

APPENDIX



NEW JERSEY GENERAL ASSEMBLY

STATEMENT OF ASSEMBLYWOMAN AMY HANDLIN,
ASSEMBLYWOMAN CAROLINE CASAGRANDE,
AND ASSEMBLYWOMAN DONNA SIMON

ON

SENATE CONCURRENT RESOLUTION NO. 110

July 26, 2012

As the sponsors of this constitutional amendment in the General Assembly, we are greatly relieved that the Legislature is now heeding our repeated calls for action on this important measure of fairness and fiscal responsibility. We have advocated this amendment to protect the core element of public employee pension and benefit reform ever since legal challenges first began to make their way through the court system; that core element is a fairer balance of the responsibility to protect and fund those benefits for all State and local public employees.

Unless all parties – including the State and public employees themselves – participate in a meaningful way, the essential balance struck by the bipartisan reforms is lost. The reform law undergirds the commitment of the elected branches of State government to phase in full funding of the necessary State payments, and requires every category of public employee to pay more toward the generous benefits they currently enjoy.

The July 24, 2012 decision of the New Jersey Supreme Court threatens to upset this balance by excluding one category of public employee from the responsibility of sharing more of the cost for their own benefits: sitting judges and Justices of the New Jersey judiciary. In a narrow 3-2 decision, the Court ruled that sitting judges and Justices do not have to pay more of their own salaries to fund their own benefits due to a constitutional provision that is intended to prevent political intimidation of the Judiciary.

This decision cannot be allowed to unwind the historic, balanced pension and health benefit reforms that had been debated for years and finally enacted under the leadership of Governor Christie and with the bipartisan support of the Legislature. These vital reforms are designed to save benefit programs that are teetering on the verge of collapse, including the Judicial Retirement System (JRS), whose financial position is the worst of any of the New Jersey public employee retirement programs.

The average salary for a judge is \$166,000 per year, placing judges among the highest paid public employees, and they just recently received a 5 percent raise. Judges currently contribute 3 percent of their salaries toward a pension that averages \$110,760 annually upon retirement. The average lifetime payout for a retired judge is about \$2.3 million in benefits, while their average lifetime contribution is only \$59,300. There are more retirees and beneficiaries receiving benefits in the Judicial Retirement System than there are active contributors.

STATEMENT OF ASSEMBLY SPONSORS

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According to July 1, 2009, actuarial valuations, the JRS had the smallest employee contribution rate; the highest employer contribution rate, at 28.74 percent; and the lowest employee percentage of cost at 9.45 percent. What that means is that taxpayers foot over 90 percent of the cost of providing judges with their pensions. By comparison, teachers pay 43.75 percent of the cost of their pensions, and local non-uniformed public employees pay 58.14 percent.

We can correct the Court's mistake by putting the question before the people in November. The voters should have the final say as to whether judges are to be included in or excluded from the pension and benefit reforms. This determination should not be made by those with a vested interest. The reforms were never intended to exempt a select group of well-paid public servants, and the voters must be given the chance to say whether the shared sacrifices required to save the public employee pension and benefit systems will be all-inclusive as intended, or whether some highly paid appointees should be excluded.

With so many people struggling during these difficult economic times, reforming the pension system and health benefits programs is an opportunity to deliver substantial tax relief while preserving the system for its participants. This measure is not a radical step, but one that is necessary in order to give voters the power to prevent judges from avoiding their responsibility to help save the system that is extremely generous to them.

Respectfully submitted to the Senate Labor Committee for the public hearing on Senate Concurrent Resolution No. 110 pursuant to Article IX, Paragraph 1 of the New Jersey Constitution, July 26, 2012