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Governor Chris Christie Announces Pension and Benefit Reform to Bring Fiscal Sanity to New Jersey

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Trenton, NJ – Governor Chris Christie today unveiled a sweeping package of reform measures to make the state and local employee pension system sustainable for current and future retirees and to bring fairness and affordability to the public employee health benefits system. The Governor’s reform measures are long overdue and desperately needed to shake up New Jersey’s out-of-date, antiquated and increasingly expensive pension and benefits systems, and restore fairness and affordability to the level of costs that current and future generations of New Jersey taxpayers must bear.

The cost of these already expensive systems continues to grow and threatens to collapse the pension system and force state and local governments to expend limited budget resources on overgenerous pension and health benefits. The Christie Reform Agenda for pension and benefits fundamentally changes course by modernizing the pension and benefit systems and ensuring long-term solvency without raising taxes or cutting essential government services.

The Governor’s plan addresses the growing problems of skyrocketing costs and taxpayer-borne expenses in these systems by offering common sense, fair and comprehensive solutions, and rejecting the Trenton political culture that has expanding benefits without regard to how to pay for them. Key changes in the Governor’s plan will modernize New Jersey’s public employee health plans and result in savings for taxpayers, increased choice for employees and a health benefits system that puts New Jersey on a path toward fiscal sanity.

“I know these reforms will not be popular with everyone,” said Governor Christie. “I also know that failure to follow through with dramatic pension reform will imperil the system for everyone, and that failure to control and share costs of health care benefits will continue to eat away at our state and local budgets. We must reverse the damage caused by fairy tale promises that have fattened benefits and pensions to unsustainable levels while ballooning unfunded liabilities to breathtaking levels.”

In the end, Governor Christie’s pension reforms will transform the current system by bringing public employee costs into line with other states and the federal government. Updating an out-of-date pension system will save taxpayer dollars, dramatically reduce unfunded liabilities over time and ensure long-term stability with better than 90 percent actuarial funding within 30 years. Absent the meaningful reforms proposed by Governor Christie, New Jersey’s unfunded pension liability will spike from \$46 billion today, to \$181 billion by 2041.

Without the Governor’s reforms, the cost of public employee benefits to taxpayers will grow 40 percent over the next four years. The cost to the State for public employee benefits has already doubled as a percentage of State budget since 2001.

The reform plans released today follow Governor Christie’s Ethics Reform Plan as the second specific policy proposals of the broader Christie Reform Agenda outlined by the Governor last week. Additional reforms to address the issues of economic development and job creation as well as education will be released in the coming weeks.

Details of Governor Christie’s Reform Plans can be found as PDF attachments to this release.

[Pension Fact Sheet \[pdf 216kb\]](#)
[Benefits Fact Sheet \[pdf 239kb\]](#)

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