S-2400 (Beck)
Increases health care benefits coverage contribution rate for public employees; requires annual appropriation for certain women's health services; makes appropriation.

Motion: Recommend not to enact.

Discussion: The bill as written does not address the increasing cost of health care, a percentage of premiums rather than a percentage of salary is a better approach for funding health care, especially as the percentage of salary does not increase as quickly as the costs of healthcare. The unfunded liability for health care contributions should not be worsened by diverting funds to other purposes. Therefore, using State employees health care funds to inappropriately fund a specific public program is not advisable. This bill also increases the employee contributions toward health benefit coverage for all public employees, regardless of the source of coverage (i.e.) in or out of the SHBP/SEHBP. The Commission supports funding health care as a percentage of premium rather than salary and should include percentage increases based upon the number of employees covered, in order to begin to reach a target amount that is high enough to share between employer and employee the costs of healthcare. A phased-in approach of any increases is advisable due to the affordability factor for the employees.

A-3702 (Albano/Milam)/S-2608 (Van Drew)
Provides for one-time increase of PFRS retiree annual pensions under $32,000.

Motion: Recommend not to enact.

Discussion: The bill provides for a one-time annual pension increase for retirees of the PFRS. If enacted this bill would encourage the introduction of similar legislation extending the same enhancement to retirees from the other State-administered retirement systems. Any increase in pension benefits will only worsen the unfunded liability of the pension system.

A-3694 (Lampitt/Giblin)
Permits institutions of higher education to make supplemental contributions to ABP.

Motion: Recommend not to enact.

Discussion: Prior to the enactment of P.L. 2010, c. 31, the State was liable for the 8 percent employer contribution on an ABP member’s full salary, up to the compensation limits imposed by IRC §415, currently $245,000. Effective July 1, 2010, Chapter 31 established a limit on the State’s employer contributions to the ABP by providing that there will be no contributions based on any portion of salary that is in excess of the statutory maximum salary of State cabinet officers, currently $141,000. The enactment of this bill would restore the employer contribution to pre-Chapter 31 levels, but shift the financial liability for the excess contributions from the
State to the colleges and universities. The bill’s elective provision could jeopardize the ABP qualified status.

**S-2578 (Kean)/A-3713 (Rible/Angelini)**
Changes mandatory retirement age for Workers Compensation Judges from age 70 to age 75.

**Motion:** Recommend enactment.

**Discussion:** This bill is similar to S-2326 which was reviewed by the Commission at its November 19, 2010 meeting. The only difference between the bills is that S-2326 not only would have increased the mandatory retirement age from 70 to 75, it would have also increased the age a Workers Compensation Judge could begin to collect a pension from the current age 70 to 75. S-2578 retains the ability to start collecting a pension at age 70. The Commission favors S-2326’s enactment since there were no increased pension costs associated with the bill. However, the Commission did not express an opinion as to the potential for discrimination by untying the JRS mandatory retirement age of 70 that has been the standard for Workers Compensation Judges.

**S-2645 (Doherty)**
Extends certain PERS benefits to veterans of “Operation Uphold Democracy”.

**Motion:** Recommend not to enact.

**Discussion:** The Commission recommends against enactment since employer pension costs will increase. Pension liabilities for veteran members are approximately 50% higher than for non-veteran members. Expanding the pool of current pension system members who qualify for a special veteran retirement will increase State and local employer pension costs. The bill would provide veteran's status only to members of the PERS. Members of the TPAF and PFRS, pension systems that also offer veterans benefits and whose veteran’s eligibility statutes currently mirror the PERS statutes, are excluded from the benefit enhancements provided by this bill. The State may need to consider the State’s differences in the treatment of veterans, as in this instance indicated by the bill’s proposal for one retirement system.