

**ASSEMBLY CONCURRENT
RESOLUTION No. 244**

**STATE OF NEW JERSEY
216th LEGISLATURE**

INTRODUCED JUNE 29, 2015

Sponsored by:

**Assemblyman VINCENT PRIETO
District 32 (Bergen and Hudson)
Assemblyman LOUIS D. GREENWALD
District 6 (Burlington and Camden)
Senator STEPHEN M. SWEENEY
District 3 (Cumberland, Gloucester and Salem)
Senator LORETTA WEINBERG
District 37 (Bergen)**

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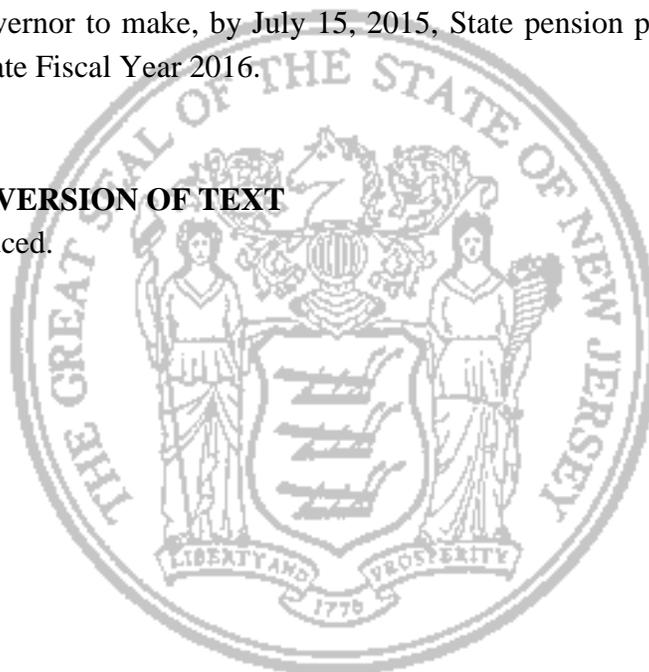
Assemblyman Mazzeo

SYNOPSIS

Urges Governor to make, by July 15, 2015, State pension payment of \$1.3 billion for State Fiscal Year 2016.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/30/2015)

1 **A CONCURRENT RESOLUTION** urging the Governor of the State of
2 New Jersey to make, by July 15, 2015, to the State-administered
3 pension systems the State budgeted pension payment of \$1.3
4 billion for State Fiscal Year 2016.
5
6 **WHEREAS**, On March 22, 2010, the Governor signed into law
7 P.L.2010, c.1, which made changes to the public employee pension
8 systems; and
9 **WHEREAS**, One provision of that law imposed a requirement upon the
10 State to pay the full annual State contribution to the Teachers'
11 Pension and Annuity Fund, the Judicial Retirement System, the
12 Prison Officers' Pension Fund, the Public Employees' Retirement
13 System, the Consolidated Police and Firemen's Pension Fund, the
14 Police and Firemen's Retirement System, and the State Police
15 Retirement System; and
16 **WHEREAS**, The amount of the annual required contribution is the
17 amount determined by the actuaries of each pension system, based
18 on the annual valuation of the assets and the liabilities of each
19 system pursuant to consistent and generally accepted actuarial
20 standards; and
21 **WHEREAS**, The contribution includes both the normal contribution and
22 the unfunded accrued liability contribution; and
23 **WHEREAS**, The law permits the State to phase in this requirement over
24 a period of years; and
25 **WHEREAS**, The full payment for State Fiscal Year 2014 was to be
26 three-sevenths of the actuarially determined contribution, and for
27 State Fiscal Year 2015, the full payment was to be four-sevenths of
28 the actuarially determined contribution; and
29 **WHEREAS**, The Governor made a payment of the normal contribution
30 for State Fiscal Year 2014 and will make a payment of the normal
31 contribution for State Fiscal Year 2015, but has not made a
32 payment toward the unfunded accrued liability; and
33 **WHEREAS**, Due to the failure to comply with the law by not making
34 the required full contribution in each year, the State has deprived
35 the pension systems of funds essential to increasing the funded
36 levels and meeting the obligations of these pension systems; and
37 **WHEREAS**, The Governor failed to fulfill his promise to responsibly
38 fund the State's share of annual contributions to the various State-
39 administered retirement systems for public employees, as required
40 by law; and
41 **WHEREAS**, While the Annual Appropriations Act for State Fiscal Year
42 2016 as passed by the Legislature includes appropriations for the
43 full State contribution required by law to be made to the various
44 State-administered pension systems, the Governor has reduced
45 those appropriations to \$1.3 billion, an amount that represents only
46 three-tenths of the actuarially determined contribution for the fiscal
47 year; and

- 1 **WHEREAS**, If that payment of \$1.3 billion is made by July 15, 2015, it
2 could generate a projected \$87 million in additional investment
3 income for the pension systems over the course of the fiscal year,
4 based on a seven percent annual rate of return; and
5 **WHEREAS**, Making the payment by July 15, 2015 would reassure the
6 bond rating agencies and the public employee members and retirees
7 of those pension systems that the payment for State Fiscal Year
8 2016 will indeed be made; and
9 **WHEREAS**, To make the payment by July 15, 2015, the State Treasurer
10 can use the State's line of credit, an extension of the normal
11 practice of short-term borrowing during the fiscal year; and
12 **WHEREAS**, During State Fiscal Year 2015, the interest rate on the
13 State's line of credit was approximately one half of one percent, so
14 that the investment earnings for the pension systems would clearly
15 dwarf the interest cost for the short-term borrowing; and
16 **WHEREAS**, Making the \$1.3 billion payment by July 15, 2015 places
17 funds into the pension systems as quickly as possible to maximize
18 the return on investment, reduce the unfunded accrued liability, and
19 save money for future taxpayers; and
20 **WHEREAS**, It is in the best interests of the State, its employees and
21 retirees, and the various State-administered pension systems to
22 accelerate to the beginning of State Fiscal Year 2016 the payment
23 of the budgeted \$1.3 billion State pension contribution by using the
24 State's line of credit; now, therefore,

25
26 **BE IT RESOLVED** *by the General Assembly of the State of New*
27 *Jersey (the Senate concurring):*

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29 1. The Legislature urges the Governor to make the State
30 contribution of \$1.3 billion budgeted for State Fiscal Year 2016 to
31 the various State-administered pension systems and funds by July
32 15, 2015.
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34 2. A copy of this concurrent resolution, as filed with the
35 Secretary of State, shall be transmitted by the Secretary of the
36 Senate or the Clerk of the General Assembly to the Governor of the
37 State of New Jersey.

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STATEMENT

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42 This Assembly Concurrent Resolution urges the Governor to
43 pay, by July 15, 2015, the State's budgeted contribution of \$1.3
44 billion for State Fiscal Year 2016 to the various State-administered
45 pension systems.