

What is the Toolkit and how would it affect us?

- 33 ideas developed into 19 bills proposed by Governor Christie to reform the areas of civil service, collective bargaining, and employee pensions and benefits
- Would have a tremendous impact on counties, municipalities, and schools by effectively destroying collective bargaining, reducing public employee salaries and shrinking public employee pensions and health benefits

Christie's Proposed Changes to Pensions and Benefits

- Eliminating Cost of Living Adjustments for current/future retirees
- Changing the normal retirement age for those with fewer than 25 years of service to age 65
- Requiring employees to work 30 years for full retirement benefits instead of the current 25 years
- Changing the calculation of final average salary from the highest three years to the highest five years for current employees with fewer than 25 years of service
- Increasing member contributions from 5.5% to 8.5%
- Requiring active employees and retirees to pay 30% of the cost of their health insurance premium
- Increasing employee and retiree co-pays and deductibles
- Eliminating NJ Direct 10 and creating a basic plan with the option to buy a better plan

Reality of Pension Debate

- State has made zero contributions for 12 of the last 16 years while public employees have contributed \$6 billion over the same time period
- Public employees contribute every paycheck and in 2007 increased our contributions by 10%
- Specific legislation on pension and benefit reform expected after the Governor's State of the State Speech on January 11

Caps on Spending, Salaries and Benefits

- Most significant piece of Tool Kit that has passed - 2% cap on local property tax increases and county, municipal, and school spending (exceptions for health care and pension costs and an increase in student enrollment)
- (Recent agreement set a 2% annual limit on pay increases when seeking arbitration for cops and firemen - not school employees and still excludes health care and pension costs)
- Proposed 2% cap on labor costs (i.e. salaries and benefits) for school employees was introduced to the Senate but has not yet been taken up in committee (would limit salaries below even the 3% rate of inflation)
- Existing 2% revenue cap will already have a serious effect on negotiations by shrinking the total amount of money available but if an additional cap passes limiting compensation and benefits it would result in stagnating wages (estimated annual increase would be less than \$400 per person) and a reduction in benefits as well as positions being cut

Additional Attacks on Collective Bargaining

- Contract Imposition (last, best offer) Bill - would allow boards of education to say "take it or leave it" when negotiating a contract (would give employers an unreasonable advantage in negotiations and overturn current collective bargaining law that has prevented strikes)
- Contract Approval Bill - would empower an Executive County Superintendent to approve or reject all locally negotiated contracts (would take away local control and give it to a Christie appointee and would overturn 42 years of collective bargaining law)
- Cap on Sick Leave Bill - would limit unused sick and vacation buyout to \$15,000 (unless an employee has accrued more) - something that should be negotiated at the local level - was conditionally vetoed by Christie
- All of these bills, if passed, would severely weaken our ability to negotiate a new contract by taking power away from our negotiators