
THIS WEEK IN TRENTON



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Christie Signs Pension Reform Package

Governor Christie signed a package of bills designed to reform the state's public employee pension system. Christie signed S2, S3 and S4 on Monday evening, an hour after the legislation received final legislative approval.

S2 limits pension system enrollment to new full-time employees who work at least 35 hours per week for the state or 32 hours for local government and schools; requires all workers with more than one public job to receive a pension for only one job, with only the highest-salaried position counting toward a pension; allows new employees earning at least \$5,000 annually to enroll in a 401(k)-style plan; changes the equation used to calculate pensions for new employees by dividing the number of years worked by 60, rather than 55; bases pensions for new public workers and teachers on the five highest salary years, rather than the highest three; and bases pensions for new police and firefighters on the three highest salary years rather than the highest single year.

S3 requires all public employees to pay at least 1.5 percent of their salary toward health benefits after the expiration of a current contract; requires all newly-hired employees to pay at least 1.5 percent of their base pension toward health benefits upon retirement; requires new state workers to work at least 35 hours per week to qualify for health benefits; and requires new local and school employees to work at least 25 hours per week to qualify for health benefits.

S4 limits sick leave payouts for all new local and school employees to \$15,000, just as it already is for state employees; allows new local government and school employees to carry over only one year's worth of vacation year-to-year; and eliminates the ineffective sick leave injury program.

Labor Committees Hold Joint Hearing on Unemployment Fund

The Senate and Assembly Labor Committees held a joint public hearing during which they heard testimony from the public and the business community about the fiscal condition of the State Unemployment Insurance (UI) Trust Fund and related UI tax issues, the effectiveness of the UI program in mitigating hardships from layoffs, and the scope and future prospects of federal programs for the unemployed, including UI benefit extensions and supplements and health insurance premium assistance.

Governor Chris Christie last month proposed a series of changes to New Jersey's unemployment system, reducing benefits for workers and limiting tax increases on employers by suspending an automatic payroll increase. Christie's proposal would impose an average increase payroll tax

increase of \$130 per employee, a 17 percent rise; phase in future increases, allowing employers to prepare for them in advance; reduce the maximum weekly benefit from \$600 to \$550; require a one-week waiting period before benefits can be claimed; require employees dismissed for "misconduct" to obtain other employment for a prescribed period of time before qualifying for an unemployment benefit and make the "extended benefit" provision dependent on the continuation of 100 percent federal funding of benefit costs.

Senate Labor Committee Chairman Fred Madden and Assembly Labor Committee Chairman Joseph Egan introduced S1813 and A2624, respectively. This legislation reduces the unemployment insurance (UI) tax rates which will be imposed on employers during fiscal year 2011 by setting them based on the "C" column of the UI tax table in R.S.43:21-7. The UI tax rate which is being charged to employers during FY 2009 is based on column "B" of the tax table. Because the UI trust fund is currently in deficit, the tax rate, under current law, would increase, starting on July 1, 2010, to the highest tax rates set by the law, the rates found in the "E" column, plus an additional 10% surcharge. The bill reduces the UI tax burden on employers by providing that the "C" schedule will stay in effect throughout fiscal year 2011.

Senator Joseph Pennachio has proposed for introduction S1854 which reduces unemployment benefits and employer unemployment taxes. S1854 would reduce the maximum weekly UI benefit by \$50 to \$550 per week, while tying future benefit increases to fund solvency; impose a one week waiting period on a new claimant; restrict the benefit payment for a claimant who has been dismissed for misconduct; and establish a shared work unemployment benefits program.

Senate Confirms Nominees

The Senate this week confirmed Governor Christie's nominations of Dr. Poonam Alaigh to serve as Commissioner of the Department of Health and Senior Services, Jennifer Velez to serve as Commissioner of the Department of Human Services, Thomas Considine to serve as Commissioner of the Department of Banking and Insurance, Bob Martin to serve as Commissioner of the Department of Environmental Protection and Gary Lanigan to serve as Commissioner of the Department of Corrections.

Christie Announces Head of Washington D.C. Office

Governor Chris Christie announced that Dona DeLeon will serve as Director of the Governor's Washington, D.C. office.

Since January 2009 DeLeon has been President of DeLeon and Associates, a government and public relations firm specializing in energy and environmental issues. She previously, served in several different capacities at the Environmental Protection Agency including Counselor for the Office of Air and Regulation, Acting Director of the Office of Children's Health Protection, and Acting Associate Administrator for the Office of Congressional and Intergovernmental Affairs. Prior to joining the EPA, DeLeon was Associate Director of the Washington, D.C. Office of Governor Christie Todd Whitman where she worked with Congress and the Executive Branch on various issues including natural resource, appropriation, energy and agriculture.

Ms. DeLeon holds a BA in Spanish Literature from Montclair State College. Originally from Mercer County, she now resides in Alexandria, Virginia.

Legislative Action

This week the Senate and Assembly held voting sessions. The Senate Budget and Appropriations Committee held two public hearings on the Governor's proposed budget and the Assembly Budget Committee also held a public hearing on the Governor's proposed budget. The Legislature is now in budget recess. There are no meetings scheduled for next week. The Assembly Budget Committee will begin its review of the Governor's budget on April 7 by receiving a budget overview and revenue forecast from the Office of Legislative Services and a budget overview from the State Treasurer. The Senate Budget and Appropriations Committee will similarly begin its review on April 8.