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Pension and Health Benefits Review Commission Vote Results
June 23, 2006

S-719 (Inverso)

Changes calculation of PERS retirement allowances for certain members who receive significant compensation enhancement within five years of retirement.

Motion: Recommend not to enact since the bill is too narrowly focused.

Discussion: The bill's provisions are limited to appointed State positions and positions not covered by civil service. Most salary increase problems are related to appointive positions, but 20 percent increases may also be possible in civil service positions. This bill would not be applicable to pension benefits that are based on final year salary or the highest 12-month salary, such as the Veteran's Retirement benefit. Large salary increases are usually associated with this type of benefit.

S-1601 (Asselta)

Extends mandatory retirement age for certain PFRS members.

Motion: Recommend not to enact since the bill appears to be special legislation, contrary to the State's policy regarding age restrictions for PFRS members and the issue of State mandate State pay.

Discussion: The narrowly drawn provisions of this bill more than likely indicate it is special legislation. The enactment of this bill will undermine the rationale of allowing age restrictions for public safety officers as again allowed under the ADEA. This bill will allow a public safety officer to work till the age of 69, which, considering the risk factors associated with these positions, may not be in the best interest of both the individual and the public at large.

S-1393 (Connors)

Phases in cost of living adjustment in pension allowances and survivor benefits payable to certain former public safety officers and their survivors.

Motion: Recommend not to enact because of the substantial increases in employer pensions costs.

Discussion: This bill would eliminate the current uniformity of COLA benefits and provide higher COLA benefits to retired policemen and firemen and their beneficiaries. It would further increase the disparity in benefits that currently exists between policemen and firemen and other public employees. If enacted, the cost of the unfunded liability will increase by \$2 billion.

S-105 (Coniglio/Sweeney) /A-999 (Prieto/Manzo)

Requires health benefits coverage for certain therapies and applied behavioral analysis for the treatment of certain autism disorders.

Motion: Recommend not to enact since the bill does not address the overall issue of providing coverage for developmental disorders. These issues should be addressed during the next labor contract negotiations.

Discussion: Autism is classified as a “biologically-based mental illness” under State law, and treatment is currently provided at the same level as other medical conditions. Currently, the SHBP does not cover developmental therapies. If enacted this bill would increase State and participating local employer costs by \$15 million in FY 2007.

A-2913 (Van Drew)

Provides paid health benefits under State Health Benefits Program to certain TPAF veteran retirees.

Motion: Recommend not to enact because of the significant increase in State costs.

Discussion: The enactment of this bill will create a disparity in the aggregate pension benefit when compared to those available to State and local veteran members of PERS. It would also encourage the introduction of future legislation that would provide PERS members who are veterans that retire with less than 25 years of pension service credit with State paid post retirement medical coverage. If enacted, the State cost for FY 2007 would increase by \$10 million.

A-1742 (Johnson/Barnes/Scalera)

Provides certain benefits to New Jersey Transit police officers.

Motion: The bill was tabled at the sponsor’s request.

A-2163 (Payne)

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

Motion: The bill was tabled since the NERS demographic information was not received. The Division of Pensions and Benefits strongly opposes the enactment of this bill without an estimate of its fiscal impact.

A-815 (Payne)

Provides additional retirement benefits for certain county and county college employees and certain municipal employees who retire between September 1, 1995 and January 1, 1996.

Motion: Recommend not to enact because of the potential costs impact and the premature loss of institutional knowledge which results from an early retirement incentive program. Also, this bill does not provide current retirement dates.

Discussion: Historically, ERI programs have done little more than produce only short term cost savings. In most cases, the back filling of the vacated positions is more than likely to occur. In general, ERI programs are very costly to employers.

A-360 (Chatzidakis/Bodine)

Extends certain benefits to veterans of operations that have continued from "Desert Shield/Desert Storm."

Motion: Recommend to enact since the inclusion of this military operation is consistent with past practices.

Discussion: Statutory provisions are already in place giving special veteran's preferences to pension system members who were involved in certain military campaigns. This bill will extend certain benefits to include this military campaign.

A-160 (Vandervalk/Bateman/Steele)

Changes compensation trigger for reenrollment of PERS retiree from \$15,000 in aggregate to \$15,000 per public employer.

Motion: Bill was tabled since the legislative joint committee will convene this summer to review pension reform.