

**Pension and Health Benefits Review Commission
Vote Results
March 2, 2007**

A-2163 (Payne)

Provides for enrollment in PERS of certain employees of the City of Newark.

Motion: Recommend against enactment because of the additional employer cost that could be transferred to the State.

Discussion: Newark City employees had the option to participate in PERS in 1992 when the NERS system was closed to new members. The employees that remained in NERS when it closed could receive a greater pension if they were now able to participate in PERS because the NERS pension is capped at \$12,000 per year. The total additional PERS pension liability is \$2.3 million.

S-2440 (Rice)

Provides certain benefits to New Jersey Transit police officers.

Motion: Recommend against enactment since it would create disparity issues in the PFRS reenrollment provisions applicable to NJ Transit.

Discussion: The bill's impact on the PFRS would predicate a former transit police officer's reappointment to the New Jersey Transit Police Department on the mandatory purchase of all of the officer's previous service credit in the PFRS. The mandatory purchase requirement would be unique to NJ Transit when compared to other public entities that participate in the retirement system. The PFRS laws do allow the purchase of prior PFRS service credit for a former member who has withdrawn, however there is no statutory provision that would mandate the member to purchase all former PFRS service credit upon reappointment.

A-3831 (Wisniewski)

Creates PFRS non-accidental disability retirement option for disability incurred in performance of duty other than as result of traumatic event.

Motion: Recommend against enactment since the bill liberalizes the eligibility criteria for which an ordinary disability type pension can be acquired only for the PFRS and will increase State and local employer pension costs.

Discussion: Current PFRS law requires members to have at least four years service credit to qualify for an ordinary disability pension. This bill does not have this stipulation. If enacted, it would provide an ordinary disability pension under more liberal conditions than current law allows when the disability occurs on the job and results from a non-traumatic event. Increased employer pension costs and annual employer health benefits costs will occur, since PFRS members qualifying for a disability retirement would also qualify for full or partly employer subsidized post-retirement medical coverage. The passage of this bill would also open the door for other State-administered retirement systems to create similar legislation.

S-2397 (Vitale/Weinberg) /A-3781 (Gordon/Vainieri Huttie)

Creates presumption regarding disability pension and workers compensation eligibility for public employees and emergency personnel participating in World Trade Center operations; requires Commissioner of Health and Senior Services to develop health registry and screenings.

Motion: Recommend against enactment since relief/alternative programs should be subsidized at the Federal level and the fact that the bill does not address all the State-administered retirement systems.

Discussion: This bill would award accidental disability pensions under conditions that are inconsistent with the criteria currently used to determine eligibility. Pension law regarding accidental disability pension eligibility is consistent for all the State-administered plans: i.e. eligibility is predicated upon an employee becoming permanently and totally disabled as a result of a traumatic event occurring during and as a result of the performance of his regular and assigned duties. This has been interpreted by the courts to mean that the disability must be caused by a "great rush of force or uncontrollable power." Accidental disability pensions have been consistently denied to firemen who developed respiratory disease as a result of long-term, job-related exposure to irritants over the length of their careers.

A-3732 (O'Toole)/S-2283 (Gormley)

Prohibits enrollment in PERS of public employee who is also public contractor; requires member to designate only one position as basis of enrollment.

Motion: Recommend against enactment since it may unintentionally create potential for pension abuse. The Commission commends the bill sponsors in their support to end pension abuses.

Discussion: This bill may create the potential for pension abuse. Since members are to designate one position for enrollment, there is concern that they will select the lowest paying position. This will enable them to contribute the lowest dollar amount to the pension system during their earlier pension years. A member who gets closer to retirement can terminate from the lower paying position and designate the higher paying position as pensionable and collect a lifetime pension calculated on the higher salary. The State and local employers participating in PERS would be responsible for the unfunded pension liability created.

A-3729 (O'Toole)

Allows pension calculation to be based on compensation increase in excess of actuarially assumed experience only if employer pays unfunded liability.

Motion: #1 – Failed to carry. Motion was to enact bill with modifications to review compensation increases on a case by case basis.

Motion: #2 – Failed to carry. Motion was to enact and support bill as written.

Discussion: The first motion presented by the Commission resulted in a tie vote. Some Commission members believed that the bill should include modifications that would not penalize employers for legitimate salary increases greater than the actuarial salary increase assumption, pending review by the Division of Pensions and Benefits.

The second motion also resulted in a split vote. Some of the Commission members stated the bill as written is clear and the intent is not to legitimize end of career salary increases but to direct the cost to the employers that approve greater salary increases greater than the actuarial salary assumption.

A-3736 (O'Toole)

Requires SHBP to provide disease and chronic care management plan for certain specified conditions.

Motion: Recommend against enactment since there is uncertainty in the future of the State's Traditional plan.

Discussion: The SHBP already utilizes disease and chronic care management in the managed care plans within the program. The Traditional Plan currently does not provide for disease and chronic care management. Health and wellness programs are unique to managed care plans. The Traditional Plan and its continued existence are still in question at this time.

A-3811 (Doherty)

Defines compensation for calculation of PERS contributions and benefits as amount taxed for Social Security purposes for new members.

Motion: Bill is tabled awaiting the outcome of Senate Bill No. 17.