



**NEW JERSEY STATE LODGE  
FRATERNAL ORDER OF POLICE®**

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**Summary of Recent Legislation  
March 22, 2010**

**Prepared by: Steven Demofonte, Chairman**

**S-3/A-2460**

Specifically, the new law provides that:

- 1) After the bill's effective date and the expiration of any applicable binding collective negotiations agreement, active employees of the State, local governments, and boards of education will contribute 1.5 percent of base salary toward the cost of health care coverage under the SHBP and the SEHBP. Employees of the State, local governments, and board of educations who become members of a State or locally-administered retirement system on or after the bill's effective date would be required to pay in retirement 1.5 percent of their pension benefit toward the cost of health care coverage for the employee. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in retirement will not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.
- 2) Local governments, including local boards of education, will be able to limit, through collective negotiations agreements with their active employees, the choice of plans offered by the SHBP or the SEHBP.
- 3) Changes in the provision of health care benefits through the SHBP and the SEHBP that are included in collective negotiations agreements between the State and its employees will be applied to local government employees including school employees at the same time and in the same manner as to State employees.

- 4) After the bill's effective date, enrollment in the SHBP will be limited to a person who:
  - 1) Is a full-time appointive or elective officer of the State or local government whose hours of work are fixed at 35 or more per week, a full-time employee of the State, or a full time employee of an employer other than the State whose hours of work are fixed by the governing body at not less than 25 per week; or
  - 2) An appointive or elective officer, an employee of the State, or an employee of an employer other than the State who has or is eligible for health benefits coverage in SHBP on that effective date and continuously thereafter. The bill similarly limits enrollment in the SEHBP to persons employed full-time whose hours of work are fixed by the governing body at not less than 25 per week.
  
- 5) The incentive that a public employer may provide to an employee who waives health care benefits coverage under any plan or program offered by the employer cannot exceed 25% of the amount saved by the employer or \$5,000, whichever is greater. The current limit is 50% of the amount saved by the employer.
  
- 6) Multiple coverage in the SHBP and the SEHBP will not be permitted in accordance with the rules and regulations promulgated by the State Health Benefits Commission and the School Employees' Health Benefits Commission.

## **S-2/A-2461**

Specifically, the new law provides that:

- 1) New members in the Teachers' Pension and Annuity Fund (TPAF) and the PERS will be eligible only if their hours of work are 35 or more per week for State employees and 32 or more per week for political subdivision employees. Persons not eligible for TPAF or PERS because the hours of work are fewer than required may be eligible for enrollment in the Defined Contribution Retirement Program (DCRP); the membership compensation threshold for the DCRP is increased to \$5,000 from \$1,500.
- 2) The multiplier for retirement calculation purposes, other than for veterans' and disability benefits, for new PERS and TPAF members will be changed from 1/55 to 1/60, the pre-2001 level.
- 3) Maximum compensation upon which contributions will be made for PFRS and State Police Retirement System (SPRS) purposes for new police officers, firefighters, and State Police officers who become members of those systems will be the amount of base salary, equivalent to the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act, with a member becoming a participant of the DCRP with regard to any amount over the maximum.
- 4) The retirement allowance for a new member of the TPAF or PERS will be calculated using the average annual compensation for the highest five years of service as opposed to using the current average for the three highest years of service, and for a new member of the PFRS and SPRS will be calculated using the average annual compensation for the three highest years of service as opposed to using the current compensation in the final year of service.
- 5) A person will be eligible for membership in the PERS or TPAF based upon only one position of several that may be held concurrently and requires the retirement system to designate the position providing the higher compensation as the basis for membership, contributions, and pension calculations.
- 6) New members of the TPAF, the Judicial Retirement System (JRS), the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS will not have a non-forfeitable right to receive benefits upon the attainment of five years of service credit.
- 7) A person who commences service in a position that makes the person eligible to be a member of the TPAF, the JRS, the PERS, the PFRS, or the SPRS, or a person already enrolled but with less than 10 years of service credit, may choose either to be enrolled in the relevant retirement system or enrolled in the DCRP, or to choose to withdraw entirely from enrollment in any State-administered retirement system.
- 8) The Prosecutors Part of the PERS will be closed to new members.
- 9) The benefit enhancement in the PFRS that would permit a member of the PFRS to retire, at any age after 25 years of service credit, on a special retirement allowance of 70 percent of final compensation after the retirement system reaches a funded level of 104 percent is to be eliminated.

10) The State, beginning July 1, 2011, is to make in full the annual employer's contribution, as computed by the actuaries, to the TPAF, the JRS, the Prison Officers' Pension Fund, the PERS, the Consolidated Police and Firemen's Pension Fund, the PFRS, and the SPRS. The State would be in compliance with this requirement provided the State makes a payment, to each State-administered retirement system or fund, of at least 1/7th of the full contribution, as computed by the actuaries, in the State fiscal year commencing July 1, 2011 and makes a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the eighth fiscal year and thereafter.

## **S-4/A2459**

Specifically, the new law provides that:

- 1) Supplemental compensation for accumulated unused sick leave payable to any new local government or school district officer or employee cannot exceed \$15,000 and can only be paid at the time the officer or employee retires.
- 2) New local government and school district officers and employees may carry forward vacation leave for only one successive year, except that vacation leave that cannot be used because of an emergency declared by the Governor could accumulate subject to certain limits.
- 3) The sick leave injury program for State employees will no longer be available for employees who are injured or who become ill directly as a result of State employment after the bill's effective date, which is 60 days after enactment or after the expiration of current collective negotiations agreements.
- 4) Accidental and ordinary disability retirement for new members of the TPAF and PERS will no longer be available and those new members would be eligible for disability insurance coverage similar to that provided by the State currently to individuals enrolled in the Defined Contribution Retirement Program.

## **Administrative Summary**

The transition of government in 2010 has created significant challenges for labor organizations in the State of New Jersey. Governor Christie was elected on a platform of changing government in the state. The intent of recent legislation addresses only a small portion of government, that of employee/employer relations. He has ignored the largest portion of government waste, that being mismanagement and abuse of the public trust in government. Instead he has concentrated on revising well established and equitable laws that relate to collective bargaining. Most of the public employee unions have joined forces and have begun to develop strategy to fight what amounts to be an attack on collective bargaining.

President Brannigan and members of the New Jersey State Lodge Legislative Committee have met with leaders of both political parties in the state on multiple occasions in an effort to resolve notable flaws in the legislation. Our efforts, as well as those of all the other unions, have met with steadfast resistance. In testimony presented to both houses of the legislature, President Brannigan has refuted many of the arguments made by those who would steal the benefits of our members. Legislative Committee Chairman Demofonte has time and again appeared at legislative committee hearings to argue against the passage of this and similar legislation. New Jersey State Lodge Lobbyist Dr. Peter Guzzo has met with countless members of the legislature to point out the ill effects of these pieces of legislation on the members of the Fraternal Order of Police.

The aforementioned laws were introduced as bills in the State Senate on February 8, 2010 and referred to the State Government Committee for hearings. Within two weeks were passed by the full Senate, dominated by Democrats, by a vote of 36 to 0. Four members of the Senate abstained. On March 8, 2010 the Senate approved bills were introduced in the General Assembly and referred to the Appropriations Committee for hearings. In addition, the Assembly Budget Committee held hearings on the various state pension systems. At each of these hearing the Fraternal Order of Police presented testimony in opposition to their passage. The Assembly Appropriations Committee passed each bill unanimously, with the only exception being Assemblywoman Linda Stender voted against A-2461. The bills are expected to be passed by the full body of the General Assembly on March 22, 2010 in what is expected to be by an overwhelming majority. The speed and decisiveness at which the laws were passed in a non-partisan manner provides ample proof that neither of the two main political parties is acting in the best interest of public servants in general, and our members specifically.

It is clear that we face an unprecedented and unfair attack on the rights earned by our predecessors, by a legislature and governor that does not appreciate the dedication and hard work performed daily by public employees.

On March 16, 2010 Governor Christie offered his first budget address. During that address he essentially declared war on the public unions in the state. He said that he would sign these bills the day they hit his desk, and that more were to follow. Clearly these new laws are only the beginning and even deeper slashes into our collective being are being planned. Governor Christie has proposed a 2.5% cap on spending at all levels of government to be enforced through an amendment to the state's constitution. Included in that would be changes to the laws that would change an independent arbitrator's ability to judge a settlement in a collective bargaining agreement.

## **Closing**

The members of the Fraternal Order of Police as well as all public employee unions of the State of New Jersey need to remain vigilant to continued attacks and to support their leadership in their fight to preserve collective bargaining in New Jersey. The Fraternal Order of Police will continue to reach out to those who have turned their backs on its members in order to work to discuss and resolve the issues that affect this state.

It will be through the combined efforts of our organizations that the decent and hard working members of our public employee groups will be able to stave off those who would demonize us for earning a fair living wage for ourselves and our families.