

**Pension and Health Benefits Review Commission
Vote Results
October 12, 2007**

S-2658 (Karcher)/A4319 (Watson Coleman)

Requires insurance and SHBP coverage for magnetic resonance imaging for women at high risk for breast cancer.

Motion: Recommend enactment.

Discussion: The enactment of this bill will not have any impact on the SHBP since the coverage is already provided under the terms and conditions specified in this bill. The bill should be directed to the Mandated Health Benefits Advisory Commission under the Department of Banking and Insurance for consideration of this bill's impact on health insurance plans other than the SHBP.

A-4414 (Cohen)

Provides that the State pay health care coverage for certain survivors of members of PFRS and SPRS.

Motion: Recommend not to enact.

Discussion: The enactment of this bill would create a disparity in benefits when compared to the other State-administered retirement systems.

S-2238 (Scutari)

Terminates sick leave injury program for certain State employees injured after January 1, 2007 or expiration of current collective negotiation agreement.

Motion: Recommend not to enact.

Discussion: The Sick Leave Injury Program is not administered by the Division of Pensions and Benefits, but by the Department of Personnel. The enactment of this bill would implement a recommendation proposed by the Joint Legislative Committee on Public Employee Benefits Reform. Their proposal regarding the Sick Leave Injury Program recommended eliminating the program and utilizing the Workers' Compensation Program in its place. The Commission feels it should remain a part of the collective negotiation process. Also, the Commission took exception with the bill's provision that would keep the program in effect but only for State Law enforcement officers, firefighters and correction officers.

S-2192 (Singer)/A-3706 (Dancer)

Allows application for PERS accidental disability benefit for injury sustained while employed at State psychiatric institution or correctional facility immediately prior to PERS membership.

Motion: Recommend not to enact.

Discussion: The Commission cannot support this bill since it appears to be special legislation designed to impact one or possibly a few individuals. Generally, the Commission opposes all forms of special legislation since it encourages the continued introduction of more special legislation.

S-2113 (Kyrillos)

Increases enrollment threshold in PERS and TPAF to \$10,000.

Motion: Recommend to enact.

Discussion: The Commission supports this bill based on the contingency that legislation is not enacted to limit PERS and TPAF participation to full-time employees only. This bill addresses an issue addressed by both the report of the Benefits Review Task Force to Governor Codey dated December, 2005 and the report of the Joint Legislative Committee on Public Employee Benefits Reform dated November, 2006. Jack Donnelly stated, "it would be beneficial to give time for the reforms enacted this year to effect change, specifically P.L. 2007, c. 92 as to not providing the Defined Benefit pensions to elected and appointed officials or professional services contractors, and P.L. 2007, c. 103 as to the higher age for service retirement and creation of a Defined Contribution pension for salary amounts above the Social Security threshold."

A-4158 (Roberts)

Permits member of PFRS who is law enforcement or firefighting unit chief to serve until age 70 upon approval by municipal governing body or director of public safety.

Motion: Recommend not to enact.

Discussion: The enactment of the legislation will likely undermine the rationale of allowing age restrictions for public safety officers as again allowed under the Age Discrimination and Employment Act (ADEA).

A-3042 (Cohen)

Provides for certain ex-spouses to receive a widows' pension.

Motion: Recommend not to enact.

Discussion: This bill does not correct all perceived inequities with the PFRS widow's pension. A recommended approach will be to pattern this benefit after federal rules governing private sector pension plans. Regulations regarding Qualified Domestic Relation Orders (QDRO's) allow for a court ordered division of a member's pension benefit between the retiree and an ex-spouse in case of divorce. The provision of the bill making it retroactive to October 1, 1993 indicates it is special legislation introduced to impact a certain individual.

A-2630 (Van Drew/Albano)

Increases PFRS benefits for active members when PFRS funded at 101%, for retirees over three fiscal years thereafter.

Motion: Recommend not to enact.

Discussion: P.L. 2003 c.108 establishes in PFRS a benefit enhancement fund to which will be credited an amount of certain excess valuation assets for a valuation period beginning with the valuation report which indicates a funded level of 104%. This bill, instead, will credit the benefit enhancement fund with the appropriate amount of certain excess valuation assets for a valuation period beginning with the valuation report which indicates a funded level of 101%. The additional pension liabilities associated with this bill is estimated to be over \$1.3 billion. Its enactment will serve to further erode the plan's funded status and increase State pension contributions.

A-4378 (Van Drew/Albano)

Returns pension loan interest rate in TPAF, PERS, JRS, PFRS and SPRS to fixed 4%.

Motion: Recommend not to enact.

Discussion: The enactment of this bill will remove recently passed legislation which changed the rate of interest on loans from 4% per annum to a commercially reasonable rate as required by the Internal Revenue Code to be determined by the State Treasurer including an administration fee. As of June 30, 2006, there was in excess of \$1.1 billion in pension loans outstanding.