

May 8, 2017

Re: Governor Conditionally Vetoes Transfer of PFRS Management Bill

Dear Mayor:

Today Governor Christie [conditionally vetoed S-3040/A-99](#), which would transfer the management of the Police and Fire Retirement System (PFRS) to a Board of Trustees comprised of Labor and Management representatives. In his veto message the Governor noted that he “refuses to hand PFRS a blank check, while handing the taxpayers the deposit slip” and was returning the bill with “a variety of recommendations to ensure that the concerns of taxpayers and local governments are appropriately considered.”

The Governor’s conditional veto includes:

1. Changing the board members from a 7 labor/5 management board to a balanced board of 7 labor and 7 management;
2. Removing the exception of PFRS from attaining a target fund ratio, a provision of c. 78, to reinstitute cost of living adjustments;
3. Removing the provision of withholding State Aid for non-payment of pension bill;
4. Subjecting the PFRS Board of Trustees to the Open Public Records Act and the Open Public Meetings Act;
5. Caps accumulated sick leave payments to \$7,500 or the amount already accumulated, whichever is greater.

The League, joined by the NJ Conference of Mayors and the Association of Counties objected to the original legislation, and thus applauds the Governor’s action in conditionally vetoing S-3040 and for advancing recommendations that protect our taxpayers. PFRS is a defined benefit plan, in which the employee’s contribution is statutorily capped, so if there is a shortfall in a return from investments the employers (in this case municipal and county taxpayers) must make up the difference from their general funds. It’s not equitable for our property taxpayers to carry all the risk with little control and that’s why putting our taxpayers on equal footing is vital.

The bill now awaits consideration by the full Senate.

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Sincerely,

Michael F. Cerra,
Assistant Executive Director