

SUMMARY ON PENSION LEGISLATION
JUNE 12, 2008

A hearing on new pension bills was held in Trenton on June 12, 2008 before of the Senate State Government Committee. These bills were only introduced on Monday evening so there was little time to review this legislation. There were over 3 hours of testimony. Many union representatives including NJEA and CWA spoke in opposition of these bills. Business groups such as the State Chamber of Commerce support these initiatives. The bills are S1962, S1963, S1964, S1965, S1966, and S1969.

First, these bills will not affect anyone currently in the pension systems.

All of these bills are for future employees. The discussions were very heated. The sponsors of the bills indicated that they believe they must be adopted because of large state unfunded retirement liabilities. One of the reasons given by the members of the Senate State Government Committee for supporting these bills was that they wanted to stop pension abuses particularly the practice where someone works part-time for many years and then get a lucrative full time job at the end of their careers which will insure a large pension. All members of the Committee voted to support these bills. The committee members were Senators Nicholas Sacco, Loretta Weinberg, Kevin O'Toole, Jim Whelan and Jennifer Beck. Senator Weinberg did voice some concern that these bills were being passed too quickly and more study should be given.

NJLA is very concerned that this legislation will have many unintended consequences for potential employees and, for the future of our libraries. What, unfortunately, NJLA sees potentially happening in the future is that when a full time position becomes vacant, that position would be filled by part-time employees because the governmental employer will not have to supply any benefits part-time employees. These bills will not only impact public libraries but also some state colleges and universities.

Library personnel are career public servants and changes which are being proposed will have a disproportionate effect on the members of our profession.

People, however, do choose career options based on many variables including benefits. Because of family considerations, many individuals work both full time and part-time during their careers. The ability to stay in the pension system on a part-time basis is often an important consideration. The elimination of defined pension benefits for part-time employees may force future employees to consider other career options.

Libraries are different than many areas of public service. Most libraries are open between 50-60 hours per week and need a large number of part-time workers to adequately serve the public. The average weekly rate for these employees is relatively low. The ability to contribute to a pension system is important benefit. S1962 would restrict membership in PERS eligible only to those who work 35 hours per week and make part-time persons participate in a new 401k type of pension program.

Another of the bills (S1965) would define eligibility for the state health benefits program to be limited to new full time employees who work 35 hours per week. Anything under 35 hours would be considered part-time.

NJLA believes this will encourage many employers to only hire part-time employees and limit the number of full time positions in libraries in order to reduce benefits. We have anecdotal evidence that some libraries are already implementing this employment practice and are only offering positions which will not reach the 35 hours.

NJLA would support a phased in approach to health benefits. For example, under 20 hours no benefits, between 20-34 hours half benefits with the ability to pay for the additional benefits and 35 hours full benefits. This would keep health benefits available to most employees.

S1964 would base the final pension benefit on the highest 5 years of employment instead of 3 years which is the current practice.

S1969 would permit an individual who is currently contributing to the current pension system through two or more employers to choose only one pension. This again will be difficult for someone who may be working full time at one job but also has a long term part-time job at another library at night or the weekends.

NJLA believes limiting benefits for part-time career employees could have many unintended consequences in the future. Librarianship is a career. We do not want our libraries staffed solely with part-time employees because benefits are viewed as unnecessary expenses.

Your voice matters. Please contact your legislators telling them that caution must be taken with the legislation. A sample letter is on the front of the NJLA website. Please write you own letter but do it today. Include your own story of how pension and health care benefits have impacted you and what would you have done if these benefits were not offered to you in your current position. Fax or email your state legislators. This is a very time sensitive issue. You can find your state legislator at:

<http://www.njleg.state.nj.us/members/legsearch.asp>