

Now is not the time to panic!

P.E.A. recognizes that many of our members feel pressured to submit their retirement papers in order to avoid the wrath of the Bully. As we said in a previous flier, if you feel like it is time for you to go, by all means, file your papers now so that other positions might be saved. We wish you good luck and thanks for all your hard work.

HOWEVER, if you are not ready to go but are feeling uncertain about what new trick Christie has up his sleeve, we have suggested that you hold on for a while. The New Jersey Principals and Supervisors Association has released the memo below supporting what we have said, and providing guidance, much along the lines P.E.A. has already stated.

NJPSA Urges Members to Get the Facts Before you Act on Potential Pension/Benefit Proposals

April 19, 2010

Last week, Commissioner of Education Bret Schundler testified before the Senate Budget and Appropriations Committee on Governor Christie's Budget Proposal (<http://www.njpsa.org/agr/news.cfm?newsid=708>). The Commissioner referenced a "toolkit" of reforms that the Christie Administration will be proposing to help schools keep costs down.

The Commissioner discussed the Governor's intention to propose certain changes to the collective bargaining laws, school pay structures, and pension/health benefits for current school employees. The Commissioner discussed the Governor's proposed reforms as a way to avoid the actual implementation of staff layoffs and referenced the fact that the targeted date of some of the Governor's proposed reforms would have an August 1st effective date.

The Commissioner has stated that the Governor seeks to propose a change in the retirement calculation for current employees similar to the law that was passed for employees who enter the pension system after May 22, 2010. He further stated that their goal is to eliminate free health benefits in retirement by requiring some co-payment obligation for current employees who do not retire by August 1, 2010. He has acknowledged that legislation is necessary to enact these changes.

As a result of these comments, school employees statewide have been in a panic for more information and advice on what they should do. Right now, NJPSA wants you to understand the following points before you react to this latest development:

1. **The Governor's Proposal is just that, a proposal. He does not have the authority to make these changes on his own.** Your current pension and benefit rules are set forth in state statute. In order for any changes to be put in place, legislation must be filed, go through the committee process, and be favorably voted upon by BOTH Houses of the Legislature.
2. **As of today, there is no bill on file reflecting these proposed changes.** Since the Legislature is on a formal "break" in order to deliberate on the State Budget, there are no committee hearings or voting sessions. No bills can be introduced until the Legislature is back in session. That date for return is May 10th.
3. **There is some new legislation being developed in the area of pensions.** None of these new bills have been formally filed. Thus, the legislation cannot be considered, let alone acted upon, until the Legislature returns in May. One pre-filed bill is **A-2620 (O'Scanlon)** which proposes to change the pension formula for current employees. This bill would change the retirement calculation relying on a denominator of 60 not the current

calculation using 55 as the denominator. As written, A-2620 would apply to the future service of current employees after January 1, 2011. It does **not** include a change in the calculation of final average salary from the highest three years to the highest five years as has been mentioned in media coverage this week. Currently, there is no Democratic legislator that is co-sponsoring this bill.

4. **Legislation changes during the legislative process, often dramatically.** The Governor's Proposals are a first step in the consideration of an issue. The Legislature often changes legislation from an original idea. **You will have time to weigh in on this issue, in fact, NJPSA urges you to begin contacting your legislators now.**
5. **There are legal safeguards in place to protect your hard earned pensions and benefits – do not forget that fact.** Over the years, as the Legislature has attempted pension and benefit reforms, it has sought legal advice from the Attorney General's Office and the Office of Legislative Services, the nonpartisan resource arm of the Legislature. These opinions, as well as the laws of contract and collective bargaining include strong safeguards against the Governor's proposed action. Even if the Governor can convince the predominantly Democratic Legislature to pass his reforms, a court challenge is likely.

NJPSA does recognize the importance of the issues at stake to you and your families. In these difficult times, NJPSA urges you to get the facts before you act.