessary to represent our members.

Feel free to contact the PANJ office at (732) 223-1799, if you have any questions about these reform measures.