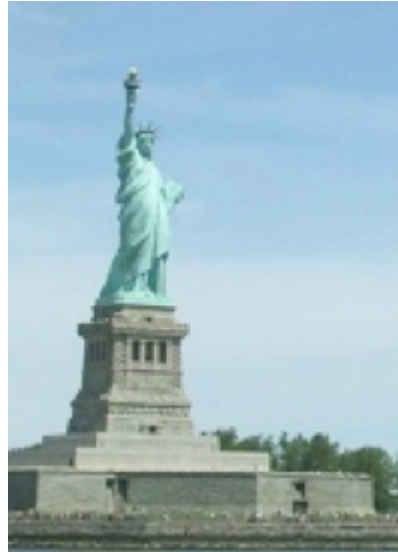




Written by [Bruce Walker](#) on June 21, 2011

N.J. Latest State to Push Public-Employee Pension Reform

The problem of public-employee pensions is bringing an increasing number of state governments to the brink of fiscal disaster. In some states — beginning with Wisconsin under Gov. Scott Walker — Republican majorities elected last November are directly confronting the power of public-employee unions to negotiate any contract the members wish, especially in the area of benefits packages. Even big union states such as Ohio and Indiana have repeated what Wisconsin accomplished.



New Jersey Governor Chris Christie, immediately upon taking office, began to battle the Garden State's overgrown government, with its rampant cronyism and political payoff system from unions. Now he is on the verge of persuading Democrats in the state legislature to push through sweeping changes similar to what Scott Walker achieved in Wisconsin. In New Jersey, as in Wisconsin, direct compensation is not the target of these reforms. Instead, the proposed legislation would require school teachers, police, and other state employees to pay more for their benefit packages, and would raise the retirement age for new state employees from 62 to 65. The plan would also eliminate automatic cost-of-living adjustments in pensions.

Christie, however, does not have the Republican-majority advantage that Walker has in Wisconsin (or Governor John Kasich in Ohio, where similar reforms have been implemented this session). Democrats control both houses of the New Jersey State Legislature. Christie will have to persuade Democrat legislative leaders to support his reforms in order to get them passed. And that seems to be happening.

The New Jersey State Senate in which Democrats hold a 24 to 16 advantage on June 20 passed the reform package by a vote of 24 to 15. It had the support of Senate President Stephen Sweeny, who began his political career as a labor leader in the ironworkers union, and has for years sought limits to public-employee union benefits.

The New Jersey State Assembly must pass the bill through committee and on the floor of the assembly before it will go to Governor Christie's desk. Though Democrats control the State Assembly by an even wider numerical margin of 47 to 33, [Speaker Sheila Oliver](#) has indicated that she is willing to push



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forward the reform package even if public-employee unions and her own party's Assembly members are not all on board. The measure is scheduled to be heard in committee beginning on June 20, but the full floor vote is expected on June 23.

The opposition from within the Speaker's party is very real. Assembly Majority Leader Joseph Cryan, the second-highest ranking Democrat in the chamber, has attacked the bill as a betrayal of party principles, but Speaker Oliver says that she is hearing from mayors across New Jersey who are telling her that public-employee pensions are breaking their budgets. As she put it: Leadership is having the courage to swim upstream when the current is going the other way. I know it's the right thing to do. Public-employee unions are exerting all the pressure that they can on wavering Democrats and, predictably, threatening dire political consequences for those who break with the unions.

One interesting aspect of all this is that voters will have only a short spell before deciding whether they like these reforms or not. New Jersey, along with Virginia, Mississippi, and Louisiana, will hold state legislative elections in the November 2011 off-year. Will public-employee unions stay home in a huff? Will they seek to punish only those Democrats who supported the reform bill (which could hand Republicans a majority in the legislature)? It is difficult to predict exactly what the political fallout will be.

But New Jersey and a number of other states such as Maryland, regardless of political party control, are viewing public-employee unions (and especially their more or less open-ended benefits packages) as something they can no longer afford. And as more and more state politicians successfully defy these unions, the more likely it will be that other state legislators will find the courage to curtail them as well.

Photo: The Statue of Liberty, off the Jersey City shoreline.



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