

May 5, 2015

Re: Status Report on the “Roadmap to Pension & Benefits Reform”

Dear Mayor:

As previously noted the League has been actively engaged in addressing the “Roadmap to Pension & Benefits Reform” Report. At this time, we would like to provide you a status report on the actions and plans the League Officers, Management Reform Chair and staff have been engaged in to address this urgent issue.

The League has raised a number of concerns with the “Roadmap,” including, but not limited to the following:

1. Local property taxes are not able to absorb the costs of the failing State pension plans for teachers and state police, which are currently the responsibility of the State.
2. The amount of savings resulting from the health care proposals is unlikely to offset the costs of shifting the unfunded liabilities to the local level.

League Actions To-Date:

- On March 13, 2015, the League convened an informational briefing with Reform Commission Member and Counsel. Attendees included 50 local officials, including League Executive Board members, representatives from the League 21 Affiliated Groups and other elected and appointed officials.
- As a result of the March 13 meeting, the League established 5 task force groups to investigate specific areas related to the reform proposal. Each has met multiple times and League President Wahler along with First Vice President Tempesta, have been involved throughout.
- The League Officers authorized a contract with Rutgers to generate empirical data on viability of the Roadmap. The NJ School Boards was brought into the process and added more dimensions to the Rutgers data.
- On April 9, 1st Vice President Tempesta led a delegation to meet with Senate President Sweeney to discuss the issue of pension reform & future of legislation.
- We have met with other interested stakeholders to discuss concerns and possible alternate avenues to explore.
- On May 5 met the League met with Roadmap Commissioner and Implementation Task Force member Tom Byrne to discuss our continue concerns with report.
- Throughout this process, there have been regular conversations with key legislators as well as representatives from various labor groups.

CURRENT RESULTS:

- Unprecedented collaboration among local management and labor groups.

- We anticipate that empirical data will allow analysis of the fiscal impact on local governments.
- There is at this time no legislation introduced to implement the Roadmap recommendations.

NEXT STEPS:

- Mayors must urge their municipal staff to respond promptly to League requests for data. The League will be sending requests for more data on municipal health benefits.
- In mid-May, the final Rutgers Report will be released to all mayors. You will be able to assess the impact the Roadmap proposal would have on each individual municipality.
- Ongoing meetings and gathering of research relative to best approach to protecting the local pension funds which are fiscally sound.

FUTURE STEPS:

- Develop alternative structures to protect local pension systems to permanently avoid the co-mingling of State and local pension systems.
- Develop strategies to address the impending “Cadillac tax” on high premium health benefits plans. (Imposed by the Affordable Care Act in 2018, based on 2017 experience.)
- Ask to be included on any future working group that seeks to deal with the State pension system, especially if it may implicate local property taxes.

Again, the League Officers and staff continue to be directly engaged in responding to the proposals impacting the pension systems. We will keep you informed of development. If you have questions please contact Lori Buckelew at LBuckelew@njslom.org or 609-695-3481 extension 112.

Very truly yours,

Brian C. Wahler
League President
Mayor, Piscataway

William G. Dressel, Jr.
Executive Director