

Pension and benefit reforms needed

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The state Legislature is finally proposing meaningful reforms of public worker benefits.

Thursday, new Gov. Chris Christie delivered a sobering message about the state of New Jersey finances. We're about \$2 billion behind the eight ball in what we've budgeted to spend and what taxes are actually bringing into the state Treasury. With a little more than four months left in the fiscal year, Christie has immediately frozen spending and ordered cuts to get spending in line with revenue.

That's dealing with the short-term problem.

But overspending is really a long-term problem. It took decades for this state to evolve to where it is today -- a huge web of government at the local, county and state level that employs tens of thousands of people and costs tens of billions of dollars annually to operate.

Last week, the Legislature, also under new leadership, took a legitimate first step toward addressing the long-term problem of government overspending. State lawmakers from both parties finally put forward real reform of pensions, health care and sick time for new-hire government workers. Current workers would not be affected.

If this package of bills becomes law, and it should, it would be the first significant reforms ever to the Rolls-Royce benefits we hand out to government workers in New Jersey. These gaudy benefits -- the product of many years of contract negotiations with unions that sold out taxpayers -- are a huge part of why New Jersey has the highest tax burden in the nation and the highest property taxes.

We simply pay too much to government workers when you total up their salaries, pensions, health care plans and other benefits. The salaries aren't through the roof, aside from the political appointees. But the pensions and health care -- they're over-the-top expensive and far too easy to get.

Among the sensible reforms proposed:

Public employees at all levels of government would have to contribute at least 1.5 percent toward the cost of their health care. Amazingly, there are still many public workers in this state contributing absolutely nothing toward their health care.

Most state workers would have to work at least 35 hours per week to qualify for a pension and health care benefits.

Workers would also need to earn at least \$5,000 a year (up from the current \$1,500 a year) to qualify for pension credits.

Workers with multiple public jobs would have to choose just one job to use for calculating their retirement benefits.

Pensions for retiring workers would be based on the annual salary earned over their last five years of work rather than last three years.

Payouts for unused sick days when a worker retires would be capped at \$15,000. Some of these payouts to retiring school superintendents, police chiefs and others have been for hundreds of thousands of dollars.

Gov. Chris Christie has yet to offer much comment on the legislation rolled out Monday. Word is that he has similar reforms in mind and could propose benefits rollbacks that are even larger. We'll be interested to see what he proposes, particularly if part of it were to also apply to current workers.

As a starting point though, this proposal is strong. For the first time in many years, legislative Democrats and Republicans seem to be on the same page. Both parties recognize that reform is needed for New Jersey to get spending to an appropriate level and fix a pension system that's on a straight path to insolvency.

Another key reform in this package that should actually please government workers calls for a state constitution amendment mandating that Trenton make its full contribution to the pension system each year. For years the state has not contributed what it was supposed to.

Years of overtaxing and overspending have worn on New Jerseyans. They're tired of it. In 2006, the Legislature went through a little song-and-dance special session to look at property tax reform. Pension and benefits changes were recommended, but lawmakers and the Democratic governor, Jon Corzine, didn't have the gumption to follow through with tough reforms. They didn't want to rock the boat with their big campaign supporters -- unionized workers.

Now the climate has changed. New Jerseyans elected Christie in November on a platform of cost-cutting. Some legislators, apparently, got the message, as well.

While we're hopeful that Christie will have additional ideas for right-sizing the government payroll, we're just glad, as taxpayers across the state should be, that reform of public employee benefits is finally being addressed in a meaningful way.

Already the Communications Workers of America -- the largest union representing state workers -- has come out against these proposals. The CWA says the changes won't help save money in this year's budget. Quite true.

But these proposals aren't about saving money this year, or even next year. Since they will only apply to new hires, the full benefit of these reforms may not be felt for decades.

This is about the long-term; getting our state on the right financial path. Decades from now, when, hopefully, government spending has been brought under control and the pension system is solvent and healthy, New Jerseyans will thank lawmakers for fixing things and thinking about the future.
