

Governor Christie: It Bankrupted Detroit, It Bankrupted General Motors, And It Will Bankrupt Us

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Transcript:

Governor Christie: When you're a Republican governor with a Democratic legislature, and more of your citizens being in the opposite party than in your party, you want to get something done, you've got to reach your hand out and be willing to compromise and to work with them. And so we reached out, the commission reached out and started working with the teacher's union. Lo and behold what has happened? Yesterday I was really happy to announce that we've agreed to a roadmap. Now because this has been reported apparently a little bit carelessly, let me clear here. I did not announce yesterday that we have agreed to fix every element of the problem. I said exactly what I meant, which was we've agreed to a roadmap. A set of principles that we all agree on and that the teacher's union signed. The leaders of the union signed it along with the leaders of the commission. And the reforms are pretty significant but I think we have more work to do between now and June but some really good things. First to freeze the existing pension plans and replace them with new retirement plans. Second to take the pensions away from government. Take all of the money we've got – and we've got about \$80 billion dollars put away in the pension funds – to take the money and to transfer it to the union. Have the union set up a trust and have them now be responsible to their members for the management of that money. So no longer will politics be involved with it. Union members and their leaders have a responsibility to each other and you hope politics doesn't get involved in it. It's certainly not the same type of politics that I have to deal with. Let them manage those funds, in return what we'll do is to pass a constitutional amendment guaranteeing a certain level of funding of the state budget every year that goes to pensions and health benefits, nonnegotiable. We agree on it and we put it all to you for a vote and if you vote yes to amend the constitution to do it, it's a steady stream of funding that goes to those each and every year. But to fund that, what we need to do is to get health care costs under control. And that's what's in the roadmap as well. Both sides agree that they're going to work collaboratively to come up with meaningful savings in health care costs. And those savings would not go into the state budget to be spent on something else, but would go directly into the pension funds. Every dollar that's saved constitutionally dedicated to the pension fund to pay off the unfunded liability, the debt that we have in there, over a period of 40 years. Now that makes

a lot of sense to me. It puts the control of the money into the non-political people. It makes sure that the pensions that have been promised to people are going to be paid to people, but for new folks, they have to have a plan that's competitive like the private sector. Some type of cash balance, 401k-type plan. We can't any longer afford defined benefit pension systems. It bankrupted Detroit, it bankrupted General Motors, and it will bankrupt us.

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