Discussion Points

PROPERTY RENTALS, INSURANCE, AND OTHER SERVICES

Property Rentals

1. The Division of Property Management and Construction (DPMC) procures and administers leases for the Executive Branch, and for the Legislative and Judicial Branches upon request. The DPMC manages 291 leases in New Jersey comprising 7.6 million square feet of office space and approximately 1.9 million square feet of space for other uses including police barracks, unemployment offices, motor vehicle agencies and inspection stations, courtrooms, laboratory space, and storage.

• *Question:* **Has the State entered into any long-term leases for office space, warehouse space or other uses, or has it entered into discussions or negotiations for space with any party that has been awarded, or is applying for one of the economic development incentives under: the Business Employment Incentive Program (BEIP), the Business Retention and Relocation Assistance Grant program, the Urban Transit Hub Tax Credit program, the Economic Redevelopment and Growth Grant (ERG) program, the Grow New Jersey Assistance (GROW NJ) program? If so, what leases has the State entered into, what are the terms of the lease, and where are the facilities located? Does the division receive any concessions in the terms and conditions of a lease in consideration for the economic incentives provided to the facility?**

Answer: The award of, or application for, economic development incentives is not information that is requested or required of bidders for leases.

Tort Claims Liability

2. In FY 2010, FY 2011, FY 2012, and FY 2013, the Tort Claims Liability Fund was underfunded and required supplemental appropriations of $5.75 million, $19.43 million, $7.15 million, and $17.35 million respectively, above a base appropriation of $15 million each year. The FY 2015 Governor's Budget indicates the need for supplemental appropriations of $6.5 million in FY 2014 to bring total funding to $21.5 million, and recommends a FY 2015 of appropriation of $15 million. The department has in the past attributed the need for supplemental appropriations to large and unanticipated tort claim settlements.

• *Question:* **Please provide a list of tort claims that were settled in FY 2013 and FY 2014 to date and that are projected to be settled through the end of FY 2014. Please include the cost of each settlement, the nature of the claim, the date each claim was filed, the date of settlement and the date of payment, if different from the date of settlement. Why does the department consider a $15 million appropriation for FY 2015 adequate since costs have exceeded this amount for five consecutive years?**

Answer: During FY 2012 and FY 2013, the Division received approximately 5,000 tort claims (see attached list). For the 114 paid claims listed on the attachment, the total amount paid was $56,400 for the period.

Discussion Points (Cont'd)

The total tort payments of $22.6 million and $32.4 million in FY 2012 and 2013, respectively, result from a very small number of claims with relatively large settlement amounts.

Fiscal Year 2013

- Personal injury matter arising from an incident in which a tree fell on a vehicle killing or injuring the occupants.
  Settlement $4,750,000

- Child not given water by a foster parent. The child later drank water from a cleaning bucket containing bleach.
  Settlement $2,400,000

- Injuries to a passenger in a vehicle when a pavement marker propelled through the windshield and struck her in the head.
  Settlement $1,900,000

- Multi-vehicle accident resulting in three fatalities.
  Parties settled for $620,000, $195,000 and $195,000.

- Infant plaintiff removed from his biological mother by DYFS and placed in a home where he was attacked by pit bulls.
  Settlement $750,000

Regarding projected settlements, a $166 million jury verdict was rendered against the State in FY 2014. The verdict is under appeal, and the timing and amount of any payments cannot be determined at this time.

Recent activity and settlement of claims is not necessarily a good predictor of future liability. As such, the current budget and associated language is an acceptable budget approach. However, Treasury's Division of Risk Management continues to try to find ways to prevent and reduce tort claims.

Workers' Compensation

3. The State is self-insured for workers' compensation payments made to State employees for work-related injuries. Under current law, the Workers' Compensation Self-Insurance Fund provides funding for the payment of direct costs of legal, investigative, administrative, and medical services related to the investigation, mitigation, litigation, and administration of claims against the fund. Cost components are medical expenses, expenses to adjudicate claims including petitioner attorney fees, the cost of temporary wage replacement benefits, and the cost of court awards for permanency of the injury. Factors that contribute to changes in workers' compensation costs include changes in the number of claims, medical costs, and disability rates.

According the responses to budget questions provided last year by the Division of Risk Management, "temporary workers' compensation benefits replaced Sick Leave Injury (SLI)

Discussion Points (Cont'd)

effective July 1, 2011. FY 2012 was a transition year for running off SLI and replacing it with workers' compensation benefits. SLI expenses are effectively done, and the increase in temporary compensation benefits is less than expected. The financial incentive to return to work after a work-related injury has had a favorable impact on the number of claims and the cost of the claims. Another factor in the reduced costs is that the injury rate for State employees has been lowered from 9.5 percent to 6.77 percent since FY 2010. Utilization of in-network medical care providers is extraordinarily high, and the in-network medical cost discounts are at a high. There has also been increased interaction between the Division of Risk Management and employing State agencies resulting in prompt treatment and return to work for injured State employees."

From FY 2008 to FY 2012 Workers' Compensation expenditures increased by an annual average increase of 6.8 percent before declining in FY 2013 to $87.4 million, $16.4 million (23%) higher than in FY 2008. FY 2014 costs as of April 15, 2014 are $64.6 million. Total FY 2014 costs are still projected to total $92.9 million, and recommended funding for FY 2015 is $92 million.

Table 1 illustrates that while medical costs and permanent compensation costs each accounted for about one-third of the growth in expenditures from 2008 to 2012, temporary disability wage replacement costs increased by 81 percent during that time period, with 69 percent of the increase occurring between FY 2011 and FY 2012.

Table 1

Fiscal Year	Claims (1)	Medical Cost	Expense Cost	Temporary Cost	Permanent Cost	Total Cost
2008	7,461	$35,924,399	$6,058,288	$6,692,340	$23,538,215	$72,213,242
2009	7,169	$35,348,189	$7,294,502	$6,928,780	$26,617,739	$76,196,379
2010	6,256	$45,568,163	$5,756,144	$8,985,716	$21,523,915	$81,839,259
2011	6,648	$46,524,888	$9,598,134	$8,345,243	$33,766,768	$98,241,681
2012	5,394	$43,777,774	$8,419,030	$12,096,334	$31,370,949	$95,664,087
% Change 2008-2012	-28%	22%	39%	81%	33%	32%

(1) Reported claims.
Source: Division of Risk Management.

- ***Question:*** **Please provide a list by department or agency for FY 2013 showing the number of claims reported broken out by the number of temporary, permanent partial, and permanent disability claims reported in each year; total medical cost; total expense cost; temporary cost, i.e., the wage replacement cost; partial permanent disability cost; permanent disability cost; and total costs. Please provide an updated Performance Indicators Chart. What were the average wage replacement amount and the average duration, respectively, of a temporary disability case for FY 2013? What was the average court award for permanency of the injury for FY 2013?**

Discussion Points (Cont'd)

Answer: Claims by agency for FY 2013 were:

Department	Claims Reported	Medical Cost	Expense Cost	Temp Cost	Perm Cost	Total Cost
Agriculture	8	10,125	1,780	-	5,746	17,651
Authorities	26	117,597	28,722	14,748	41,875	202,942
Banking and Insurance	11	7216	1,835		17,712	26,763
Chief Executive	-	-	-	-	-	-
Children and Families	317	1,801,052	491,850	948,802	1,744,474	4,986,179
Community Affairs	39	311,899	49,018	105,074	226,612	692,603
Corrections	647	6,631,241	1,750,726	3,768,815	7,112,820	19,263,602
Education	36	160,749	103,548	32,702	235,371	532,369
Environmental Protection	120	989,218	30,944	111,529	283,886	1,415,576
Health	27	147,196	45,279	54,965	174,535	421,975
Higher Education	315	1,559,076	383,233	441,741	1,393,386	3,777,436
Human Services	2,232	13,291,849	2,603,220	5,541,981	9,941,010	31,378,059
Judiciary	282	1,578,551	340,228	410,064	1,291,713	3,620,555
Labor	52	426,331	120,903	134,537	428,687	1,110,458
Law and Public Safety	456	4,452,541	761,575	1,005,099	2,971,950	9,191,166
Legislature	1	56,317	-	10,521	14,768	81,606
Military and Veterans Affairs	209	821,336	138,258	441,405	600,264	2,001,263
Motor Vehicle Commission	64	652,989	217,558	118,670	808,701	1,797,918
Personnel	3	14,852	18,177	-	40,403	73,432
Public Advocate	20	78,012	11,150	708	46,581	136,451
State	4	57,450	6,415	5,693	27,970	97,528
Transportation	250	2,224,858	422,608	469,872	1,761,850	4,879,188
Treasury	130	504,646	93,252	119,916	432,230	1,150,044
GRAND TOTALS	5,249	$35,895,101	$7,620,281	$13,736,841	$29,602,543	$86,854,765

Discussion Points (Cont'd)

Performance Indicators for the Division of Risk Management are:

Department of the Treasury Performance Indicators – March RISK MANAGEMENT	Freq	Desired Trend	Prior Month	Current Month	% Change	Last 12 Month	Target
Revenue Generation (including Cost Management)							
Total Workers Compensation Cost, including medical expenses and wage replacement, per 1000, across State Government (FTE=76,435)							
Medical	m	decrease	$ 42,116	$ 28,377	-32.62%	$ 507,968	$ 650,356
Expense	m	decrease	$ 2,254	$ 10,174	351.38%	$ 97,470	$ 96,300
Indemnity	m	decrease	$ 28,810	$ 53,884	87.03%	$ 580,562	$ 469,200
SLI	m	decrease	$ -	$ -	0.00%	$ 50	$ -
Total	m	decrease	$ 73,180	$ 92,435	26.31%	$ 1,186,050	$ 1,215,856
Cost Recovery:							
Subrogation	m	increase	$ 321,593	$ 731,453	56.03%	$ 4,936,926	$ 2,000,000
Third Party Recovery	m	increase	$ 213,345	$ 221,153	3.53%	$ 1,839,053	$ 3,000,000
Statewide Support Service							
Number of outstanding Workers Compensation claims:							
Frequency:							
New Claims Reported	m	reduce	409	333	-18.58%	452	462
Injury Rate/Employee	m	reduce	6.36%	5.16%	-18.87%	5.90%	7.25%
Total Open	m	reduce	9,284	9,669	4.15%	9,235	10,000

Discussion Points (Cont'd)

The average wage replacement amount and the average duration, respectively, of a temporary disability case for FY 2013 were $ 1,728.80 and 2.7 weeks. The average court award for permanency of injury for FY 2013 was $20,135.08

- ***Question:*** **What trend in total claims, medical costs and permanent costs from FY 2013 actual data does the department use as the basis of its FY 2015 recommended appropriation? Was the increase in temporary costs in 2012 an anomaly, or are these costs expected to remain at or above 2012 levels?**

Accident			Compensation					
Year	Medical	Expense	Temporary	Permanent Partial	Permanent Total	Other	Compensation Total	Total
2013	$8,790,411	$131,612	$5,826,925	$14,805	-	$39,457	$5,881,187	$14,803,20 9
2012	9,836,520	608,631	4,154,467	1,484,681	-	150,702	5,789,850	16,235,000
2011	3,991,660	1,895,464	1,740,584	6,463,822	4,997	551,565	8,789,850	14,648,092
2010	1,878,257	1,552,561	636,883	6,170,908	85,219	626,189	7,519,199	10,950,017
2009	1,982,074	990,261	584,997	3,384,340	210,566	576,163	4,756,066	7,728,400
2008	1,300,095	574,401	310,806	1,760,320	400,128	231,767	2,703,021	4,577,517
2007	902,806	468,810	136,583	1,203,360	169,880	349,456	1,859,279	3,230,895
2006	1,629,275	235,830	160,132	521,003	374,433	162,197	1,217,764	3,082870
2005	1,056,502	293,761	118,633	894,911	115,678	203,820	1,333,042	2,683,305
2004	524,968	232,854	42,753	581,052	159,051	124,465	907,321	1,665,143
2003	442,498	115,756	7,083	336,095	55,158	186,728	585,064	1,143,319
2002	247,423	100,964	5,075	89,457	209,841	46,608	350,982	699,369
2001	599,822	66,522	11,919	133,080	78,314	13,935	237,249	903,593
2000	145,755	41,960	-	143,858	59,074	72,056	274,988	462,703
1999	750,972	111,530	-	39,902	9,351	41,197	90,451	952,953
1998	238,063	48,573	-	50,895	78,456	42,963	172,313	458,950
1997	95,512	4,225	-	4,963	52,683	23,798	81,443	181,180
1996	58,846	93,762	-	5,387	141,265	39,734	186,386	338,994
1995	99,087	90	-	-	47,426	21,170	68,595	167,772
1994	109,342	7,820	-	37,999	72,141	14,774	124,914	242,075
1993	281,909	10,128	-	39,352	76,075	-	115,427	407,464

Discussion Points (Cont'd)

1992-1981	795,491	30,416	-	14,025	347,574	421,143	782,741	1,608,648
	$35,757,287	$7,615,930	$13,736,841	$23,374,216	$2,747,309	$3,939,886	$43,798,252	$87,171,469

Answer: The accident frequency rate has declined since 2010, and is expected to decline again in 2015. The Division anticipates a 3.5% reduction in accident frequency, partially offset by an anticipated 5% inflationary rise in medical costs. The increased medical cost for 2012 was attributable to $15 million in annual Sick Leave Injury (SLI) benefits being replaced by temporary compensation.

Workers' compensation expenditures in any fiscal year are also attributable to claims that occurred in prior years. For example, the chart above shows $14.8 million of the $87.2 million spent on workers' compensation in FY 2013 is attributable to FY 2013 accidents. The other $72.4 million is for claims which occurred between 1981 and 2012.

Medical Malpractice Self-Insurance Fund for Rutgers, Rowan, and University Hospital

4. While the FY 2015 Governor's Budget recommends an appropriation of $10 million in FY 2015, supplemental appropriations of $14.7 million are projected in FY 2014 in addition to the original FY 2014 $10 million appropriation.

• ***Question:*** **How has the dissolution of the University of Medicine and Dentistry of New Jersey affected the State's fiscal commitment to the Medical Malpractice Self-Insurance Fund? Is Rowan University's involvement in the fund confined solely to the School of Osteopathic Medicine? What is the financial commitment to the fund of each respective institution and University Hospital? What is the financial commitment to the fund of the medical professionals from each institution? In light of the projected costs in FY 2014 of $24.7 million, why is a $10 million appropriation in FY 2015 considered adequate?**

Answer: The State's commitment to the Medical Malpractice Self-Insurance Fund was not significantly altered by the dissolution of UMDNJ. Rowan University is now a participant, and their involvement is confined solely to the School of Osteopathic Medicine. The fund is not apportioned specifically to a particular institution. Several significant and unanticipated settlements occurred in FY 2014. Supplemental language continues to exist in the FY 2015 Budget recommendation, in case of additional unanticipated settlements which exceed the appropriation.

AID TO INDEPENDENT AUTHORITIES

New Jersey Sports and Exposition Authority-Operations (NJSEA)

5. No funding for operations was provided for the NJSEA in the FY 2014 Appropriations Act because the administration indicated that funding for operations could not be determined at

Discussion Points (Cont'd)

that time and therefore none was proposed nor provided. Budget language concerning State funding for the NJSEA provides for supplemental appropriations if necessary to "…maintain the core operating functions of the authority..." State supplemental appropriations for NJSEA operations have been approved annually since they commenced in FY 2011 at about $4 million. The FY 2015 Governor's Budget indicates that FY 2014 supplemental appropriations of $47.303 million are required to support the NJSEA. As of April 8, 2014, $34.3 million of the projected total were approved.

Funding for New Jersey Sports and Exposition Authority Operations FY 2011- FY 2015 ($ Millions)					
	FY 2011	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
Actual Expenditures	$4.006	$23.700	$27.400	to be determined	to be determined
Supplemental Appropriation	$4.006	$15.000	$27.400	$47.303	to be determined
Original Appropriation	$0	$0	$0	$0	$15.000

- ***Question:*** **What percentage of NJSEA total operating resources on a budgetary basis, and for which NJSEA fiscal years, were provided by state FY 2013 funding, and were/will be provided by state FY 2014 funding and state FY 2015 funding, respectively? Please provide a copy of the NJSEA approved or proposed budgets or operating plans that support the level of State operating support provided by FY 2013, FY 2014 and FY 2015 appropriations. What accounts for the decrease in State operating support from $47.3 million to $15 million? What impact will reduced state support have on the operations of the NJSEA? If the NJSEA is in but not of the Department of State, why are appropriations for operating support included in the Interdepartmental Accounts section of the budget, rather than in the budget of the Department of State?**

Answer: The FY15 Budget provides NJSEA with funding to cover costs such as salaries and benefits of staff, operating and maintaining the Meadowlands sports complex, PILOT payments, retiree pension and medical obligations, capital maintenance, and Racing Commission program costs. To the extent costs exceed $15m, there is directory letter authority for additional appropriation in order to maintain their operations. The percentage of State support as part of NJSEA total operating resources was approximately 22% in FY13 and 38% in FY14. The higher percentage in FY14 is attributable to the costs of hosting the Super Bowl and the Special Olympics USA Games, as well as the utilization of one-time NJSEA resources in FY13 that were no longer available for FY14. The appropriation to NJSEA is included in the Interdepartmental section of the Budget, which is consistent with prior year budgets and where other independent authorities reside. Prior to the legislation that reorganized NJSEA under the Department of State, NJSEA was statutorily located under the Department of Community Affairs.

Liability for Other Post-Employment Benefits

Discussion Points (Cont'd)

6. In the FY 2012 Debt Report, dated January 18, 2013, which compared FY 2010 to FY 2011, the outstanding unfunded actuarial accrued liabilities for Other Post Employment Benefits (OPEB) declined by $10.3 billion (page 15). In the FY 2013 report dated February 14, 2014, which compares FY 2011 to FY 2012, the outstanding unfunded actuarial accrued liabilities for OPEB increases by $2.55 billion (page 15).

• ***Question:*** **Was the decrease from FY 2010 to FY 2011 the impact of benefits "reform"/increased employee share? If not, please itemize the factors that explain the reported $10.3 billion decline. Please also itemize the factors that explain the reported $2.55 billion increase from 2011 to 2012 in the FY 2013 Debt Report.**

Answer: The decrease in liability from FY 2010 to FY 2011 was a result of the impact of changing the method of prescription drug Medicare integration from the Retiree Drug Subsidy (RDS) to an Employer Group Waiver Program (EGWP) and the impact of the enactment of Chapter 78, P.L. 2011.
Under the RDS Program, the SHBP/SEHBP managed their own prescription drug plan and received periodic reimbursements from the federal government for a portion of Medicare eligible retiree prescription drug costs. This reduced current retiree costs, but could not be reflected under the rules of the Government Accounting Standards Board (GASB). Under EGWP, the SHBP and SEHBP arranged with Express Scripts to become an official Medicare Prescription Drug Plan, and receive monthly capitation payments, as well as reimbursement for a portion of the catastrophic prescription drug claims. The impact of these changes was a reduction in the FY 2011 GASB liability.

In addition, the impact of Chapter 78, P.L. 2013 on future cost sharing requirements of retirees also reduced liabilities and was reflected accordingly in the FY 2011 GASB liability.

The increase from 2011 to 2012 in OPEB is related to reporting requirements. When changes are not implemented for a plan with no assets, the unfunded liability is expected to grow by an amount approximately equal to the percentage of the investment return assumption of the plan. The plan's investment return assumption is 4.5% so the unfunded liability grew by approximately 4.5%.

CAPITAL CONSTRUCTION

Life, Safety, Emergency and IT Projects-Statewide

7.a. The FY 2015 Governor's Budget recommends an appropriation of $10 million for these projects, continuing the level of funding provided in FY 2014. The Executive has also indicated that $15.82 million from appropriations for Statewide life safety and emergency projects will lapse at the close of FY 2014. According to the Capital Commission FY 2015 Recommendation Report projects to be funded in FY 2014 included $1.63 million for three roof replacements within the Capitol Complex; $1.454 million for nurse call stations at the three Veterans Memorial Homes; and $855,000 for roof replacement at the Beneficial Insect Rearing Lab.

• ***Question:*** **Please provide an update on the status of each of the aforementioned projects. Please also provide a list of any other life safety and emergency projects that are**

Discussion Points (Cont'd)

being funded from this appropriation in FY 2014 and are planned to be funded in FY 2015. If funds are lapsed at the close of FY 2014 as intended, and the budget is approved as recommended, what is the total amount of funding that will be available in FY 2015 for life safety, emergency and IT projects?

***Answer*:** The Division of Property Management & Construction (DPMC) indicates that all four roofing projects mentioned above are currently in design. The nursing station project was awarded to a vendor but is awaiting resolution of a bidder protest. See below for allocation of FY 2014 Life Safety appropriation:

Description	Amount ($000's)
Capital Complex Roof Replacements	1,630
Nursing Call Stations	1,500
Ancora Hospital - Roof Replacement at Main Building	1,030
Trenton Psychiatric - Boiler Conversion	170
Greenbrook Developmental Center - Air Handler Replacements	250
Trenton Psychiatric - Suicide Prevention	750
Albert C. Wagner Prison - Window Replacement	1,750
East Jersey Prison – Relocation of Water Meter	1,000
NJ Training School for Boys - Roof Replacement	600
State Police Headquarters - 2 generators at Bldg. 15	1,320
Total FY 2014 Life Safety	**10,000**

Life safety projects for FY 2015 are currently being considered and will be evaluated upon passage of the FY 2015 Appropriation Act. The planned lapse of $3.05 million from the FY 2014 Life Safety appropriation and $12.77 million from non-DSS resources represents energy-related project costs that can be attributed to the Clean Energy Fund, enabling a fiscal 2014 General Fund savings.

7. b. In FY 2015 the title of this appropriation is expanded to include "IT" projects. Not all IT projects can appropriately be considered Capital Construction, the budget category of this appropriation; some IT devices are not durable or quickly become obsolete, and many IT projects involve the cost of services in addition to the cost of tangible goods.

- ***Question:*** **Which IT projects are intended to be funded in FY 2015? What is the estimated useful life of each project? What criteria will the department use to determine which IT projects are legitimately "capital" in nature?**

Answer: The title of the line item was expanded to include long-term IT projects if warranted.

Capital Projects – Statewide

Discussion Points (Cont'd)

8. On page D-427 of the Governor's FY 2015 Budget, a new line item categorized under "All Other Funds" is displayed in the budget: Capital Projects – Statewide. The FY 2014 Adjusted Appropriation is $15.8 million and the FY 2015 recommended amount is $9.2 million. New budget language recommends that $9.2 million be appropriated from the Clean Energy Fund for energy efficiency capital projects in State facilities, and is thus the basis for the FY 2015 funding amount. No equivalent language was included in the FY 2014 Appropriations Act.

- ***Question:*** **Please provide a list of each energy efficiency project the department plans to fund out of the FY 2015 appropriation, and the estimated cost of each project. What is the source of the funds that support the FY 2014 Adjusted Appropriation, and the authorization to expend these funds? Please list each project the department plans to fund from the FY 2014 appropriation and the estimated cost of each project. Please identify where any decreases in operating costs have been assumed in FY 2015 as a result of completing each of these energy efficiency projects. Please estimate savings that will occur in FY 2016 and thereafter as a result of completing each project.**

Answer:

Projects Funded FY 2015

	Amount ($000's)
Ancora Hospital – HVAC Infrastructure Replacement	2,600
JJC Boiler Decentralization Final Phase	6,600
Total	**9,200**

The source of funds for the FY 2014 Adjusted Appropriation is the Clean Energy Fund. An FY 2014 omnibus supplemental will provide authorization to utilize this Fund.

FY14 Project List	**Amount ($000's)**
Garden State steam line	2,560
Wagner windows	3,500
Vineland – boiler conversion	485
APH Ivy Hall – transformer/HVAC	875
Woodbine condensing / air handling	1,400
Green Brook emergency generator	3,500
State Police Generators	3,500
Total FY14 Capital Projects Funded with Clean Energy	**15,820**

Decreases in operating expenses have not been assumed in FY 2015 because the energy projects have not been completed. Future operational savings resulting from the completion of energy efficiency projects will be calculated upon project completion.

PENSIONS

Pension Reevaluation

Discussion Points (Cont'd)

9. P.L.2011, c.78 made various changes to public employee pension benefits in New Jersey including increased member contributions, funding changes, benefits changes, and plan governance. Specifically, the law increased the member contribution rate for the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) from 5.5 percent of compensation to 6.5 percent of compensation effective October 2011. In addition, beginning July 1, 2012, the member contribution rate increases by 1/7 of 1 percent each year until a 7.5 percent member contribution rate is reached in July 2018.

After the enactment of P.L.2011, c.78, a decision was made by the Administration to deposit the increases in the employee contributions into the pension funds as additional contributions instead of using all of the member contributions as an offset to the employers' normal cost contributions, which is the generally-accepted, actuarial, standard practice. This decision was not publicly disclosed prior to adoption. The change was disclosed in the annual actuarial valuation reports: "Based on discussions with the Division of Pensions and Benefits, member contributions in excess of 5.5 percent of compensation shall not reduce the employers' normal cost contributions." This practice continued for three years, in FY 2012, FY 2013, and FY 2014. This modification of actuarial methodology affected the asset values, funding levels, net pension obligations, and increased annual employer contributions.

The Administration recently reversed this unconventional policy and has returned to using the generally-accepted, actuarial, standard practice of determining employer normal cost contributions. According to the actuary, as directed by the Administration, effective with the July 1, 2012 actuarial valuation, the determination of the State and local employers' normal cost contributions was revised to reflect the use of all member contributions as an offset to the gross normal cost. This was the methodology used to determine the State and local employers' normal cost contribution prior to the enactment of P.L.2011, C.78 and is consistent with the methodology typically used by contributory public-sector retirement systems to calculate the employer's normal cost contribution. As a result of this latest change in the methodology, future State employer contributions will be lower than previously forecasted in the most recent publicly disclosed 30-Year Fund projection. The lower future employer contributions will reduce future funding levels below those forecasted prior to the change in the funding methodology and will cause the projected future unfunded actuarial liability to be higher than previously forecasted. The change in methodology also affects local employer contributions and funding levels in a similar manner.

The table below shows the revised FY 2014 normal employer cost contributions per State-administered retirement system.

Pension Summary by Fund			
	FY 2014 Adjusted Appropriation	FY 2014 Revised	FY 2015 Proposed
PERS	$ 450,032,004	$ 425,599,208	$ 604,661,542
TPAF	$ 989,206,910	$ 929,175,720	$1,320,903,236
PFRS	$ 170,593,876	$ 166,983,796	$ 236,752,542
SPRS	$ 45,847,553	$ 44,225,733	$ 62,231,259
JRS	$ 19,149,594	$ 18,450,073	$ 25,334,002

Discussion Points (Cont'd)

CPFPF	$ 864,041	$ 0	$ 0
Total	$1,675,693,977	$1,584,434,530	$2,249,882,582

Under current law, (C. 43:3C-13) the State is required to use consistent and generally-accepted actuarial standards, as established by the Government Accounting Standards Board, or its successor, for the purpose of determining fund or system asset values, obligations, and annual employer contributions. Any modification of the assumptions or actuarial methodology at the direction of the State that changes asset values, obligations, or annual contributions requires public disclosure prior to adoption, including a financial impact analysis.

- ***Question:*** **By how much have the State and local employer contributions, respectively, for each system been inflated each year because they have been based on the former statutory contribution rate?**

Answer: Based on the timing of when the employee contribution increase occurred, the FY 2013 employer contribution amount was the only year where the amount was impacted by the change. For the State, based on the 2/7th phase-in amount, the State contributed approximately an additional $34.9 million. Locals in aggregate contributed approximately an additional $94.7 million (PERS-$57.1 million and PFRS $37.6 million).

- ***Question:*** **What was the rationale for calculating the employer contribution using the former employee contribution rate?**

Answer: Anticipating the inclusion of certain provisions in Chapter 78, the increased employee contributions resulting from the employee rate increases was used as additional contributions to the Pension Plans as opposed to offsetting the employer's share of the normal cost by the increased contributions. However, since the change was not enacted into law, the decision was made to resume the normal practice of offsetting the employers' share of the normal contribution by full employee contributions as was done prior to the 2011 reforms. This methodology is consistent with the methodology typically used by contributory public-sector retirement systems to calculate the employers' normal cost contribution.

- ***Question:*** **Please provide an updated 30 Year Projection of Employer Pension Costs, Baseline Compared to Pension Reform and Pension Reform to the FY 2013 actuarial valuation Pension Reevaluation, continuing with the assumption of a seven-year phase in for State contributions beginning in FY 2012. In addition, please list all of the assumptions upon which the latest projection is based such as salary assumptions, investment rate of return, contribution rate, etc.**

Answer: Please see Attachment IDA 9A for original baseline versus reform projections prepared immediately after the enactment of Chapter 78. Attachment IDA 9B shows the updated employer pension contribution projections developed after the adoption of certain actuarial assumption changes implemented after Chapter 78's enactment. Also, see Attachment IDA 9C for updated 30 year projections based on the 7/1/13 actuarial valuations.

Funded Ratio

Discussion Points (Cont'd)

10. One objective of P.L.2011, c.78 was to improve the funded ratio of the pension plans. The change in funding methodology improved the funded ratios. The reevaluation restores the funded ratios to what they would have been, all else being equal, if the methodology had not been changed.

- ***Question:*** **Please provide a table that shows the funded ratio for FY 2013, FY 2014, and FY 2015 of each State-administered retirement system and the system in the aggregate using the assumptions in place: (a) prior to the enactment of P.L.2011, c.78; (b) after the adoption of P.L.2011, c.78 with the change in the methodology concerning the calculation of the employers' normal cost contribution; and (c) after the adoption of P.L.2011, c.78 without the change in the methodology, i.e., using the generally accepted actuarial standards.**

- ***Question:*** **Please provide a table of the projected estimated actuarial value of assets and liabilities of the State prior to the adoption of P.L.2011, c.78, prior to the Reevaluation, and the actual actuarial valuation of assets and liabilities as reported in the July 1, 2013 valuation reports.**

Answer: Please refer to Attachments IDA 9 A, B and C.

- ***Question:*** **Please provide a table of the actuarial value of assets to the market value of assets as of July 1, 2013 for each system and in the aggregate.**

- ***Question:*** **Please provide a table illustrating the results of the most recent valuation reports as of July 1, 2013 as compared to the July 1, 2012 valuation reports indicating the actuarial value of the assets, the actuarial accrued liability, the unfunded actuarial accrued liability, the funded ratio, and the market value of the assets for each State-administered retirement system and the systems in aggregate.**

Answer: Please see chart below.

GASB Funded Status
Pension Fund Actuarial Liabilities and Assets
Based on Actuarial Valuations as of July 1, 2013
(in Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value of Assets
State					
PERS	$9,191.8	$19,994.0	$10,802.2	46.0%	$8,639.6
TPAF	30,606.0	53,645.5	23,039.5	57.1%	26,859.6
PFRS	2,033.7	4,188.5	2,154.8	48.6%	1,896.2
CP&FPF	5.6	6.1	0.5	91.5%	5.8
SPRS	1,946.6	2,870.6	924.0	67.8%	1,832.9
JRS	258.5	620.4	361.9	41.7%	244.3
POPF	8.2	4.7	(3.4)	172.1%	9.0
Subtotal	44,050.4	81,329.8	37,279.4	54.2%	39,487.4
Local					
PERS	19,975.2	27,005.8	7,030.6	74.0%	18,120.8
PFRS	22,097.0	28,811.7	6,714.7	76.7%	20,734.8
Subtotal	42,072.2	55,817.5	13,745.3	75.4%	38,855.6
Total	$86,122.6	$137,147.3	$51,024.7	62.8%	$78,343.0

GASB Funded Status
Pension Fund Actuarial Liabilities and Assets
Based on Actuarial Valuations as of July 1, 2012
(in Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value of Assets
State					
PERS	$9,512.1	$19,383.6	$9,871.5	49.1%	$8,390.0
TPAF	31,214.2	52,417.8	21,203.6	59.5%	26,038.0
PFRS	2,074.1	4,027.0	1,952.9	51.5%	1,829.4
CP&FPF	6.3	8.0	1.7	78.8%	5.8
SPRS	1,969.8	2,767.8	798.0	71.2%	1,755.4
JRS	278.5	605.2	326.7	46.0%	243.7
POPF	9.0	5.4	(3.6)	167.6%	9.0
Subtotal	45,064.0	79,214.8	34,150.8	56.9%	38,271.3
Local					
PERS	19,374.5	26,009.0	6,634.5	74.5%	16,785.7
PFRS	21,500.5	27,705.2	6,204.7	77.6%	19,296.2
Subtotal	40,875.0	53,714.2	12,839.2	76.1%	36,081.9
Total	$85,939.0	$132,929.0	$46,990.0	64.7%	$74,353.2

GASB Funded Status
Pension Fund Actuarial Liabilities and Assets
Comparison 2013 Valuations vs 2012 Valuations
(in Millions)

Pension Plan	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Market Value of Assets
State					
PERS	($320.3)	$610.4	$930.7	-3.1%	$249.6
TPAF	(608.2)	1,227.7	1,835.9	-2.5%	821.6
PFRS	(40.4)	161.5	201.9	-3.0%	66.8
CP&FPF	(0.7)	(1.9)	(1.2)	12.7%	-
SPRS	(23.2)	102.8	126.0	-3.4%	77.5
JRS	(20.0)	15.2	35.2	-4.4%	0.6
POPF	(0.9)	(0.6)	0.2	4.4%	-
Subtotal	(1,013.7)	2,115.0	3,128.7	-2.7%	1,216.1
Local					
PERS	600.7	996.8	396.1	-0.5%	1,335.1
PFRS	596.5	1,106.5	510.0	-0.9%	1,438.6
Subtotal	1,197.2	2,103.3	906.1	-0.7%	2,773.7
Total	$183.5	$4,218.3	$4,034.8	-1.9%	$3,989.8

Discussion Points (Cont'd)

• *Question:* **Please provide a copy of the 30-Year Fund Projection based on the Reevaluation in the FY 2013 actuarial valuations.**

Answer: Please see Attachment IDA 9C.

• *Question:* **Please quantify the changes in actuarial assets and liabilities due to the revised contributions and the suspensions of the COLA prior to the adoption of P.L.2011, c.78, prior to the reevaluation in the July 1, 2013 actuarial reports, and the actual actuarial valuations of assets and liabilities as reported in the July 1, 2013 valuations reports.**

Answer: We do not have projections available that isolate the specific changes referenced in the question. Please see Attachments IDA 9 A, B and C for the impact of changes in the aggregate.

Recommendations by the Actuary

11. The FY 2013 PERS actuarial evaluation (page 130) provides a revised table that outlines the effect of the components of the actuarial experience on the increase in the recommended actuarially required contribution (normal contribution plus the unfunded actuarially accrued liability) basic allowances from 19.85 percent to 22.76 percent. The 22.76 percent recommended employer contribution rate decreased to 21.52 percent after recognizing the change in method of determining the State's normal cost contribution, which reflects the use of all member contributions as an offset to the gross normal cost.

PERS

Actuarial Experience Factors that Affect the Actuarially Required Contribution	
Investment Loss	+0.67%
COLA increase greater than expected	+0.02%
Loss on account of new members	+0.02%
Pay increases less than expected	- 0.14%
Gain on account of active experience	+0.07%
Loss on account of pensioners' experience	+0.03%
Chapter 1, P.L.2010 for fiscal year 2013	+1.28%
Revised demographic assumptions	+1.24%
Revised economic assumptions	- 0.44%
Other experience	+0.16%
Subtotal (Original)	+2.91%
Use of all member contributions to determine the State's normal cost contribution	**- 1.24%**
Total (Revised)	+1.67%

Source: Public Employees' Retirement System of New Jersey Fifty-Ninth Annual Report of the Actuary Prepared as of July 1, 2013.

Discussion Points (Cont'd)

- ***Question:*** **For FY 2011, FY 2012, and FY 2013 what was the total amount of employee contributions collected for each of the defined benefit retirement systems?**

Answer: Please see the chart below.

Total Member Pension Contributions for Fiscal Years 2011-2013

	TPAF	PERS	PFRS	JRS	SPRS	Total
FY 2011	554,841,669.00	671,613,194.00	327,357,244.00	2,575,318.00	18,164,838.00	1,574,552,263.00
FY 2012	646,530,465.00	737,657,525.00	374,688,167.00	2,476,205.00	23,233,207.00	1,784,585,569.00
FY 2013	686,872,384.00	790,456,230.00	387,775,184.00	3,402,807.00	21,875,233.00	1,890,381,838.00

- ***Question:*** **What is the State's normal cost contribution percentage for each of the defined benefit retirement systems and the combined State-administered Retirement System?**

Answer: The normal cost rates are included in each of the 7/1/13 valuations on the Division of Pensions and Benefits website:

http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml

Question: **By what percentage was the State's normal cost percentage for each of the State's defined benefit retirement systems and the combined State-administered Retirement System reduced by the use of all member contributions?**

Answer: The change in normal cost percentage as a result of the use of all member contributions has not been developed by the actuaries.

Pension Fund Investment Return Assumptions

12. According to the National Association of Retirement Administrators (NASRA) in their December 2013 Issue Brief, Public Pension Plan Investment Return Assumptions, the average public pension plan annualized investment return *assumption* for the 25-year period ended December 31, 2012 was 7.72 percent. The lowest investment return assumption was 6.75 percent and the highest investment return assumption was 8.5 percent. According to the Issue Brief, "An investment return assumption that is set too low will overstate liabilities and costs, causing current taxpayers to be overcharged and future taxpayers to be undercharged. A rate set too high will understate liabilities, undercharging current taxpayers, at the expense of future taxpayers. An assumption that is significantly wrong in either direction will cause a misallocation of resources and unfairly distribute costs among generations of taxpayers. Because investment earnings account for a majority of revenue for a typical public pension fund (61 percent according to the U.S. Census Bureau), the accuracy of the assumption has a major effect on the plan's finances."

- ***Question:*** **Please discuss how the current investment return assumption of 7.9 percent affects the unfunded actuarial accrued liability (UAAL) of the pension fund and the**

Discussion Points (Cont'd)

employer contribution. How does a one-tenth of one percent change in the assumed investment rate of return affect the UAAL and the employer contribution? Please update Table 4 from Discussion Point No. 8 in the Office of Legislative Services FY 2013-2014 Analysis of the New Jersey Budget Interdepartmental Accounts.

Answer: The investment return assumption is used as the discount rate for plan liabilities and determines the liabilities of the plan for each valuation year. That calculation resulted in an unfunded liability to the extent that the liabilities were greater than the assets.

A reduction in the investment return assumption will result in an increase in liabilities while an increase in the assumption will result in a reduction in liabilities. As a result, the unfunded accrued liability will increase or decrease accordingly as will the corresponding unfunded accrued liability contribution requirement.
We do not have the impact of a 1/10th of one percent change in investment return assumption.

Table 4

Pension Plan Assumed Rate of Return Compared to the Actual Rate of Return

Fiscal Year	Assumed Rate	Actual Rate *
2014	7.90%	N/A
2013	7.90%	11.78%
2012	7.95%	2.52%
2011	8.25%	18.03%
2010	8.25%	13.35%
2009	8.25%	-15.48%
2008	8.25%	-2.61%
2007	8.25%	17.15%
2006	8.25%	9.79%
2005	8.25%	8.77%
2004	8.75%	14.16%
2003	8.75%	3.31%
2002	8.75%	-8.61%
2001	8.75%	-9.80%
2000	8.75%	11.86%
1999	8.75%	16.27%
1998	8.75%	22.70%
1997	8.75%	22.09%
1996	8.75%	16.13%
1995	8.75%	19.69%

Discussion Points (Cont'd)

1994	8.75%	-0.74%
1993	8.75%	12.39%
1992	8.75%	13.88%
1991	8.75%	9.26%
1990	7.00%	13.08%

* Actual rates of return exclude PFRS mortgages.

N/A: Not available

Annualized Actual Investment Return:

3 Years	10.59%
5 Years	5.32%
10 Years	7.26%
20 Years	7.94%

Present Value of Employee Contributions

13. Employee contributions, employer contributions, and investment returns comprise the income of a pension fund, and thus fund a member's retirement allowance.

- ***Question:*** **Assuming a State public employee in PERS earns a salary of $30,000 for 25 years, contributes at a 6.5 percent employee rate and retires at age 65, the contributions earn an annual average investment rate of return of 7.9 percent over 25 years, and assuming the employer contributes at a 5 percent employer contribution rate over a 25 year period and the employer contributions earn the same investment rate of return, what is the value of the annuity (considering both the employee and the employer contributions) after 25 years? What is the retirement allowance? What is the current average life expectancy for a male? What is the current life expectancy for a female? How many years would the annuity fund the retirement allowance for a male and for a female if the annuity were to continue to earn 7.9 percent?**

Answer: There is insufficient information provided with this hypothetical for an accurate and useful response to be developed and provided. Regarding average life expectancy on a current basis, that depends on the age of the individual retiring. Adjustments are made on a regular basis by actuaries using both mortality studies and actual experience for the retirement systems.

Retirement Allowances

14. Each actuarial report provides the average retirement allowance by retirement classification such as service retirement, disability retirement, and gender, but does not provide an overall average and median retirement allowance for each system.

Discussion Points (Cont'd)

• ***Question:*** **What is the overall average and median retirement allowance for each retirement system: PERS, TPAF, PFRS, SPRS, and JRS?**

Answer: Please see the attached Actuarial Valuation Tables PDF.

Disability Insurance

15. P.L.2010, c.3 eliminated the accidental and ordinary disability retirement for new members of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) who are enrolled in the retirement system after May 21, 2010. Instead, the new members of each system are eligible for disability insurance coverage.

• ***Question:*** **Please provide the FY 2011, FY 2012, and FY 2013 expenditures of the disability insurance program under P.L.2010, c.3 for PERS and for TPAF. By how much did the elimination of the disability retirement reduce the employer contribution to the PERS and the TPAF? What effect did this have on the funded ratio of each of the two systems? Is the disability insurance program cost effective? If the disability insurance program was eliminated and the disability retirement restored under PERS and TPAF, what would be the fiscal impact?**

Answer: To date there have been no expenditures for this program, however we do expect that to change either late in FY 2014 or early in FY 2015. This change has had little or no impact on the employer contribution amount and funded ratio of the systems for PERS and TPAF. If the disability insurance program was eliminated and disability retirement was restored for the impacted members, members would no longer be eligible for a benefit that is greater than the disability benefit within the retirement systems. Chapter 3 provides the availability of a long term disability benefit after 12 months at 60% of salary with the member continuing to earn service credit in the system at the expense of the employer.

STATE HEALTH BENEFITS

The "Cadillac Tax" under the Patient Protection and Affordable Care Act (ACA)

16. At the October 21, 2013 School Employees' Health Benefits Program (SEHBP) Plan Design Committee meeting, Aon Hewitt, the State's actuarial consultant, made a presentation on the effect on the SEHBP of the ACA's excise tax on high cost employer-sponsored health coverage. This is referred to as the "Cadillac Tax". Under current law, to the extent that employer-sponsored health coverage premiums exceed certain thresholds employers are required, beginning 2018, to pay an excise tax of 40 percent of the amount of the premium that is in excess of the federal threshold amounts. In 2018, the annual premium thresholds for coverage are $10,200 for single coverage and $27,500 for family coverage. Coverage thresholds are to be adjusted annually by a "health cost adjustment percentage." The Cadillac tax could affect both the SEHBP and the State Health Benefits Program (SHBP).

Discussion Points (Cont'd)

• ***Question:*** **Please explain how the excise tax on high cost employer-sponsored health coverage works and the potential programmatic and fiscal effects of this provision of the federal law on the SHBP and the SEHBP. When is it projected that each of the plans offered under the SHBP and the SEHBP will exceed the threshold and by what amount is it projected that each of the plans will be over the limit? What options are the plan design committees considering in order to stay below the threshold and still meet the credible coverage test? What is the potential magnitude of the excise tax that the State would have to pay if the plans remain the same and they exceed the threshold in 2018, all else being equal?**

Implications of the Definition of Full-Time Employee under the Patient Protection and Affordable Care Act (ACA)

Answer: Starting in 2018, sponsors of self-insured high-cost medical plans such as the SHBP/SEHBP will pay a 40% excise tax on the aggregate value of the portion of employer-sponsored insurance in excess of predetermined thresholds. Thresholds will be indexed at CPI-U. Employee contributions do not offset plan cost for Excise Tax purposes.

The various plans offered in the SHBP/SEHBP are estimated to exceed the Excise Tax thresholds at different times as outlined below.

ACTIVES						
	STATE		LOCAL GOVERNMENT		EDUCATION	
	Individual	Family	Individual	Family	Individual	Family
PPO10	N/A	N/A	2018	2018	2018	2018
PPO15	2018	2018	2018	2018	2018	2018
HMO	2018	2018	2018	2018	2018	2018
PPO1525	2018	2019	2018	2018	2018	2018
HMO1525	2018	2019	2018	2018	2018	2019
PPO2030	2018	2020	2018	2018	2018	2019
HMO2030	2018	2020	2018	2018	2018	2020
PPO2035	2021	>2022	2018	>2022	2019	>2022
HMO2035	2021	>2022	2019	>2022	2020	>2022
HD1500	2021	>2022	2018	>2022	2020	>2022
HD4000	>2022	>2022	2022	>2022	N/A	N/A
PRE-65 RETIREES						
	STATE		LOCAL GOVERNMENT		EDUCATION	
	Individual	Family	Individual	Family	Individual	Family
PPO10	2018	2018	2018	2018	2018	2018
PPO15	2018	2018	2018	2018	2018	2020
HMO	2018	2018	2018	2018	2018	2021
PPO1525	2018	2018	2018	2018	2018	2020
HMO1525	2018	2020	2018	2018	2018	>2022
PPO2030	2018	2019	2018	2018	2018	2021
HMO2030	2018	2021	2018	2018	2018	>2022
PPO2035	N/A	N/A	N/A	N/A	N/A	N/A
HMO2035	N/A	N/A	N/A	N/A	N/A	N/A
HD1500	N/A	N/A	N/A	N/A	N/A	N/A

Discussion Points (Cont'd)

HD4000	>2022	>2022	>2022	>2022	>2022	>2022

It is estimated that Medicare retiree premiums will not exceed the Excise Tax threshold before 2022. The Plan Design Committees have been made aware of the ramifications of the Excise Tax. As outlined above, a number of plans currently offered to SHBP/SEHBP members will not exceed the Excise Tax thresholds until after 2022. It is estimated that the State's Excise Tax exposure in 2018 will be $53 million.

17. Beginning in 2014, large employers are required to account for each employee's full-time or part-time monthly status, report each employee's full-time status to the IRS, and maintain each employee's employment status as part of their tax records or be fined a penalty. The ACA defines full-time employee to mean an employee who works on average at least 30 hours per week. State law for the SHBP and the SEHBP defines full-time State employee to mean an employee who works 35 hours per week and defines full-time local employees to mean an employee who works pursuant to a local resolution, but no less than 25 hours per week. Thus, with regard to the State Health Benefits Program (SHBP) and the School Employees' Health Benefit Program (SEHBP), beginning in 2015 any individual who works an average of 30 hours or more per week, or at least 130 hours in a month, will have to be offered health benefits and treated in the same manner as any other full-time employee who is working 35 hours per week.

- ***Question:*** **What is the current estimate of the number of employees who will be offered SHBP (State and local) and SEHBP health care benefits beginning January 1, 2015 and what is the current estimate of the associated cost increase to provide health care benefits to these individuals in the SHBP (State and local) and separately in the SEHBP in FY 2015? By what amount is the full-time definition projected to increase the premium? Are the accounting and reporting costs beginning January 1, 2014 budgeted in the FY 2015 Governor's Budget? Please quantify. Are they included with the comparative effectiveness and transitional reinsurance fees or are they budgeted separately in the various health benefit accounts? Please explain.**

Answer: Approximately 1,300 State employees who currently work an average of between 30 and 34 hours per week would be eligible for coverage under the SHBP in 2015. Since NJSA 52:14-17.26 permits local employers to set their own minimum hours of work per week, provided it is not less than 25 hours, it is not possible to determine health benefit coverage eligibility and the impact of this requirement on local employers who participate in the SHBP/SEHBP.

Reporting requirements were delayed until 2015 for large employers and have not been estimated at this time. The Plan Year 2015 premiums are under development and will not be presented to the SHBP/SEHBP Health Benefits Commissions until late July.

- ***Question:*** **Does the FY 2015 Governor's Budget include an amount to pay for health care coverage costs for those employees who may become eligible for health care coverage under the definition of "full-time" under the ACA?**

Discussion Points (Cont'd)

Answer: At the time of development of the health benefit costs for the Governor's Budget request, assumptions are made regarding employee growth and coverage trends which are then used to develop the annual budget estimate. Accordingly, such assumptions and trends were used to develop the FY 2015 budget request.

EMPLOYEE BENEFITS

18. P.L.2011, c.78 made various changes to public employees health benefits in New Jersey including increased member contributions and plan design changes for the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP). Specifically, the law required all public employees and certain public retirees to contribute toward the cost of health care benefits coverage based upon a percentage of the projected cost of coverage, referred to as the "premium," based on the type of coverage selected. Each year, the Rate Renewal Reports include aggregate cost data that provides the actual total cost of employee and retiree health care in a Plan Year (calendar year) and the total premium (employee and employer contributions) collected to pay for health care coverage. The FY 2015 Governor's Budget recommends a net increase in funding for employee health care benefits included in the Interdepartmental Accounts budget totaling $46.7 million. This is the difference between the total recommended increase in appropriations for active and retiree health care costs ($152.1 million) and the proposed increase in premium based employees health care benefit contributions ($105.4 million).

- ***Question:*** **For the SHBP, for Fiscal Year 2012, FY 2013, and FY 2014, and proposed FY 2015, please provide the dollar amount of member contributions, employer contributions, use of health benefit fund surplus, and total costs.**

Answer: Please see chart below.

State Health Benefits Program Fund - State
Actual / Projected Contributions, Benefit Costs and Fund Balance

	Actual FY 2012	Actual FY 2013	Projected FY 2014	Projected FY 2015
***Member Contributions**	152,051,630	202,711,158	296,295,206	396,882,065
Employer Contributions	1,691,931,065	1,749,261,868	1,857,994,780	1,958,046,242
Net Investment Income	186,342	333,750	333,750	333,750
Benefit Costs	(1,960,485,082)	(2,005,330,615)	(2,159,262,433)	(2,390,241,924)
Net Increase (Decrease)	(116,316,045)	(53,023,839)	(4,638,696)	(34,979,867)
Fund Balance, Beginning of Ye	16,172,569	(100,143,476)	(153,167,315)	(157,806,011)
Fund Balance, End of Year	(100,143,476)	(153,167,315)	(157,806,011)	(192,785,878)

***Includes contributions for active and retired members and members on COBRA**

- ***Question:*** **Please provide updated estimates of the total projected savings from P.L.2011, c.78 contributions for State, local education, and local governments to the SHBP and the SEHBP that were achieved in FY 2013 and are anticipated to be achieved in FY 2014, FY 2015, and FY 2016. Please provide updated estimates of the projected savings from**

Discussion Points (Cont'd)

migration to lower costs plans for the State, local education, and local governments for FY 2013,FY 2014, FY 2015, and FY 2016. Please provide updated estimates of the projected enrollment for fiscal years 2013 – 2016. Based on the Plan Year 2014 open enrollment results, how many new waivers were submitted for Plan Year 2014 and what are the projected savings attributable to the new waivers?

Answer: State employee contributions assume that Chapter 78 contributions were implemented 7/1/2011. Local employee contributions assume that Chapter 78 contributions are implemented as follows: 35% on 7/1/2011, 30% on 7/1/2012, 30% on 7/1/2013, and 5% on 7/1/2014. It is assumed that retiree contributions are zero and therefore are not included.

Projected Savings from Chapter 78
($ millions)

	2013	2014	2015	2016
State	$60.9	$157.0	$255.2	$274.0
Education	$18.3	$66.2	$139.8	$208.5
Local Government	$11.8	$40.7	$87.9	$130.9
Total	$91.0	$263.9	$482.9	$613.4

Projected Savings from Migration to Lower Cost Plans
($ millions)

	2013	2014	2015	2016
State	$1.5	$2.9	$6.5	$8.7
Education	$1.4	$3.1	$4.7	$6.0
Local Government	$1.5	$3.1	$4.7	$6.0
Total	$4.4	$9.1	$15.9	$20.7

Projected Enrollment: Active

	2013	2014	2015	2016
State	98,626	98,022	97,367	96,394
Education	96,657	94,130	93,338	94,272
Local Government	46,402	48,587	49,750	50,248
Total	241,685	240,739	240,456	240,913

Projected Enrollment: Retired

	2013	2014	2015	2016
State	44,658	46,743	48,872	50,338
Education	94,656	97,596	101,708	107,133
Local Government	25,251	27,832	29,831	31,621
Total	164,565	172,172	180,411	189,092

FY 2014 Waivers: Projected Savings

Discussion Points (Cont'd)

($ millions)

	Waivers	Savings
State	**257**	**$2.2**
Education	**343**	**$2.9**
Local Government	**176**	**$1.6**
Total	**776**	**$6.7**

The above may underestimate Education and Local Government waivers since the State relies on local employers for this information.

Health Benefits Program Fund

19. The State Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2013 reports the assets, liabilities, additions and deductions for a variety of pension and other employee benefits trust funds. One such fund is the Health Benefits Program Fund-State, which accounts for the resources and costs associated with providing health benefits to active and retired State employees, including those of colleges and universities. The FY 2013 CAFR reports at page 213 that the Health Benefits Program Fund-State received $202.7 million in member contributions and $1.75 billion in employer contributions in FY 2013, expended and accrued $2 billion for benefit payments and $3.5 million in administrative expenses, and ended the fiscal year in a net position of negative $153.2 million, i.e. the fund's liabilities exceeded it assets by about $153 million. The CAFR indicates that the net position of the fund decreased by $53 million as a result of FY 2013 activity, from negative $100 million at June 30, 2012. This is the only fund categorized as a "pension and other employee benefits trust fund" which ended FY 2013 in a negative net position.

• ***Question:*** **Please explain why the Health Benefits Program Fund-State has been allowed to achieve a negative net position with liabilities exceeding assets by more than $153 million? What is the projected net position of this fund at June 30, 2014? What steps, if any should be taken to close or eliminate the gap between the fund's assets and liabilities? What impact does the fund's negative net position have on the State's long-term liabilities for other post-employment benefits?**

Answer: Because the financial statements for the SHBP and SEHBP are prepared on a full accrual basis, the ending net position includes an estimated liability for incurred but not paid (IBNP) claim charges. The estimated IBNP claims are determined by the actuarial consultant. If you refer to the Combining Statement of Changes in Fiduciary Net Position on page 213 of the State CAFR, you will note that the Fund has a cash reserve balance, including investments, of approximately $60 million as of June 30, 2013. The Fund maintains a sufficient reserve balance to meet the daily claim charges and administrative costs. This negative net position has no impact on the State's long-term liabilities for other post-employment benefits (OPEB). The OPEB liability is due to the State funding post-retirement medical benefits on a pay-as-you-go basis as opposed to pre-funding these benefits on an actuarial reserve basis. Information regarding the State's OPEB liability can be found in the July 1, 2012 State of New

Discussion Points (Cont'd)

Jersey, Postemployment Benefits Other than Pension Actuarial Valuation, which is available on the Division of Pensions and Benefits' website.

TAX REVENUE AND ANTICIPATION NOTES (TRANS)

20. The State uses cash flow borrowing, in the form of lines of credit and tax and revenue anticipation notes (TRANS), to meet its cash flow needs in the early part of the fiscal year, when cash spending outpaces cash collection. This situation largely results from the need to expend significant sums on local aid and direct property tax relief in the first two fiscal quarters of the year, before major tax collections are received in the last two quarters of the year. While the FY 2015 Governor's Budget proposes an appropriation of $6 million for Interest on Short Term Notes, the budget also reflects a supplemental appropriation of $3.392 million in FY 2014 in addition to an original appropriation of $6 million (page D-435). Thus far in FY 2014, the State has issued about $2.6 billion in TRANS to meet cash flow needs (Series 2014 C), after twice drawing upon a line of credit for temporary cash flow financing—$1.2 billion on July 2, 2013 (Series A) and $600 million on July 31, 2013 (Series B). The OLS estimates that interest costs on these borrowings will total about $33 million which will be offset by original issue premiums of $24.128 million. Thus, net interest borrowing costs could be approximately $8.9 million.

• *Question:* **Please report the estimated FY 2014 costs of cash flow borrowing, distinguishing between interest and fees, itemizing these costs by each series of borrowing. What projections of FY 2015 line of credit use and tax and revenue anticipation note issuance (par amount and date of sale), total and net interest costs, nominal interest rate and effective interest rate, were assumed when determining to recommend an appropriation of $6 million in FY 2015?**

Answer: Interest expense and fees for FY 2014 by series are as follows:

Series A-interest = $2,354,383.56, fees = $130,434.00 for a total of $2,484,817.56. The interest rate is variable by month and ranged from 0.358% to 0.386%.
Series B-interest = $757,742.47, fees = $5,434.00 for a total of $763,176.47. The interest rate is variable by month and ranged from 0.358% to 0.386%.
Series C-interest = $5,194,222.22 (Gross $29,322,222.22 less premium $24,128,000.00), fees=$739,049.96, for a net total of $5,933,272.18. Coupon rate=2.0%, Yield=0.35%.
Interfund borrowing interest = $100,000 based on current CMF interest rates.
Total net interest all series (incl. interfund) = $8,406,348.25, fees=$874,917.96, net total = $9,281,266.21.

As the FY2015 Budget has not been finalized, we are in the process of estimating the funding need for interest cost. There is Directory Letter language should the need exceed the amount requested.

OTHER INTERDEPARTMENTAL ACCOUNTS

State Funds for Disaster and Emergency Response

Discussion Points (Cont'd)

21. Pursuant to language in the FY 2013 Appropriations Act a $20 million supplemental appropriation to meet the costs of any emergency occasioned by aggression, civil disturbance, sabotage, or disaster, specifically Superstorm Sandy, was recommended by the Governor's Advisory Council for Emergency Services and approved by the Governor. The FY 2015 Budget reflects this funding on page D-435 on the line item entitled "Disasters and Emergencies". The FY 2014 Appropriations Act also appropriated $20 million for Disasters and Emergencies, and further provided that unexpended balances from the FY 2013 appropriation would remain available in FY 2014 for the same purpose. $14.4 million of the FY 2013 appropriation was expended by the close of FY 2013, and $5.6 million carried forward to augment the $20 million FY 2014 appropriation. As of April 16, 2014, about $193,000 of the $25.6 million available in FY 2014 for Disasters and Emergencies was expended, and about $3.25 million was in "reserve" status, which sometimes indicates an intention to lapse funds rather than leave them available for expenditure.

- ***Question:*** **For what specific purpose(s) were Disasters and Emergencies appropriations expended? What plans does the Executive have for the unexpended balance of these appropriations? What is the reason that $3.25 million is in "reserve" status? Given the reports of unmet needs of persons and businesses that suffered losses from Superstorm Sandy, and given the ability of the Executive to appropriate additional funds for emergency response under budget language, why are 63 percent of State appropriations for response to Superstorm Sandy unexpended?**

Answer: As explained above, the "Disasters and Emergencies" appropriation was provided to support the costs related to Superstorm Sandy. Specifically, this line-item was intended to support the State government's share of Superstorm Sandy costs not reimbursed by the federal government. Since New Jersey has never experienced a storm of the magnitude of Sandy, and due to the nature of unexpected costs, it is difficult to precisely predict the State need to support such costs. The funds to date have been expended to support the non-federal share of Other Needs Assistance, or funds provided by the federal government immediately after the storm to individuals needing assistance with medical bills, necessary housing items/furnishings, transportation, and other costs. Funds currently unexpended must be maintained to mitigate any additional impact on the State budget from additional costs of matching federal Sandy reimbursement. As such, funds currently in reserve are not planned to lapse at this time. Although a large portion of the appropriation remains available, it is not sufficient to fund both the State's costs not reimbursed by the federal government, as well as residents' and businesses' costs not reimbursed by the federal government. As outlined in the Substantial Amendment for the Second Allocation of CDBG-DR Funds, the current combined "unmet need" for housing and businesses is projected to be approximately $1.9 billion.

COMPENSATION

Salary Increases and Other Benefits

22. State employee compensation represents a significant portion of State operating expenditures. In FY 2015, the Governor's Budget (page H-18) projects a State funded Workforce of: Executive Branch 36,282, Judicial Branch 7,383, and Legislative Branch 489.

Discussion Points (Cont'd)

The FY 2015 Governor's Budget also recommends $92.8 million for compensation increases that accrue in FY 2015 for the portion of the State workforce considered "State funded," i.e., not funded by federal or dedicated revenues. Factors influencing this recommended funding level include cost-of-living adjustments (COLAs) negotiated with some unions representing State employees and step increments. Recommended funding levels may assume the availability of unexpended prior year balances.

• ***Question:*** **Please itemize, by branch, the specific components of change that make up the recommended $92.8 million for Salary Increases, COLAs, and step increments. What amount of carry forward balances, if any, is needed to supplement the recommended appropriation to fully fund COLA and increments in FY 2015?**

Answer: The FY 2015 Budget includes funding for increments and a 1.75% contractual COLA increase for most Executive Branch Employees. The Judiciary recommendation funds progression increases for most employees and the Legislature recommendation funds a 1.75% COLA. No carry forward balances are needed to supplement the recommended appropriation.

Unused Accumulated Sick Leave Benefits

23. The FY 2015 Governor's Budget recommends a FY 2014 adjusted appropriation and FY 2015 proposed appropriation of $11 million to pay for unused accumulated sick leave payments.

• ***Question:*** **What number of retirees and what average payment per retiree is projected in determining the amount recommended for unused sick leave payments for FY 2014 and FY 2015 respectively? Thus far, in FY 2014, how many retirees have been paid accumulated sick leave and at what average amount per retiree?**

Answer: The number of retirements and payments for unused accumulated sick leave is consistent with trends from prior years. The FY 2014 adjusted appropriation and FY 2015 Recommendation of $11 million will be sufficient to pay for unused accumulated sick leave payments.

Claim Number	Cause	Date Opened	Date Closed
11-0001-0011063	FALLING OR FLYING OBJECT	2/6/2012	7/19/2012
12-0001-0002519	IMPROPERLY MAINT ROADWAY	5/15/2012	7/19/2012
12-0001-0001937	IMPROPERLY MAINT ROADWAY	4/19/2012	
12-0001-0003556	TORT PROPERTY DAMAGE	6/26/2012	8/29/2012
11-0001-0008107	TORT PROPERTY DAMAGE	9/27/2011	9/18/2012
12-0001-0003863	TORT ADM ERROR	7/10/2012	9/18/2012
12-0001-0001239	TORT ADM ERROR	3/19/2012	9/18/2012
11-0001-0010209	IMPROPERLY MAINT ROADWAY	12/15/2011	9/18/2012
12-0001-0003011	TORT ADM ERROR	6/5/2012	9/18/2012
12-0001-0004606	FALLING OR FLYING OBJECT	8/3/2012	9/16/2012
12-0001-0004023	TORT ADM ERROR	7/17/2012	10/16/2012
12-0001-0003261	FALLING OR FLYING OBJECT	6/14/2012	10/16/2012
12-0001-0004144	TORT PROPERTY DAMAGE	7/20/2012	10/16/2012
12-0001-0002772	IMPROPERLY MAINT ROADWAY	5/25/2012	10/16/2012
11-0001-0006196	TORT ADM ERROR	7/21/2011	10/18/2012
12-0001-0002543	TORT AUTO HIGHWAY CONSTRUCT	5/16/2012	10/18/2012
11-0001-0006485	TORT ADM ERROR	8/1/2011	11/20/2012
12-0001-0003941	TORT ADM ERROR	7/13/2012	11/7/2012
12-0001-0001895	IMPROPERLY MAINT ROADWAY	4/17/2012	11/7/2012
12-0001-0004192	TORT PROPERTY DAMAGE	7/20/2012	11/28/2012
12-0001-0006107	TORT ADM ERROR	10/2/2012	11/28/2012
12-0001-0002766	FALLING OR FLYING OBJECT	5/24/2012	11/28/2012
12-0001-0003359	IMPROPERLY MAINT ROADWAY	6/19/2012	12/19/2012
12-0001-0005498	TORT PROPERTY DAMAGE	9/11/2012	12/19/2012
12-0001-0007054	TORT PROPERTY DAMAGE	11/13/2012	12/19/2012
12-0001-0006163	FALLING OR FLYING OBJECT	10/3/2012	12/19/2012
12-0001-0003470	TORT ADM ERROR	6/22/2012	12/19/2012
12-0001-0006772	FALLING OR FLYING OBJECT	10/26/2012	12/19/2012
12-0001-0005577	FALLING OR FLYING OBJECT	9/13/2012	1/16/2013
12-0001-0005793	FALLING OR FLYING OBJECT	9/19/2012	1/3/2013
12-0001-0006094	COLLISION OR SIDESWIPE W/ANOTHER VEHICLE	10/1/2012	1/3/2013
12-0001-0006512	IMPROPERLY MAINT ROADWAY	10/17/2012	1/16/2013
12-0001-0004189	TORT PROPERTY DAMAGE	7/20/2012	1/16/2013
12-0001-0006698	COLLISION OR SIDESWIPE W/ANOTHER VEHICLE	10/24/2012	1/31/2013
12-0001-0006161	TORT PROPERTY DAMAGE	10/2/2012	2/12/2013
12-0001-0005326	TORT PROPERTY DAMAGE	9/5/2012	2/12/2013
12-0001-0005494	FALLING OR FLYING OBJECT	9/11/2012	2/12/2013
12-0001-0002405	TORT ADM ERROR	5/9/2012	2/12/2013
12-0001-0004493	IMPROPERLY MAINT ROADWAY	8/1/2012	3/27/2013
12-0001-0008182	TORT ADM ERROR	1/9/2013	3/27/2013
12-0001-0005338	FALLING OR FLYING OBJECT	9/6/2012	3/27/2013
12-0001-0008185	TORT ADM ERROR	1/9/2013	3/27/2013
11-0001-0009090	TORT PROPERTY DAMAGE	11/1/2011	3/27/2013
12-0001-0005433	CAUGHT IN, UNDER OR BETWEEN, NOC	9/7/2012	3/27/2013
12-0001-0007310	TORT PROPERTY DAMAGE	11/27/2012	4/16/2013
12-0001-0007901	IMPROPERLY MAINT ROADWAY	12/21/2012	4/16/2013

12-0001-0007412	TORT ADM ERROR	11/30/2012	4/16/2013
12-0001-0007611	IMPROPERLY MAINT ROADWAY	12/10/2012	8/1/2013
12-0001-0007173	FALLING OR FLYING OBJECT	11/16/2012	4/16/2013
12-0001-0008342	TORT PROPERTY DAMAGE	1/18/2013	4/23/2013
13-0001-0000779	TORT ADM ERROR	2/25/2013	4/23/2013
12-0001-0006724	FALLING OR FLYING OBJECT	10/25/2012	5/15/2013
13-0001-0001366	TORT ADM ERROR	3/26/2013	5/15/2013
12-0001-0007944	TORT PROPERTY DAMAGE	12/24/2012	5/15/2013
12-0001-0008316	IMPROPERLY MAINT ROADWAY	1/17/2013	5/15/2013
12-0001-0008132	FALLING OR FLYING OBJECT	1/8/2013	5/15/2013
12-0001-0006804	TORT ADM ERROR	10/26/2012	6/21/2013
13-0001-0001270	IMPROPERLY MAINT ROADWAY	3/21/2013	7/3/2013
13-0001-0002086	TORT ADM ERROR	4/24/2013	10/31/2013
13-0001-0002043	TORT ADM ERROR	4/23/2013	7/3/2013
12-0001-0008239	IMPROPERLY MAINT ROADWAY	1/11/2013	7/3/2013
13-0001-0000682	IMPROPER SNOW REMOVAL	2/20/2013	7/3/2013
12-0001-0008110	TORT PROPERTY DAMAGE	1/7/2013	7/3/2013
12-0001-0007246	FALLING OR FLYING OBJECT	11/21/2012	7/3/2013
13-0001-0002476	IMPROPERLY MAINT ROADWAY	5/14/2013	7/3/2013
12-0001-0006545	FALLING OR FLYING OBJECT	10/18/2012	7/3/2013
13-0001-0000993	IMPROPERLY MAINT ROADWAY	3/7/2013	7/16/2013
12-0001-0009036	TORT PROPERTY DAMAGE	3/13/2013	8/1/2013
13-0001-0001739	IMPROPERLY MAINT ROADWAY	4/10/2013	8/1/2013
12-0001-0005253	COLLISION OR SIDESWIPE W/ANOTHER VEHICLE	9/4/2012	1/7/2013
12-0001-0006067	FALLING OR FLYING OBJECT	10/1/2012	8/15/2013
12-0001-0007172	IMPROPERLY MAINT ROADWAY	11/16/2012	8/15/2013
13-0001-0003720	IMPROPERLY MAINT ROADWAY	7/2/2013	8/15/2013
13-0001-0004052	IMPROPERLY MAINT ROADWAY	7/17/2013	9/3/2013
13-0001-0002038	IMPROPERLY MAINT ROADWAY	4/23/2013	9/3/2013
13-0001-0000576	TORT PROPERTY DAMAGE	2/13/2013	9/3/2013
13-0001-0001671	IMPROPERLY MAINT ROADWAY	4/9/2013	9/18/2013
13-0001-0001671	IMPROPERLY MAINT ROADWAY	4/9/2013	9/18/2013
13-0001-0000599	IMPROPERLY MAINT ROADWAY	2/14/2013	9/18/2013
12-0001-0008114	TORT PROPERTY DAMAGE	1/7/2013	9/25/2013
13-0001-0004814	IMPROPERLY MAINT ROADWAY	8/13/2013	9/25/2013
13-0001-0001298	IMPROPERLY MAINT ROADWAY	3/22/2013	9/25/2013
13-0001-0002911	TORT PROPERTY DAMAGE	5/30/2013	10/31/2013
13-0001-0000811	FALLING OR FLYING OBJECT	2/26/2013	10/31/2013
13-0001-0001325	IMPROPERLY MAINT ROADWAY	3/22/2013	10/31/2013
13-0001-0000809	TORT PROPERTY DAMAGE	2/26/2013	10/31/2013
13-0001-0001221	IMPROPERLY MAINT ROADWAY	3/20/2013	10/31/2013
13-0001-0004200	IMPROPERLY MAINT ROADWAY	7/23/2013	10/31/2013
13-0001-0001335	TORT PROPERTY DAMAGE	3/25/2013	10/31/2013
12-0001-0007177	IMPROPERLY MAINT ROADWAY	11/16/2012	10/31/2013
13-0001-0003141	TORT PROPERTY DAMAGE	6/10/2013	11/27/2013
12-0001-0007866	TORT PROPERTY DAMAGE	12/19/2012	12/4/2013
13-0001-0006184	TORT ADM ERROR	10/2/2013	12/4/2013

13-0001-0001373	TORT PROPERTY DAMAGE	3/26/2013	12/4/2013
13-0001-0005706	TORT ADM ERROR	9/19/2013	12/4/2013
13-0001-0004286	TORT PROPERTY DAMAGE	7/24/2013	12/4/2013
13-0001-0007577	TORT ADM ERROR	11/22/2013	12/20/2013
13-0001-0006496	FALLING OR FLYING OBJECT	10/10/2013	3/10/2014
13-0001-0006841	TORT PROPERTY DAMAGE	10/22/2013	3/10/2014
13-0001-0003525	IMPROPERLY MAINT ROADWAY	6/25/2013	3/10/2014
13-0001-0002126	IMPROPERLY MAINT ROADWAY	4/25/2013	
13-0001-0006480	COLLISION OR SIDESWIPE W/ANOTHER VEHICLE	10/10/2013	4/3/2014
13-0001-0004812	FALLING OR FLYING OBJECT	8/13/2013	4/3/2014
12-0001-0008803	TORT PROPERTY DAMAGE	2/25/2013	4/3/2014
12-0001-0008803	TORT PROPERTY DAMAGE	2/25/2013	4/3/2014
12-0001-0008062	TORT PROPERTY DAMAGE	1/4/2013	4/3/2014
14-0001-0000408	IMPROPERLY MAINT ROADWAY	1/29/2014	4/10/2014
13-0001-0008902	TORT ADM ERROR	1/16/2014	4/10/2014
13-0001-0000371	IMPROPERLY MAINT ROADWAY	2/4/2013	9/18/2013
13-0001-0001407	IMPROPERLY MAINT ROADWAY	3/27/2013	
14-0001-0001858	TORT ADM ERROR	3/20/2014	
13-0001-0007604	IMPROPERLY MAINT ROADWAY	11/25/2013	
14-0001-0002678	TORT ADM ERROR	4/14/2014	

Date Paid	Amount Paid	Description
7/2/2012	$500.00	SNOW FROM ROOF OF BUILDING FELL ONTO CAR
7/10/2012	$250.74	HIT A POTHOLE
7/13/2012	$447.85	HIT A POTHOLE
7/25/2012	$172.25	HIT POTHOLES IN PARKING LOT
8/2/2012	$417.65	DMV CLERK LOST EMPLOYMENT AUTHORIZATION CARD
8/8/2012	$105.00	PULLED OVER BY POLICE, VEHICLE TOWED
8/9/2012	$347.76	CAR TICKETED/TOWED DUE TO M.V.C. ERROR
8/21/2012	$963.99	HIT POT HOLE
8/22/2012	$100.00	CAR TOWED DUE TO M.V.C. ERROR FOR REGISTRATION
9/5/2012	$500.00	REAR WINDOW SHATTERED BY THROWN ROCK FROM MOWER
9/12/2012	$133.75	VEHICLE WAS STOPPED BY MISTAKE
9/17/2012	$245.30	DRIVING ON PARKWAY, ROCK FROM MOWER STRUCK CAR
9/19/2012	$57.71	LAWN MOWER DAMAGED MAIL BOX
9/20/2012	$500.00	HIT A POTHOLE
9/27/2012	$201.01	DMV ERROR CAUSED CAR TO BE TOWED
9/28/2012	$500.00	TAR SPLASHED UP ON VEHICLE IN CONSTRUCTION ZONE
9/28/2012	$264.10	MVC FAILED TO RENEW REGISTRATION
10/4/2012	$110.00	VEHICLE IMPOUNDED DUE TO M.V.C. ERROR
10/23/2012	$720.25	HIT A POTHOLE
11/8/2012	$328.01	METAL PETRUDING FORM ROAWAY DAMAGE CAR
11/8/2012	$322.72	VEHICLE TOWED DUE TO NJMVC ERROR IN COMPUTER
11/13/2012	$250.00	LOOSE GRAVEL STRUCK & BROKE WINDSHIELD
11/19/2012	$100.00	HIT A POTHOLE
11/29/2012	$497.55	KICKED UP ROCK CAUSED DAMAGE TO WINDOW
11/29/2012	$153.26	WIND FROM STATE POLICE HELICOPTER DAMAGED DOOR
11/29/2012	$334.37	ROCK FROM WEED WHACKER STRUCK & BROKE WINDOW
12/3/2012	$192.00	VEHICLE TOWED DUE TO M.V.C. REGISTRATION ERROR
12/7/2012	$500.00	ROCK THROWN FROM WEEDWHACKER & STRUCK VEHICLE
12/11/2012	$203.30	KICKED UP ROCK CRACKED DRIVER SIDE WINDOW
12/18/2012	$326.25	VEHICLE STRUCK BY ROCK FROM WEED WACKER
12/20/2012	$500.00	CLMT VEH WAS TRAVELING ON STATE HIGHWAY
12/31/2012	$2,500.00	SWERVED TO AVOID FALLEN LIGHT POST & HIT CURB
1/10/2013	$100.00	VEHICLE WAS SPRAYED WITH TAR
1/14/2013	$500.00	PARKED CAR STRUCK BY COLLEGE GOLF CART
1/23/2013	$100.00	INMATED DAMAGED CLAIMANTS CAR
1/30/2013	$282.79	TAR ON ROADWAY DAMAGED CAR
1/30/2013	$267.50	ROCK HIT WINDSHIELD FROM LAWN MOWER ON SHOULDER
1/30/2013	$189.20	VEHICLE TOWED DUE TO NJ M.V.C. ERROR
2/6/2013	$225.02	HIT A POTHOLE
2/11/2013	$178.50	CAR TOWED DUE TO M.V.C. REGISTRATION ERROR
2/22/2013	$100.00	CAR WAS PARKED, STRUCK BY ROCK FROM LAWNMOWER
2/22/2013	$245.00	CAR TOWED DUE TO M.V.C. LICENSE SUSPENSION ERROR
2/25/2013	$620.00	SINK HOLE IN ROAD DAMAGED CAR
2/26/2013	$50.00	LOADING DOCK DOOR CLOSED ON BRIEFCASE
2/27/2013	$500.00	JACK SLIPPED & BROKE TRANSIMISSION BOX
3/13/2013	$118.98	HIT A POTHOLE

3/20/2013	$173.80	CAR TOWED DUE TO MVC ADMINISTRATION ERROR
3/25/2013	$713.28	SNOW PLOW FELL APART WHILE PLOWING SNOW
3/25/2013	$150.00	ROCK FROM WEED WACKER FLEW UP & HIT WINDSHIELD
4/11/2013	$250.00	BACKED INTO GATE AND DAMGED VEHICLE
4/11/2013	$295.25	CLAIMANTS CAR WAS TOWED BY MISTAKE
5/3/2013	$500.00	VEHICLE STRUCK BY UNSECURED EXIT GATE
5/3/2013	$174.90	CAR TOWED DUE TO N.J.M.V.C. REGISTRATION ERROR
5/6/2013	$488.57	NAILS IN TIRE
5/6/2013	$192.87	NAIL IN TIRE
5/7/2013	$458.95	ROCK FROM MOWER THROWN & STRUCK WINDSHIELD
5/9/2013	$111.75	CAR TOWED & IMPOUNDED DUE TO M.V.C. SYSTEM ERROR
5/15/2013	$393.55	HIT A POTHOLE
5/16/2013	$545.80	CAR IMPOUNDED DUE TO M.V.C. INSURANCE ERROR
5/16/2013	$537.25	TRUCK IMPOUNDED DUE TO M.V.C. REGISTRATION ERROR
5/22/2013	$400.00	2 FOOT PIECE OF TAR HIT VEHICLE
5/22/2013	$296.96	ICE FROM SNOW PLOW STRUCK VEHICLE
5/24/2013	$341.23	LAWNMOVER BLADE DAMAGED WINDSHIELD
5/29/2013	$200.00	STONE FROM TRACTOR FEW UP & BROKE WINDOW
6/7/2013	$500.00	DEBRIS FROM HIGHWAY DAMAGED VEHICLE
6/18/2013	$500.00	ROCK STRUCK WINDOW WHILE CUTTING LAWN
6/27/2013	$500.00	RAN OVER SKID FROM SNOW PLOW IN ROADWAY
7/1/2013	$2,760.00	TRUCKS DESTROYED FENCE MULTIPLE TIMES
7/23/2013	$500.00	HIT A POTHOLE
7/29/2013	$883.43	CAR DAMAGED IN ACCIDENT ON STATE HIGHWAY
7/30/2013	$500.00	PARKING GARAGE METAL GATE CRASHED ON ROOF
7/31/2013	$173.28	STRUCK AN OBJECT IN AN UNCOVERED DRAIN
8/1/2013	$500.00	HIT A POTHOLE
8/9/2013	$256.00	STONE HIT WINDOW CAUSING DAMAGE
8/9/2013	$500.00	HIT A POTHOLE
8/12/2013	$755.00	WATER SPILLED ONTO LAPTOP AFTER LIGHT REMOVED
8/14/2013	$302.37	HIT SNOWPLOW SKID SHOE THAT FELL OFF OF PLOW
8/14/2013	$302.37	HIT SNOWPLOW SKID SHOE THAT FELL OFF OF PLOW
8/22/2013	$255.52	HIT A POTHOLE
9/3/2013	$299.60	ROCK WAS KICKED UP AND DAMAGED WINDOW
9/5/2013	$425.00	TAR SPLASHED OVER CAR
9/10/2013	$307.24	HIT A POTHOLE
9/17/2013	$1,600.00	TRACTOR DRIVER MOWED 4 ACRES OF FARM LAND
9/17/2013	$758.15	A PIECE OF CONCRETE FELL OFF BRIDGE & STRUCK CAR
9/18/2013	$250.00	HIT A POTHOLE
9/18/2013	$476.90	PIPE BROKE & WATER FLOODED DORM ROOM ON CAMPUS
9/18/2013	$166.00	HIT A POTHOLE
9/19/2013	$295.64	DEBRIS FROM HIGHWAY DAMAGED VEHICLE
10/7/2013	$198.48	TIRE PUNCTURED WITH METAL OBJECT WHILE PARKED
10/10/2013	$250.00	WATER HOLE COVER STRUCK VEHICLE
10/22/2013	$500.00	D.M.V. EMPLOYEE OPENED CAR DOOR INTO VEHICLE
11/13/2013	$6,649.52	FACILITIES DAMAGED
11/15/2013	$202.10	CAR TOWED DUE TO M.V.C. ERROR OF LICENSE PLATES

11/20/2013	$1,100.00	PIPE BURST & FLOODED DORM ROOM
11/25/2013	$325.00	VEHICLE IMPOUNDED DUE TO MVC REGISTRATION ERROR
11/26/2013	$181.90	CAR WINDOW BROKEN FROM LAWNMOWER
12/5/2013	$181.95	CAR TOWED DUE TO M.V.C. REGISTRATION ERROR
12/17/2013	$802.50	VEHICLE STRUCK BY A ROCK WHILE WEED WHACKING
12/31/2013	$1,499.00	CLAIMANTS PROPERTY WAS DAMAGED BY FLOOD
1/6/2014	$500.00	DEBRIS IN STATE HIGHWAY DAMAGED VEHICLE
1/14/2014	$341.23	HIT A POTHOLE
2/6/2014	$500.00	LAWNMOWER SLID DOWN HILL & CRASHED INTO VEHICLE
2/12/2014	$422.65	ROCK FROM WEEDWHACKER STRUCK & BROKE CAR WINDOW
2/27/2014	$428.38	PROPERTY WAS DAMAGED BY LEAKING PIPE
2/27/2014	$424.88	PROPERTY WAS DAMAGED BY LEAKING PIPE
3/11/2014	$500.00	PAINT ON ROADWAY DAMAGED CAR
3/19/2014	$195.27	RAN OVER A SNOW PLOW SKID IN ROAD
3/31/2014	$456.80	VEHICLE TICKETED & TOWED DUE TO M.V.C. ERROR
4/1/2014	$500.00	HIT A POTHOLE
4/14/2014	$500.00	HIT A POTHOLE
4/21/2014	$504.00	CLAIMANT CAR WAS TOWED BY MISTAKE BY MVC
4/23/2014	$500.00	GATE AT STATE FACILITY DAMAGED CAR
4/29/2014	$484.00	PULLED OVER BY MISTAKE FOR SUSPENDED REGISTRATIN
	$54,360.13	

Comparison of Current vs Governor's Modified Proposed Plan
Including Benefit Design & Revised Amortization Period Change
30 Year Fund Projection - In Millions
Reflects Benefit and Contribution Provisions of Ch. 1, P.L. 2010

ATTACHMENT A

Valuation Date Fiscal Year Projection Year	7/1/2009 2011 0	7/1/2010 2012 1	7/1/2011 2013 2	7/1/2012 2014 3	7/1/2013 2015 4	7/1/2014 2016 5	7/1/2015 2017 6	7/1/2016 2018 7	7/1/2017 2019 8	7/1/2018 2020 9	7/1/2019 2021 10	7/1/2020 2022 11	7/1/2021 2023 12	7/1/2022 2024 13	7/1/2023 2025 14	7/1/2024 2026 15	7/1/2025 2027 16	7/1/2026 2028 17	7/1/2027 2029 18	7/1/2028 2030 19	7/1/2029 2031 20	7/1/2030 2032 21	7/1/2031 2033 22	7/1/2032 2034 23
PERS-STATE																								
Phased-in Employer Contributions under Current Plan Design	0	118	274	450	648	855	1,094	1,333	1,380	1,461	1,513	1,561	1,611	1,662	1,717	1,774	1,838	1,906	1,979	2,050	2,138	2,220	2,307	2,39
Phased-in Employer Contributions under Proposed Plan Design	0	127	285	468	669	882	1,098	1,306	1,309	1,310	1,317	1,324	1,320	1,332	1,335	1,337	1,340	1,341	1,343	1,347	1,350	1,353	1,357	1,36
Difference	0	9	11	18	21	17	4	(27)	(71)	(151)	(196)	(237)	(283)	(330)	(382)	(437)	(499)	(565)	(636)	(709)	(788)	(867)	(950)	(1,03
AVA Funded Ratio: Current Plan Design	58.41%	51.19%	45.78%	43.19%	40.42%	38.47%	37.31%	36.89%	37.20%	37.52%	37.82%	38.12%	38.40%	38.67%	38.94%	39.21%	39.48%	39.79%	40.11%	40.48%	40.90%	41.39%	41.95%	42.60
AVA Funded Ratio: Proposed Plan Design	58.41%	58.32%	54.15%	50.87%	48.64%	47.47%	47.33%	48.15%	49.85%	51.59%	53.26%	54.93%	56.58%	58.21%	59.81%	61.39%	62.98%	64.53%	66.10%	67.68%	69.20%	70.93%	72.60%	74.32
Unfunded - AVA: Current Plan Design	10,999	11,751	12,931	14,055	15,110	16,088	16,893	17,575	18,084	18,601	19,124	19,651	20,181	20,713	21,240	21,779	22,307	22,821	23,329	23,821	24,292	24,739	25,162	25,55
Unfunded - AVA: Proposed Plan Design	8,259	7,297	8,389	9,300	10,232	10,900	11,365	11,621	11,656	11,858	11,631	11,577	11,500	11,398	11,274	11,128	10,964	10,769	10,552	10,309	10,035	9,727	9,389	9,00
TPAF																								
Phased-in Employer Contributions under Current Plan Design	0	312	680	1,123	1,628	2,184	2,783	3,412	3,551	3,693	3,843	4,000	4,166	4,339	4,519	4,705	4,899	5,091	5,285	5,485	5,692	5,904	6,124	6,35
Phased-in Employer Contributions under Proposed Plan Design	0	267	615	1,027	1,488	1,981	2,485	2,980	3,015	3,044	3,089	3,135	3,180	3,225	3,269	3,310	3,350	3,387	3,423	3,459	3,463	3,465	3,460	3,46
Difference	0	(45)	(65)	(96)	(139)	(203)	(298)	(432)	(636)	(649)	(753)	(866)	(986)	(1,115)	(1,261)	(1,396)	(1,548)	(1,704)	(1,862)	(2,026)	(2,229)	(2,439)	(2,668)	(2,88
AVA Funded Ratio: Current Plan Design	64.80%	58.94%	53.08%	48.62%	46.44%	43.84%	42.00%	40.93%	40.61%	40.35%	40.17%	40.04%	39.99%	40.00%	40.09%	40.24%	40.45%	40.72%	41.04%	41.39%	41.70%	42.23%	42.71%	43.22
AVA Funded Ratio: Proposed Plan Design	64.88%	70.17%	64.95%	60.06%	57.73%	55.57%	54.38%	54.12%	54.75%	55.48%	56.20%	57.20%	58.10%	59.24%	60.36%	61.57%	62.82%	64.12%	65.45%	66.80%	68.10%	69.60%	70.91%	72.25
Unfunded - AVA: Current Plan Design	16,760	23,040	27,010	30,740	34,180	37,280	39,990	42,260	44,040	45,820	47,600	49,370	51,150	52,940	54,730	56,520	58,320	60,120	61,920	63,730	65,530	67,330	69,130	70,91
Unfunded - AVA: Proposed Plan Design	16,760	14,063	17,124	19,780	22,062	23,917	25,300	26,207	26,603	26,933	27,205	27,421	27,582	27,687	27,736	27,730	27,669	27,551	27,373	27,134	26,833	26,495	26,117	25,60
PFRS-STATE																								
Phased-in Employer Contributions under Current Plan Design		54	119	193	277	366	461	555	577	597	619	640	664	688	710	732	756	779	802	826	853	883	913	94
Phased-in Employer Contributions under Proposed Plan Design		54	116	191	274	362	454	543	551	560	572	583	595	607	617	625	636	644	644	648	651	656	661	66
Difference		0	(3)	(2)	(3)	(4)	(7)	(12)	(26)	(37)	(47)	(57)	(69)	(81)	(93)	(107)	(120)	(135)	(158)	(178)	(202)	(227)	(252)	(28
AVA Funded Ratio: Current Plan Design		50.20%	51.99%	48.91%	46.82%	45.61%	45.20%	45.53%	46.43%	47.32%	48.17%	49.03%	49.91%	50.78%	51.66%	52.47%	53.20%	53.87%	57.18%	57.66%	58.27%	58.85%	59.41%	59.95
AVA Funded Ratio: Proposed Plan Design		50.20%	61.22%	58.08%	56.06%	56.14%	56.14%	56.00%	57.60%	59.10%	60.54%	62.02%	63.50%	64.99%	66.46%	67.87%	69.20%	70.46%	74.97%	76.98%	77.15%	78.28%	79.36%	80.41
Unfunded - AVA: Current Plan Design		1,749	2,083	2,359	2,632	2,879	3,094	3,272	3,418	3,559	3,705	3,852	4,001	4,151	4,303	4,457	4,614	4,776	4,648	4,809	4,950	5,094	5,240	5,39
Unfunded - AVA: Proposed Plan Design		1,749	1,418	1,032	1,621	1,978	2,097	2,175	2,212	2,248	2,283	2,312	2,337	2,357	2,373	2,385	2,393	2,397	2,121	2,119	2,094	2,066	2,038	2,00
SPRS																								
Phased-in Employer Contributions under Current Plan Design	0	16	30	62	87	115	146	179	187	195	202	209	216	224	231	240	249	256	266	275	284	292	300	31
Phased-in Employer Contributions under Proposed Plan Design	0	14	31	51	74	99	125	152	157	162	166	170	174	178	182	186	191	194	196	202	202	201	202	20
Difference	0	(2)	(8)	(11)	(13)	(16)	(21)	(27)	(30)	(33)	(36)	(39)	(42)	(46)	(49)	(54)	(58)	(62)	(60)	(73)	(82)	(91)	(98)	(10
AVA Funded Ratio: Current Plan Design	73.05%	67.37%	62.66%	58.65%	55.83%	53.51%	51.87%	50.92%	50.07%	50.61%	50.44%	50.43%	50.46%	50.49%	50.55%	50.61%	50.67%	50.77%	50.81%	50.01%	50.80%	50.75%	50.81%	50.45
AVA Funded Ratio: Proposed Plan Design	73.05%	79.78%	74.00%	70.98%	67.94%	65.72%	64.31%	63.70%	63.80%	64.18%	64.61%	65.15%	65.76%	66.44%	67.18%	67.95%	68.75%	69.60%	70.44%	71.28%	72.13%	72.92%	73.62%	74.32
Unfunded - AVA: Current Plan Design	761	977	1,183	1,378	1,553	1,711	1,849	1,964	2,056	2,148	2,240	2,332	2,425	2,518	2,613	2,711	2,811	2,913	3,020	3,132	3,247	3,367	3,495	3,62
Unfunded - AVA: Proposed Plan Design	761	612	666	800	928	1,030	1,109	1,108	1,199	1,230	1,256	1,279	1,298	1,315	1,329	1,341	1,350	1,357	1,362	1,366	1,367	1,370	1,374	1,37
JRS																								
Phased-in Employer Contributions under Current Plan Design	0	6	12	21	30	40	50	63	66	69	71	75	78	81	84	88	92	95	99	103	106	110	115	11
Phased-in Employer Contributions under Proposed Plan Design	0	6	13	21	31	41	52	64	65	65	68	69	70	71	73	75	77	78	79	80	82	82	84	8
Difference	0	0	1	0	1	1	2	1	(1)	(4)	(3)	(6)	(8)	(10)	(11)	(13)	(15)	(17)	(19)	(23)	(24)	(28)	(31)	(3
AVA Funded Ratio: Current Plan Design	59.66%	52.24%	45.89%	40.62%	36.42%	33.27%	31.31%	30.11%	30.14%	30.10%	30.00%	29.97%	29.91%	29.77%	29.65%	29.59%	29.48%	29.46%	29.30%	29.18%	28.96%	28.81%	28.48%	28.14
AVA Funded Ratio: Proposed Plan Design	59.66%	58.92%	52.24%	46.91%	43.00%	40.52%	39.04%	39.85%	41.64%	43.48%	45.37%	47.54%	49.86%	51.66%	53.73%	55.86%	57.76%	59.86%	61.88%	63.86%	65.66%	67.58%	69.22%	70.88
Unfunded - AVA: Current Plan Design	240	289	365	410	462	509	547	583	600	636	662	688	715	745	775	808	842	875	913	951	993	1,034	1,081	1,12
Unfunded - AVA: Proposed Plan Design	240	228	276	320	368	390	412	426	432	434	436	431	428	428	423	418	417	409	406	399	394	387	391	37
TOTAL - STATE																								
Phased-in Employer Contributions under Current Plan Design		508	1,124	1,849	2,670	3,570	4,534	5,542	5,761	6,015	6,248	6,485	6,735	6,994	7,261	7,539	7,831	8,127	8,430	8,745	9,073	9,409	9,759	10,12
Phased-in Employer Contributions under Proposed Plan Design		466	1,060	1,759	2,536	3,365	4,214	5,045	5,097	5,141	5,212	5,281	5,347	5,413	5,470	5,533	5,594	5,644	5,687	5,736	5,748	5,757	5,770	5,78
Difference		(38)	(64)	(91)	(133)	(205)	(320)	(497)	(664)	(874)	(1,036)	(1,205)	(1,388)	(1,582)	(1,789)	(2,006)	(2,237)	(2,483)	(2,743)	(3,009)	(3,325)	(3,652)	(3,989)	(4,34
AVA Funded Ratio: Current Plan Design		57.21%	52.41%	48.45%	46.28%	42.91%	41.32%	40.40%	40.39%	40.36%	40.36%	40.42%	40.51%	40.66%	40.85%	41.00%	41.35%	41.66%	42.17%	42.64%	42.95%	43.40%	43.86%	44.40
AVA Funded Ratio: Proposed Plan Design		66.75%	62.36%	58.49%	55.63%	53.76%	52.98%	52.04%	53.89%	54.91%	55.98%	57.12%	58.31%	59.54%	60.02%	62.13%	63.46%	64.82%	66.41%	67.70%	69.20%	70.91%	72.00%	73.40
Unfunded - AVA: Current Plan Design		37,826	43,542	49,939	53,937	58,445	62,373	65,664	68,205	70,763	73,321	75,883	78,472	81,007	83,607	86,273	88,894	91,504	93,828	96,442	99,012	101,504	104,108	106,60
Unfunded - AVA: Proposed Plan Design		23,849	27,871	31,024	35,401	38,216	40,291	41,597	42,102	42,503	42,810	43,020	43,145	43,183	43,135	43,003	42,793	42,493	41,813	41,327	40,723	40,046	39,297	38,45
PERS-LOCAL																								
Phased-in Employer Contributions under Current Plan Design	757	859	936	1,008	1,078	1,145	1,207	1,266	1,324	1,383	1,442	1,500	1,560	1,621	1,686	1,753	1,821	1,896	1,975	2,058	2,145	2,234	2,331	2,43
Phased-in Employer Contributions under Proposed Plan Design	757	787	857	920	975	1,023	1,060	1,092	1,119	1,139	1,155	1,166	1,177	1,182	1,186	1,189	1,191	1,196	1,200	1,206	1,212	1,220	1,228	1,23
Difference	0	(72)	(79)	(88)	(103)	(122)	(147)	(174)	(205)	(244)	(287)	(334)	(383)	(439)	(500)	(564)	(630)	(700)	(775)	(852)	(933)	(1,014)	(1,103)	(1,19
AVA Funded Ratio: Current Plan Design	71.17%	68.45%	66.29%	64.63%	63.34%	62.34%	61.59%	60.99%	60.52%	60.14%	59.90%	59.71%	59.51%	59.33%	59.18%	58.97%	58.80%	58.60%	58.54%	58.40%	58.41%	58.42%	58.47%	58.59
AVA Funded Ratio: Proposed Plan Design	71.17%	77.45%	76.81%	74.67%	73.83%	73.50%	73.49%	73.73%	74.18%	74.79%	75.62%	76.31%	77.12%	77.96%	78.83%	79.71%	80.61%	81.67%	82.67%	83.61%	84.69%	85.83%	87.02%	88.29
Unfunded - AVA: Current Plan Design	7,357	8,475	9,530	10,511	11,435	12,307	13,135	13,935	14,707	15,459	16,164	16,857	17,550	18,243	18,934	19,623	20,311	20,979	21,630	22,272	22,893	23,469	24,060	24,60
Unfunded - AVA: Proposed Plan Design	7,357	5,353	6,001	6,580	7,070	7,459	7,782	7,992	8,153	8,247	8,284	8,282	8,252	8,190	8,095	7,973	7,821	7,623	7,387	7,110	6,793	6,428	6,014	5,54
PFRS-LOCAL																								
Phased-in Employer Contributions under Current Plan Design		950	1,033	1,107	1,174	1,239	1,302	1,360	1,424	1,488	1,548	1,596	1,643	1,696	1,748	1,797	1,845	1,893	1,958	2,011	2,069	2,134	2,196	2,28
Phased-in Employer Contributions under Proposed Plan Design		950	838	846	862	923	977	1,020	1,066	1,107	1,148	1,177	1,204	1,232	1,258	1,279	1,299	1,313	1,351	1,366	1,361	1,359	1,351	1,34
Difference		0	(195)	(261)	(312)	(316)	(325)	(340)	(358)	(381)	(400)	(419)	(439)	(464)	(490)	(518)	(546)	(580)	(607)	(645)	(708)	(776)	(845)	(9
AVA Funded Ratio: Current Plan Design		72.66%	70.90%	69.43%	68.33%	67.48%	66.65%	66.42%	66.09%	65.87%	65.73%	65.66%	65.60%	65.55%	65.49%	65.42%	65.32%	65.23%	64.73%	64.59%	64.36%	64.10%	63.81%	63.47
AVA Funded Ratio: Proposed Plan Design		72.66%	83.18%	81.72%	80.47%	79.46%	78.79%	78.45%	78.25%	78.21%	78.26%	78.47%	78.73%	79.03%	79.37%	79.74%	80.13%	80.57%	80.56%	81.10%	81.67%	82.02%	82.40%	82.87
Unfunded - AVA: Current Plan Design		7,779	8,798	9,807	10,753	11,673	12,554	13,306	14,214	15,025	15,820	16,620	17,413	18,210	19,022	19,847	20,696	21,552	22,671	23,570	24,535	25,538	26,573	27,6
Unfunded - AVA: Proposed Plan Design		7,779	4,334	4,958	5,563	6,144	6,643	7,059	7,440	7,782	8,088	8,357	8,591	8,794	8,974	9,127	9,260	9,354	9,639	9,660	9,685	9,705	9,712	9,72
TOTAL - LOCAL																								
Phased-in Employer Contributions under Current Plan Design		1,809	1,969	2,115	2,252	2,384	2,509	2,626	2,748	2,871	2,990	3,096	3,203	3,317	3,434	3,550	3,666	3,789	3,933	4,069	4,214	4,388	4,527	4,6
Phased-in Employer Contributions under Proposed Plan Design		1,737	1,695	1,766	1,837	1,946	2,037	2,112	2,185	2,246	2,303	2,343	2,381	2,414	2,444	2,468	2,490	2,509	2,551	2,572	2,573	2,579	2,579	2,5
Difference		(72)	(274)	(349)	(415)	(438)	(472)	(514)	(563)	(626)	(687)	(753)	(822)	(903)	(990)	(1,082)	(1,176)	(1,280)	(1,382)	(1,497)	(1,641)	(1,789)	(1,948)	(2,1
AVA Funded Ratio: Current Plan Design		70.61%	66.67%	67.12%	65.94%	65.03%	64.35%	63.66%	63.47%	63.19%	63.02%	62.90%	62.80%	62.69%	62.59%	62.49%	62.37%	62.27%	61.65%	61.85%	61.72%	61.58%	61.46%	61.3
AVA Funded Ratio: Proposed Plan Design		74.84%	79.57%	78.23%	77.24%	76.66%	76.23%	76.18%	76.30%	76.57%	76.97%	77.45%	77.97%	78.63%	79.11%	79.73%	80.35%	81.03%	81.50%	82.25%	83.00%	83.76%	84.54%	85.3
Unfunded - AVA: Current Plan Design		16,254	18,326	20,318	22,188	23,050	25,089	27,321	28,921	30,484	31,990	33,477	34,963	36,453	37,956	39,470	41,007	42,531	44,307	45,842	47,428	49,020	50,633	52,2
Unfunded - AVA: Proposed Plan Design		13,132	10,335	11,544	12,633	13,003	14,405	15,050	15,593	16,029	16,372	16,639	16,843	16,984	17,069	17,100	17,081	16,977	17,020	16,770	16,478	16,133	15,720	15,27

ATTACHMENT A Con

Comparison of Current vs Governor's Modified Proposed Plan
Including Benefit Design & Revised Amortization Period Change
30 Year Fund Projection - In Millions
Reflects Benefit and Contribution Provisions of Ch. 1, P.L. 2010

Valuation Date Fiscal Year Projection Year	7/1/2033 2035 24	7/1/2034 2036 25	7/1/2035 2037 26	7/1/2036 2038 27	7/1/2037 2039 28	7/1/2038 2040 29	7/1/2039 2041 30
PERS-STATE							
Phased-In Employer Contributions under Current Plan Design	$ 2,482	$ 2,584	$ 2,687	$ 2,790	$ 2,908	$ 3,026	$ 3,149
Phased-In Employer Contributions under Proposed Plan Design	$ 1,359	$ 1,364	$ 1,367	$ 1,372	$ 1,379	$ 1,385	$ 1,395
Difference	$ (1,123)	$ (1,220)	$ (1,320)	$ (1,424)	$ (1,529)	$ (1,641)	$ (1,754)
AVA Funded Ratio: Current Plan Design	43.38%	44.21%	45.21%	46.36%	47.67%	49.18%	50.86%
AVA Funded Ratio: Proposed Plan Design	76.10%	77.94%	79.88%	81.90%	84.03%	86.30%	88.71%
Unfunded - AVA: Current Plan Design	$ 25,905	$ 26,213	$ 26,463	$ 26,626	$ 26,705	$ 26,668	$ 26,504
Unfunded - AVA: Proposed Plan Design	$ 8,587	$ 8,118	$ 7,594	$ 6,992	$ 6,322	$ 5,556	$ 4,695
TPAF							
Phased-In Employer Contributions under Current Plan Design	$ 6,587	$ 6,832	$ 7,086	$ 7,351	$ 7,628	$ 7,916	$ 8,216
Phased-In Employer Contributions under Proposed Plan Design	$ 3,463	$ 3,460	$ 3,456	$ 3,459	$ 3,464	$ 3,474	$ 3,489
Difference	$ (3,124)	$ (3,372)	$ (3,629)	$ (3,893)	$ (4,164)	$ (4,442)	$ (4,727)
AVA Funded Ratio: Current Plan Design	43.77%	44.37%	44.99%	45.66%	46.30%	47.17%	48.01%
AVA Funded Ratio: Proposed Plan Design	73.56%	74.90%	76.17%	77.42%	78.68%	79.94%	81.21%
Unfunded - AVA: Current Plan Design	$ 72,670	$ 74,410	$ 76,190	$ 77,930	$ 79,620	$ 81,270	$ 82,860
Unfunded - AVA: Proposed Plan Design	$ 25,238	$ 24,725	$ 24,215	$ 23,655	$ 23,040	$ 22,364	$ 21,622
PFRS-STATE							
Phased-In Employer Contributions under Current Plan Design	$ 983	$ 1,020	$ 1,065	$ 1,109	$ 1,153	$ 1,200	$ 1,246
Phased-In Employer Contributions under Proposed Plan Design	$ 675	$ 683	$ 695	$ 706	$ 717	$ 730	$ 740
Difference	$ (308)	$ (337)	$ (370)	$ (403)	$ (436)	$ (470)	$ (506)
AVA Funded Ratio: Current Plan Design	60.49%	61.01%	61.55%	62.11%	62.74%	64.06%	65.54%
AVA Funded Ratio: Proposed Plan Design	81.48%	82.53%	83.59%	84.69%	85.84%	88.04%	90.45%
Unfunded - AVA: Current Plan Design	$ 5,639	$ 5,694	$ 5,846	$ 5,996	$ 6,147	$ 6,114	$ 6,045
Unfunded - AVA: Proposed Plan Design	$ 1,961	$ 1,915	$ 1,860	$ 1,796	$ 1,720	$ 1,488	$ 1,215
SPRS							
Phased-In Employer Contributions under Current Plan Design	$ 322	$ 335	$ 349	$ 363	$ 377	$ 389	$ 402
Phased-In Employer Contributions under Proposed Plan Design	$ 204	$ 206	$ 208	$ 210	$ 212	$ 212	$ 212
Difference	$ (118)	$ (129)	$ (141)	$ (153)	$ (165)	$ (177)	$ (190)
AVA Funded Ratio: Current Plan Design	50.28%	50.13%	50.02%	49.91%	50.26%	51.04%	52.19%
AVA Funded Ratio: Proposed Plan Design	75.01%	75.72%	76.45%	77.18%	78.59%	80.74%	83.52%
Unfunded - AVA: Current Plan Design	$ 3,760	$ 3,881	$ 4,016	$ 4,155	$ 4,230	$ 4,242	$ 4,197
Unfunded - AVA: Proposed Plan Design	$ 1,372	$ 1,387	$ 1,381	$ 1,354	$ 1,294	$ 1,178	$ 1,014
JRS							
Phased-In Employer Contributions under Current Plan Design	$ 124	$ 128	$ 133	$ 138	$ 143	$ 149	$ 154
Phased-In Employer Contributions under Proposed Plan Design	$ 86	$ 88	$ 89	$ 90	$ 92	$ 93	$ 95
Difference	$ (38)	$ (40)	$ (44)	$ (48)	$ (51)	$ (56)	$ (59)
AVA Funded Ratio: Current Plan Design	27.77%	27.35%	26.90%	26.46%	26.02%	25.25%	24.71%
AVA Funded Ratio: Proposed Plan Design	72.45%	73.95%	75.41%	76.97%	78.45%	79.57%	81.09%
Unfunded - AVA: Current Plan Design	$ 1,176	$ 1,231	$ 1,287	$ 1,342	$ 1,400	$ 1,460	$ 1,520
Unfunded - AVA: Proposed Plan Design	$ 369	$ 362	$ 354	$ 344	$ 333	$ 327	$ 314
TOTAL - STATE							
Phased-In Employer Contributions under Current Plan Design	$ 10,498	$ 10,899	$ 11,320	$ 11,757	$ 12,209	$ 12,680	$ 13,167
Phased-In Employer Contributions under Proposed Plan Design	$ 5,787	$ 5,801	$ 5,817	$ 5,837	$ 5,864	$ 5,894	$ 5,931
Difference	$ (4,711)	$ (5,098)	$ (5,504)	$ (5,921)	$ (6,345)	$ (6,786)	$ (7,236)
AVA Funded Ratio: Current Plan Design	44.97%	45.60%	46.27%	47.01%	47.84%	48.81%	49.86%
AVA Funded Ratio: Proposed Plan Design	74.79%	76.20%	77.58%	79.00%	80.46%	82.06%	83.72%
Unfunded - AVA: Current Plan Design	$ 109,042	$ 111,429	$ 113,801	$ 116,051	$ 118,102	$ 119,780	$ 121,122
Unfunded - AVA: Proposed Plan Design	$ 37,626	$ 36,487	$ 35,384	$ 34,141	$ 32,709	$ 30,913	$ 28,860
PERS-LOCAL							
Phased-In Employer Contributions under Current Plan Design	$ 2,540	$ 2,660	$ 2,776	$ 2,900	$ 3,031	$ 3,167	$ 3,314
Phased-In Employer Contributions under Proposed Plan Design	$ 1,251	$ 1,265	$ 1,276	$ 1,293	$ 1,308	$ 1,329	$ 738
Difference	$ (1,289)	$ (1,395)	$ (1,500)	$ (1,607)	$ (1,723)	$ (1,838)	$ (2,576)
AVA Funded Ratio: Current Plan Design	58.76%	59.04%	59.43%	59.91%	60.52%	61.27%	62.15%
AVA Funded Ratio: Proposed Plan Design	89.63%	91.05%	92.56%	94.17%	95.90%	97.74%	99.70%
Unfunded - AVA: Current Plan Design	$ 25,116	$ 25,590	$ 26,021	$ 26,391	$ 26,696	$ 26,920	$ 27,058
Unfunded - AVA: Proposed Plan Design	$ 5,018	$ 4,428	$ 3,763	$ 3,017	$ 2,174	$ 1,229	$ 169
PFRS-LOCAL							
Phased-In Employer Contributions under Current Plan Design	$ 2,345	$ 2,442	$ 2,559	$ 2,669	$ 2,777	$ 2,888	$ 2,990
Phased-In Employer Contributions under Proposed Plan Design	$ 1,346	$ 1,355	$ 1,377	$ 1,388	$ 1,396	$ 1,408	$ 1,410
Difference	$ (999)	$ (1,087)	$ (1,182)	$ (1,281)	$ (1,381)	$ (1,479)	$ (1,580)
AVA Funded Ratio: Current Plan Design	63.11%	62.71%	62.33%	61.90%	61.82%	61.76%	62.09%
AVA Funded Ratio: Proposed Plan Design	83.27%	83.66%	84.06%	84.51%	84.97%	86.25%	87.76%
Unfunded - AVA: Current Plan Design	$ 28,796	$ 29,986	$ 31,206	$ 32,488	$ 33,816	$ 34,482	$ 34,985
Unfunded - AVA: Proposed Plan Design	$ 9,722	$ 9,720	$ 9,692	$ 9,657	$ 9,607	$ 8,935	$ 8,062
TOTAL - LOCAL							
Phased-In Employer Contributions under Current Plan Design	$ 4,885	$ 5,102	$ 5,335	$ 5,569	$ 5,808	$ 6,052	$ 6,310
Phased-In Employer Contributions under Proposed Plan Design	$ 2,597	$ 2,620	$ 2,653	$ 2,681	$ 2,704	$ 2,735	$ 2,154
Difference	$ (2,288)	$ (2,482)	$ (2,682)	$ (2,888)	$ (3,104)	$ (3,317)	$ (4,156)
AVA Funded Ratio: Current Plan Design	61.21%	61.11%	61.06%	61.07%	61.14%	61.56%	62.12%
AVA Funded Ratio: Proposed Plan Design	86.16%	87.02%	87.93%	88.89%	89.92%	91.48%	93.23%
Unfunded - AVA: Current Plan Design	$ 53,911	$ 55,582	$ 57,227	$ 58,879	$ 60,512	$ 61,402	$ 62,043
Unfunded - AVA: Proposed Plan Design	$ 14,740	$ 14,148	$ 13,455	$ 12,674	$ 11,781	$ 10,164	$ 8,231

ATTACHMENT B

30 Year Projection of Employer Pension Costs
Baseline Compared to Pension Reform
Assumes 7 Year Phase-In For State Contributions Beginning in FY 2012

In Millions

BASELINE

State	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	30 Yr Total
	Fiscal Year																														
PERS	118	274	450	648	865	1,094	1,333	1,380	1,461	1,513	1,561	1,611	1,662	1,717	1,774	1,838	1,906	1,979	2,056	2,138	2,220	2,307	2,399	2,482	2,584	2,687	2,796	2,908	3,026	3,149	53,936
TPAF	312	680	1,123	1,628	2,184	2,783	3,412	3,551	3,693	3.843	4,000	4,166	4,339	4,519	4,705	4,896	5,091	5,285	5,485	5,692	5,904	6,124	6,351	6,587	6,832	7,086	7,351	7,628	7,916	8,216	141,382
PFRS	54	119	193	277	366	461	555	577	597	619	640	664	688	710	732	756	779	802	826	853	883	913	948	983	1,020	1,065	1,109	1,153	1,200	1,246	21,788
SPRS	16	39	62	87	115	146	179	187	195	202	209	216	224	231	240	249	256	266	275	284	292	300	311	322	335	349	363	377	389	402	7,118
JRS	6	12	21	30	40	50	63	66	69	71	75	78	81	84	88	92	95	98	103	106	110	115	119	124	128	133	138	143	149	154	2,641
Total	506	1,124	1,649	2,670	3,570	4,534	5,542	5,761	6,015	6,248	6,485	6,735	6,994	7,261	7,539	7,831	8,127	8,430	8,745	9,073	9,409	9,759	10,128	10,498	10,899	11,320	11,757	12,209	12,680	13,167	228,865
Local																															
PERS	819	936	1,008	1,078	1,145	1,207	1,266	1,324	1,383	1,442	1,500	1,560	1,621	1,686	1,753	1,821	1,896	1,975	2,058	2,145	2,234	2,331	2,433	2,540	2,660	2,776	2,900	3,031	3,167	3,314	57,009
PFRS	950	1,033	1,107	1,174	1,239	1,302	1,360	1,424	1,488	1,548	1,596	1,643	1,696	1,748	1,797	1,845	1,893	1,958	2,011	2,069	2,134	2,196	2,266	2,345	2,442	2,559	2,669	2,777	2,885	2,996	56,150
Total	1,769	1,969	2,115	2,252	2,384	2,509	2,626	2,746	2,871	2,990	3,096	3,203	3,317	3,434	3.550	3,666	3,789	3,933	4,069	4,214	4,368	4,527	4,699	4,885	5,102	5,335	5,569	5,808	6,052	6,310	113,159
Grand Total	2,275	3,093	3,964	4,922	5,954	7,043	8,168	8,509	8,886	9,238	9,581	9,938	10,311	10,695	11,089	11,497	11,916	12,363	12,814	13,287	13,777	14,286	14,827	15,383	16,001	16,655	17,326	18,017	18,732	19,477	340,024

BASED ON REFORM (Including actuarial economic assumption changes adopted with the July 1, 2011 and July 1, 2012 Actuarial Reports)

State	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	30 Yr Total
	Fiscal Year																														
PERS	125	264	450	640	839	1,038	1,228	1,228	1,227	1,225	1,242	1,303	1,299	1,299	1,298	1,296	1,293	1,290	1,284	1,280	1,283	1,285	1,289	1,284	1,289	1,293	1,298	1,306	1,313	1,323	34,112
TPAF	287	615	989	1,425	1,895	2,379	2,859	2,900	2,939	2,991	3,042	3,092	3,139	3,184	3,226	3,265	3,299	3,330	3,360	3,362	3.361	3,358	3,353	3,347	3,339	3,331	3,324	3,319	3,315	3,313	84,939
PFRS	54	112	171	241	316	391	466	470	475	483	491	501	507	512	519	524	528	532	537	538	539	540	542	543	547	553	559	568	576	584	13,917
SPRS	13	26	46	66	88	111	135	139	142	146	149	153	156	159	162	166	168	171	174	177	176	176	177	178	180	182	187	191	193	195	4,383
JRS	5	12	19	28	37	46	56	56	57	58	60	61	63	63	64	65	67	68	68	69	70	72	74	75	76	77	79	81	82	84	1,790
Total	484	1,029	1,675	2,400	3,175	3,966	4,743	4,793	4,841	4,903	4,984	5,110	5,163	5,217	5,269	5,315	5,355	5,391	5,423	5,426	5,430	5,432	5,436	5,427	5,430	5,437	5,447	5,465	5,479	5,499	139,142
Local																															
PERS	776	741	822	879	914	942	961	975	988	1,000	1,013	1,077	1,081	1,087	1,091	1,095	1,098	1,100	1,098	1,096	1,109	1,123	1,141	1,154	1,172	1,191	1,211	1,234	1,254	1,281	31,704
PFRS	736	750	750	785	828	868	904	942	973	1,000	1,028	1,064	1,088	1,111	1,131	1,146	1,165	1,181	1,196	1,196	1,190	1,188	1,188	1,193	1,204	1,224	1,249	1,282	1,305	1,328	32,194
Total	1,512	1,491	1,572	1,664	1,742	1,809	1,865	1,917	1,961	2,000	2,041	2,141	2,169	2,197	2,222	2,243	2,264	2,281	2,294	2,292	2,299	2,311	2,328	2,347	2,376	2,415	2,460	2,516	2,560	2,609	63,898
Grand Total	1,996	2,520	3,247	4,064	4,918	5,775	6,607	6,710	6,802	6,903	7,025	7,251	7,332	7,415	7,491	7,558	7,618	7,672	7,717	7,718	7,729	7,743	7,764	7,774	7,806	7,852	7,907	7,980	8,038	8,107	203,040

REDUCTION IN CONTRIBUTION-BASELINE VS CURRENT REFORM PROPOSAL

State	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	30 Yr Total
	Fiscal Year																														
PERS	7	(10)	-	(8)	(26)	(56)	(105)	(152)	(234)	(288)	(319)	(308)	(363)	(418)	(476)	(542)	(613)	(689)	(772)	(858)	(937)	(1,022)	(1,110)	(1,198)	(1,295)	(1,394)	(1,498)	(1,602)	(1,713)	(1,826)	(19,824
TPAF	(25)	(65)	(134)	(203)	(289)	(403)	(553)	(651)	(754)	(852)	(958)	(1,074)	(1,200)	(1,335)	(1,479)	(1,631)	(1,792)	(1,954)	(2,126)	(2,330)	(2,543)	(2,766)	(2,997)	(3,240)	(3,492)	(3,755)	(4,027)	(4,309)	(4,601)	(4,904)	(56,442
PFRS	-	(7)	(22)	(36)	(50)	(70)	(89)	(107)	(122)	(136)	(149)	(163)	(181)	(198)	(213)	(232)	(251)	(270)	(289)	(315)	(344)	(373)	(406)	(440)	(473)	(512)	(550)	(585)	(624)	(662)	(7,871
SPRS	(3)	(13)	(16)	(21)	(27)	(35)	(44)	(48)	(53)	(56)	(60)	(63)	(68)	(72)	(78)	(83)	(88)	(95)	(101)	(107)	(116)	(124)	(134)	(144)	(155)	(167)	(176)	(186)	(196)	(207)	(2,735
JRS	(1)	-	(2)	(2)	(3)	(4)	(7)	(10)	(12)	(13)	(15)	(17)	(18)	(21)	(24)	(27)	(28)	(30)	(35)	(37)	(40)	(43)	(45)	(49)	(52)	(56)	(59)	(62)	(67)	(70)	(851
Total	(22)	(95)	(174)	(270)	(395)	(568)	(799)	(968)	(1,175)	(1,345)	(1,501)	(1,626)	(1,831)	(2,044)	(2,270)	(2,516)	(2,772)	(3,039)	(3,322)	(3,647)	(3,980)	(4,327)	(4,692)	(5,071)	(5,469)	(5,884)	(6,311)	(6,744)	(7,201)	(7,669)	(87,723
Local																															
PERS	(43)	(195)	(186)	(199)	(231)	(265)	(305)	(349)	(395)	(442)	(487)	(483)	(540)	(599)	(662)	(726)	(798)	(875)	(960)	(1,049)	(1,125)	(1,208)	(1,292)	(1,386)	(1,488)	(1,585)	(1,689)	(1,797)	(1,913)	(2,033)	(25,305
PFRS	(214)	(283)	(357)	(389)	(411)	(434)	(456)	(482)	(515)	(548)	(568)	(579)	(608)	(637)	(666)	(697)	(728)	(777)	(815)	(873)	(944)	(1,008)	(1,078)	(1,152)	(1,238)	(1,335)	(1,420)	(1,495)	(1,580)	(1,668)	(23,956
Total	(257)	(478)	(543)	(588)	(642)	(700)	(761)	(831)	(910)	(990)	(1,055)	(1,062)	(1,148)	(1,237)	(1,328)	(1,423)	(1,525)	(1,652)	(1,775)	(1,922)	(2,069)	(2,216)	(2,371)	(2,538)	(2,726)	(2,920)	(3,109)	(3,292)	(3,492)	(3,701)	(49,261
Grand Total	(279)	(573)	(717)	(858)	(1,036)	(1,268)	(1,560)	(1,799)	(2,084)	(2,335)	(2,556)	(2,687)	(2,979)	(3,281)	(3,598)	(3,938)	(4,297)	(4,691)	(5,097)	(5,568)	(6,049)	(6,543)	(7,063)	(7,609)	(8,195)	(8,803)	(9,420)	(10,036)	(10,693)	(11,370)	(136,983

ATTACHMENT C

30 Year Fund Projection Under Current Funding Methodology - In Millions

Valuation Date Fiscal Year Projection Year	7/1/2013 2015 0	7/1/2014 2016 1	7/1/2015 2017 2	7/1/2016 2018 3	7/1/2017 2019 4	7/1/2018 2020 5	7/1/2019 2021 6	7/1/2020 2022 7	7/1/2021 2023 8	7/1/2022 2024 9	7/1/2023 2025 10	7/1/2024 2026 11	7/1/2025 2027 12
<u>PERS-STATE</u>													
Phased-in Employer Contributions under Current Plan	$ 605	$ 791	$ 974	$ 1,148	$ 1,142	$ 1,132	$ 1,133	$ 1,158	$ 1,182	$ 1,217	$ 1,220	$ 1,226	$ 1,229
AVA Funded Ratio: Current Plan	48.09%	46.84%	46.46%	46.90%	48.10%	49.27%	50.29%	51.27%	52.24%	52.83%	53.88%	54.93%	56.00%
Unfunded - AVA: Current Plan	$ 10,379	$ 10,932	$ 11,341	$ 11,566	$ 11,605	$ 11,624	$ 11,672	$ 11,709	$ 11,726	$ 11,804	$ 11,869	$ 11,817	$ 11,746
<u>TPAF</u>													
Phased-in Employer Contributions under Current Plan	$ 1,318	$ 1,750	$ 2,194	$ 2,633	$ 2,670	$ 2,704	$ 2,771	$ 2,838	$ 2,903	$ 2,966	$ 3,029	$ 3,091	$ 3,152
AVA Funded Ratio: Current Plan	58.19%	56.07%	54.78%	54.25%	54.45%	54.71%	55.02%	55.41%	55.87%	56.41%	57.03%	57.71%	58.46%
Unfunded - AVA: Current Plan	$ 21,897	$ 23,592	$ 24,903	$ 25,804	$ 26,282	$ 26,723	$ 27,131	$ 27,492	$ 27,806	$ 28,076	$ 28,302	$ 28,484	$ 28,624
<u>PFRS-STATE</u>													
Phased-in Employer Contributions under Current Plan	$ 237	$ 311	$ 385	$ 458	$ 462	$ 466	$ 474	$ 482	$ 491	$ 498	$ 504	$ 511	$ 517
AVA Funded Ratio: Current Plan	50.80%	49.61%	49.25%	49.70%	50.95%	52.19%	53.47%	54.80%	56.10%	57.56%	58.93%	60.26%	61.57%
Unfunded - AVA: Current Plan	$ 2,062	$ 2,198	$ 2,309	$ 2,385	$ 2,421	$ 2,458	$ 2,490	$ 2,519	$ 2,553	$ 2,569	$ 2,587	$ 2,600	$ 2,608
<u>SPRS</u>													
Phased-in Employer Contributions under Current Plan	$ 62	$ 82	$ 104	$ 126	$ 130	$ 133	$ 137	$ 139	$ 143	$ 146	$ 149	$ 152	$ 155
AVA Funded Ratio: Current Plan	69.35%	67.54%	66.35%	65.82%	65.94%	66.15%	66.45%	66.81%	67.18%	67.70%	68.22%	68.77%	69.35%
Unfunded - AVA: Current Plan	$ 880	$ 957	$ 1,017	$ 1,059	$ 1,082	$ 1,103	$ 1,122	$ 1,139	$ 1,157	$ 1,166	$ 1,176	$ 1,185	$ 1,192
<u>JRS</u>													
Phased-in Employer Contributions under Current Plan	$ 25	$ 33	$ 41	$ 49	$ 49	$ 50	$ 51	$ 53	$ 54	$ 56	$ 57	$ 58	$ 60
AVA Funded Ratio: Current Plan	44.64%	42.24%	41.02%	40.75%	41.70%	42.64%	43.59%	44.37%	45.41%	46.61%	47.84%	49.27%	50.56%
Unfunded - AVA: Current Plan	$ 343	$ 368	$ 386	$ 399	$ 404	$ 408	$ 411	$ 417	$ 420	$ 422	$ 424	$ 421	$ 421
<u>TOTAL - STATE</u>													
Phased-in Employer Contributions under Current Plan	**$ 2,247**	**$ 2,967**	**$ 3,697**	**$ 4,413**	**$ 4,453**	**$ 4,485**	**$ 4,566**	**$ 4,670**	**$ 4,773**	**$ 4,883**	**$ 4,959**	**$ 5,039**	**$ 5,112**
AVA Funded Ratio: Current Plan	**55.57%**	**53.72%**	**52.70%**	**52.46%**	**52.97%**	**53.52%**	**54.06%**	**54.66%**	**55.30%**	**55.91%**	**56.69%**	**57.51%**	**58.38%**
Unfunded - AVA: Current Plan	**$ 35,561**	**$ 38,047**	**$ 39,956**	**$ 41,212**	**$ 41,794**	**$ 42,316**	**$ 42,826**	**$ 43,275**	**$ 43,662**	**$ 44,137**	**$ 44,358**	**$ 44,508**	**$ 44,591**
<u>PERS-LOCAL</u>													
Phased-in Employer Contributions under Current Plan	$ 770	$ 811	$ 827	$ 836	$ 841	$ 841	$ 854	$ 875	$ 888	$ 948	$ 961	$ 974	$ 987
AVA Funded Ratio: Current Plan	73.98%	73.47%	73.17%	73.04%	73.04%	73.14%	73.16%	73.21%	73.34%	73.00%	73.36%	73.74%	74.16%
Unfunded - AVA: Current Plan	$ 7,027	$ 7,355	$ 7,659	$ 7,912	$ 8,124	$ 8,302	$ 8,509	$ 8,700	$ 8,859	$ 9,241	$ 9,312	$ 9,362	$ 9,390
<u>PFRS-LOCAL</u>													
Phased-in Employer Contributions under Current Plan	$ 734	$ 766	$ 802	$ 836	$ 870	$ 901	$ 931	$ 958	$ 992	$ 1,017	$ 1,041	$ 1,062	$ 1,082
AVA Funded Ratio: Current Plan	76.90%	76.62%	76.22%	76.02%	76.02%	76.11%	76.26%	76.44%	76.53%	76.81%	77.11%	77.44%	77.78%
Unfunded - AVA: Current Plan	$ 6,642	$ 6,984	$ 7,371	$ 7,701	$ 7,973	$ 8,221	$ 8,443	$ 8,656	$ 8,905	$ 9,063	$ 9,204	$ 9,328	$ 9,431
<u>TOTAL - LOCAL</u>													
Employer Contributions under Current Plan	**$ 1,504**	**$ 1,577**	**$ 1,629**	**$ 1,672**	**$ 1,711**	**$ 1,742**	**$ 1,786**	**$ 1,833**	**$ 1,880**	**$ 1,965**	**$ 2,002**	**$ 2,036**	**$ 2,069**
AVA Funded Ratio: Current Plan	**75.51%**	**75.11%**	**74.75%**	**74.60%**	**74.61%**	**74.70%**	**74.80%**	**74.92%**	**75.04%**	**75.03%**	**75.37%**	**75.73%**	**76.11%**
Unfunded - AVA: Current Plan	**$ 13,669**	**$ 14,339**	**$ 15,030**	**$ 15,613**	**$ 16,097**	**$ 16,523**	**$ 16,952**	**$ 17,356**	**$ 17,764**	**$ 18,304**	**$ 18,516**	**$ 18,690**	**$ 18,821**

ATTACHMENT C Con

30 Year Fund Projection Under Current Funding Methodology - In Millions

Valuation Date	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033	7/1/2034	7/1/2035	7/1/2036	7/1/2037	7/1/2038
Fiscal Year	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Projection Year	13	14	15	16	17	18	19	20	21	22	23	24	25
PERS-STATE													
Phased-in Employer Contributions under Current Plan	$ 1,233	$ 1,237	$ 1,240	$ 1,245	$ 1,240	$ 1,236	$ 1,232	$ 1,220	$ 1,216	$ 1,211	$ 1,208	$ 1,206	$ 1,206
AVA Funded Ratio: Current Plan	57.09%	58.20%	59.35%	60.54%	61.78%	63.06%	64.38%	65.74%	67.15%	68.62%	70.16%	71.77%	73.45%
Unfunded - AVA: Current Plan	$ 11,657	$ 11,547	$ 11,416	$ 11,263	$ 11,084	$ 10,885	$ 10,666	$ 10,427	$ 10,166	$ 9,874	$ 9,553	$ 9,201	$ 8,816
TPAF													
Phased-in Employer Contributions under Current Plan	$ 3,210	$ 3,267	$ 3,324	$ 3,320	$ 3,313	$ 3,303	$ 3,291	$ 3,276	$ 3,260	$ 3,242	$ 3,224	$ 3,208	$ 3,192
AVA Funded Ratio: Current Plan	59.27%	60.12%	61.03%	61.98%	62.90%	63.79%	64.65%	65.47%	66.26%	67.02%	67.75%	68.47%	69.17%
Unfunded - AVA: Current Plan	$ 28,718	$ 28,767	$ 28,767	$ 28,713	$ 28,663	$ 28,616	$ 28,574	$ 28,537	$ 28,507	$ 28,485	$ 28,469	$ 28,462	$ 28,459
PFRS-STATE													
Phased-in Employer Contributions under Current Plan	$ 520	$ 525	$ 531	$ 531	$ 532	$ 533	$ 534	$ 535	$ 538	$ 543	$ 548	$ 552	$ 560
AVA Funded Ratio: Current Plan	62.84%	64.06%	65.21%	66.39%	67.50%	68.58%	69.62%	70.67%	71.64%	72.65%	73.82%	75.49%	77.14%
Unfunded - AVA: Current Plan	$ 2,610	$ 2,608	$ 2,603	$ 2,588	$ 2,572	$ 2,553	$ 2,530	$ 2,500	$ 2,471	$ 2,433	$ 2,376	$ 2,254	$ 2,134
SPRS													
Phased-in Employer Contributions under Current Plan	$ 158	$ 160	$ 163	$ 166	$ 164	$ 163	$ 164	$ 164	$ 165	$ 167	$ 170	$ 173	$ 178
AVA Funded Ratio: Current Plan	69.97%	70.59%	71.20%	71.83%	72.48%	73.06%	73.60%	74.12%	74.63%	75.21%	75.81%	76.44%	77.31%
Unfunded - AVA: Current Plan	$ 1,198	$ 1,202	$ 1,204	$ 1,204	$ 1,201	$ 1,198	$ 1,193	$ 1,188	$ 1,182	$ 1,170	$ 1,158	$ 1,145	$ 1,120
JRS													
Phased-in Employer Contributions under Current Plan	$ 61	$ 63	$ 64	$ 66	$ 66	$ 68	$ 68	$ 69	$ 70	$ 71	$ 72	$ 73	$ 74
AVA Funded Ratio: Current Plan	51.80%	53.07%	54.60%	55.98%	57.37%	58.58%	59.95%	61.29%	62.60%	63.80%	65.01%	66.09%	67.20%
Unfunded - AVA: Current Plan	$ 422	$ 422	$ 419	$ 418	$ 417	$ 417	$ 415	$ 413	$ 411	$ 409	$ 407	$ 407	$ 405
TOTAL - STATE													
Phased-in Employer Contributions under Current Plan	**$ 5,182**	**$ 5,252**	**$ 5,322**	**$ 5,328**	**$ 5,316**	**$ 5,303**	**$ 5,289**	**$ 5,264**	**$ 5,248**	**$ 5,234**	**$ 5,222**	**$ 5,212**	**$ 5,210**
AVA Funded Ratio: Current Plan	**59.29%**	**60.23%**	**61.21%**	**62.23%**	**63.24%**	**64.23%**	**65.20%**	**66.16%**	**67.10%**	**68.04%**	**68.99%**	**69.97%**	**70.97%**
Unfunded - AVA: Current Plan	**$ 44,605**	**$ 44,547**	**$ 44,409**	**$ 44,186**	**$ 43,937**	**$ 43,669**	**$ 43,378**	**$ 43,065**	**$ 42,737**	**$ 42,371**	**$ 41,963**	**$ 41,469**	**$ 40,935**
PERS-LOCAL													
Phased-in Employer Contributions under Current Plan	$ 999	$ 1,009	$ 1,024	$ 1,035	$ 1,034	$ 1,035	$ 1,037	$ 1,041	$ 1,039	$ 1,044	$ 1,048	$ 1,055	$ 1,061
AVA Funded Ratio: Current Plan	74.62%	75.10%	75.62%	76.18%	76.80%	77.44%	78.12%	78.82%	79.54%	80.33%	81.16%	82.03%	82.96%
Unfunded - AVA: Current Plan	$ 9,396	$ 9,380	$ 9,341	$ 9,281	$ 9,185	$ 9,074	$ 8,943	$ 8,799	$ 8,644	$ 8,455	$ 8,243	$ 8,012	$ 7,753
PFRS-LOCAL													
Phased-in Employer Contributions under Current Plan	$ 1,099	$ 1,117	$ 1,134	$ 1,132	$ 1,126	$ 1,118	$ 1,111	$ 1,108	$ 1,110	$ 1,119	$ 1,134	$ 1,151	$ 1,174
AVA Funded Ratio: Current Plan	78.18%	78.61%	79.05%	79.52%	80.00%	80.44%	80.89%	81.35%	81.83%	82.35%	82.99%	83.79%	84.72%
Unfunded - AVA: Current Plan	$ 9,491	$ 9,525	$ 9,537	$ 9,519	$ 9,477	$ 9,435	$ 9,364	$ 9,272	$ 9,154	$ 9,003	$ 8,779	$ 8,456	$ 8,065
TOTAL - LOCAL													
Employer Contributions under Current Plan	**$ 2,098**	**$ 2,126**	**$ 2,158**	**$ 2,167**	**$ 2,160**	**$ 2,153**	**$ 2,148**	**$ 2,149**	**$ 2,149**	**$ 2,163**	**$ 2,182**	**$ 2,206**	**$ 2,235**
AVA Funded Ratio: Current Plan	**76.54%**	**77.00%**	**77.48%**	**78.00%**	**78.54%**	**79.07%**	**79.63%**	**80.20%**	**80.78%**	**81.42%**	**82.15%**	**82.96%**	**83.90%**
Unfunded - AVA: Current Plan	**$ 18,887**	**$ 18,905**	**$ 18,878**	**$ 18,800**	**$ 18,662**	**$ 18,509**	**$ 18,307**	**$ 18,071**	**$ 17,798**	**$ 17,458**	**$ 17,022**	**$ 16,468**	**$ 15,818**

30 Year Fund Projection Under Current Funding Methodology - In Millions

Valuation Date Fiscal Year Projection Year	7/1/2039 2041 26	7/1/2040 2042 27	7/1/2041 2043 28	7/1/2042 2044 29	7/1/2043 2045 30
PERS-STATE					
Phased-in Employer Contributions under Current Plan	$ 1,206	$ 1,206	$ 1,210	$ 1,213	$ 1,219
AVA Funded Ratio: Current Plan	75.21%	77.08%	79.03%	81.09%	83.25%
Unfunded - AVA: Current Plan	$ 8,394	$ 7,925	$ 7,411	$ 6,841	$ 6,215
TPAF					
Phased-in Employer Contributions under Current Plan	$ 3,178	$ 3,165	$ 3,153	$ 3,142	$ 3,132
AVA Funded Ratio: Current Plan	69.87%	70.57%	71.28%	72.00%	72.73%
Unfunded - AVA: Current Plan	$ 28,460	$ 28,462	$ 28,461	$ 28,457	$ 28,449
PFRS-STATE					
Phased-in Employer Contributions under Current Plan	$ 567	$ 575	$ 583	$ 591	$ 599
AVA Funded Ratio: Current Plan	78.62%	80.37%	82.35%	84.63%	86.97%
Unfunded - AVA: Current Plan	$ 2,033	$ 1,899	$ 1,736	$ 1,535	$ 1,323
SPRS					
Phased-in Employer Contributions under Current Plan	$ 180	$ 183	$ 186	$ 190	$ 195
AVA Funded Ratio: Current Plan	78.12%	79.82%	81.62%	83.46%	85.34%
Unfunded - AVA: Current Plan	$ 1,100	$ 1,025	$ 944	$ 862	$ 777
JRS					
Phased-in Employer Contributions under Current Plan	$ 75	$ 76	$ 77	$ 78	$ 80
AVA Funded Ratio: Current Plan	68.35%	69.48%	70.61%	71.43%	72.44%
Unfunded - AVA: Current Plan	$ 403	$ 401	$ 397	$ 399	$ 397
TOTAL - STATE					
Phased-in Employer Contributions under Current Plan	**$ 5,206**	**$ 5,205**	**$ 5,209**	**$ 5,214**	**$ 5,224**
AVA Funded Ratio: Current Plan	**71.98%**	**73.05%**	**74.16%**	**75.33%**	**76.53%**
Unfunded - AVA: Current Plan	**$ 40,391**	**$ 39,712**	**$ 38,950**	**$ 38,094**	**$ 37,162**
PERS-LOCAL					
Phased-in Employer Contributions under Current Plan	$ 1,066	$ 1,074	$ 1,084	$ 1,094	$ 1,109
AVA Funded Ratio: Current Plan	83.93%	84.99%	86.10%	87.27%	88.49%
Unfunded - AVA: Current Plan	$ 7,467	$ 7,137	$ 6,771	$ 6,363	$ 5,911
PFRS-LOCAL					
Phased-in Employer Contributions under Current Plan	$ 1,196	$ 1,214	$ 1,231	$ 1,249	$ 1,268
AVA Funded Ratio: Current Plan	85.61%	86.92%	88.44%	90.16%	92.04%
Unfunded - AVA: Current Plan	$ 7,706	$ 7,083	$ 6,335	$ 5,450	$ 4,464
TOTAL - LOCAL					
Employer Contributions under Current Plan	**$ 2,262**	**$ 2,288**	**$ 2,315**	**$ 2,343**	**$ 2,377**
AVA Funded Ratio: Current Plan	**84.83%**	**86.02%**	**87.34%**	**88.79%**	**90.34%**
Unfunded - AVA: Current Plan	**$ 15,173**	**$ 14,220**	**$ 13,106**	**$ 11,813**	**$ 10,375**

TABLE 5

AVERAGE AGE AND AVERAGE ANNUAL BENEFIT AT RETIREMENT

	Service Retirement		Special Retirement (25 Years of Service)		Ordinary Disability		Accidental Disability		Survivors	
	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement *	Average Annual Benefit At Retirement
State										
All Retirees	64.3	$ 20,627	55.0	$ 32,648	53.7	$ 17,304	50.2	$ 24,789	56.1	$ 12,447
New Retirees	65.3	$ 28,161	55.1	$ 39,463	54.9	$ 21,093	51.6	$ 39,770	56.5	$ 15,283
Local										
All Retirees	65.2	$ 13,271	55.2	$ 28,412	55.6	$ 14,883	50.8	$ 23,252	57.5	$ 9,248
New Retirees	66.2	$ 16,580	55.2	$ 33,207	58.3	$ 17,555	52.8	$ 29,757	59.7	$ 11,076

	All Retirements (excluding Survivors)	
	Average Age At Retirement	Average Annual Benefit At Retirement
State		
All Retirees	60.3	$ 23,959
New Retirees	61.5	$ 30,769
Local		
All Retirees	62.9	$ 15,623
New Retirees	64.0	$ 19,080

Note: The Average Annual Benefit at Retirement does not reflect COLA's granted after retirement.

* *Calculated as of Member's Date of Retirement*

TEACHERS' PENSION AND ANNUITY FUND OF NEW JERSEY

SECTION I - SUMMARY
(continued)

A. Summary of Principal Results (continued)

PARTICIPANT DATA

	June 30, 2013 Valuation	June 30, 2012 Valuation	June 30, 2011 Valuation	Percentage Change 2012 to 2013	Percentage Change 2011 to 2012
Service Retirees, Including Domestic Relations Beneficiaries					
Number	83,265	81,209	78,140	2.5 %	3.9 %
Average Annual Pension	$ 40,493	$ 40,104	$ 39,551	1.0	1.4
Total Annual Pensions	$ 3,371,687,147	$ 3,256,792,847	$ 3,090,549,345	3.5	5.4
Average Retirement Age of New Retirees	61.9	61.6	61.4	0.5	0.3
Average Annual Pension of New Retirees	$ 47,827	$ 48,904	$ 50,555	(2.2)	(3.3)
Disabled Retirees					
Number	3,085	2,946	2,855	4.7 %	3.2 %
Average Annual Pension	$ 27,646	$ 27,267	$ 26,848	1.4	1.6
Total Annual Pensions	$ 85,286,951	$ 80,328,020	$ 76,650,196	6.2	4.8
Beneficiaries and Dependents					
Number	5,379	5,153	4,917	4.4 %	4.8 %
Average Annual Pension	$ 24,918	$ 24,424	$ 24,043	2.0	1.6
Total Annual Pensions	$ 134,033,364	$ 125,854,873	$ 118,220,158	6.5	6.5
Terminated Vested Participants					
Number	351	392	420	(10.5) %	(6.7) %
Average Annual Pension	$ 14,454	$ 14,224	$ 13,816	1.6	3.0
Total Annual Pensions	$ 5,073,360	$ 5,575,788	$ 5,802,852	(9.0)	(3.9)

AVERAGE AGE AND AVERAGE ANNUAL BENEFIT AT RETIREMENT

	Service Retirement		Special Retirement (25 Years of Service)		Ordinary Disability		Accidental Disability		Survivors	
	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement	Average Annual Benefit At Retirement	Average Age At Retirement *	Average Annual Benefit At Retirement
State										
All Retirees	56.9	$ 28,280	52.3	$ 50,074	46.4	$ 24,780	40.3	$ 40,766	46.3	$ 24,721
New Retirees	51.9	$ 39,090	52.0	$ 57,764	45.5	$ 32,604	44.6	$ 53,754	43.1	$ 26,911
Local										
All Retirees	53.3	$ 35,626	53.1	$ 55,379	41.2	$ 24,207	40.0	$ 42,088	47.7	$ 21,199
New Retirees	50.9	$ 51,255	52.3	$ 79,147	42.3	$ 37,538	41.7	$ 64,292	46.6	$ 25,615

	All Retirements (excluding Survivors)	
	Average Age At Retirement	Average Annual Benefit At Retirement
State		
All Retirees	51.1	$ 43,633
Local		
All Retirees	51.1	$ 50,702

Note: The Average Annual Benefit at Retirement does not reflect COLA's granted after retirement.

* *Calculated as of Member's Date of Retirement*

TABLE 5

State Police Retirement System of New Jersey

	Service Retirement			Special Retirement (25 Years of Service)			Ordinary Disability			Accidental Disability			Survivors		
	Average Age At Retirement	Average Annual Benefit At Retirement		Average Age At Retirement	Average Annual Benefit At Retirement		Average Age At Retirement	Average Annual Benefit At Retirement		Average Age At Retirement	Average Annual Benefit At Retirement		Average Age At Retirement**	Average Annual Benefit At Retirement	
All Retirees	50.4	$	28,870	51.2	$	64,430	41.6	$	33,987	40.1	$	50,890	47.3	$	22,778
New Retirees	51.3	$	60,297	49.4	$	85,004	33.0	$	34,701	50.0	$	74,481	47.5	$	26,977

	All Retirements (excluding Survivors)		
	Average Age At Retirement	Average Annual Benefit At Retirement*	
All Retirees	50.0	$	56,982

* The Average Annual Benefit at Retirement does not reflect COLA's granted after retirement.
** Calculated as of member's date of retirement.

TABLE 5

AVERAGE AGE AND ANNUAL BENEFIT AT RETIREMENT

	Service Retirement		Disability Retirement		Survivors	
	Average Age At Retirement	Average Annual Benefit At Retirement*	Average Age At Retirement	Average Annual Benefit At Retirement*	Average Age At Retirement**	Average Annual Benefit At Retirement*
All Retirees	66.0	$ 95,769	62.0	$ 110,798	59.2	$ 44,550
New Retirees	66.1	$ 112,956	N/A	N/A	61.5	$ 57,300

	All Retirements (Excluding Survivors)	
	Average Age At Retirement	Average Annual Benefit At Retirement*
All Retirees	65.9	$ 96,078

* The Average Annual Benefit at Retirement does not reflect COLA's granted after retirement.
** Calculated as of member's date of retirement.