

OP-ED: PUBLIC EMPLOYEE RETIREES DESERVE A VOICE ON PENSIONS, BENEFITS

BARRY CHALOFSKY | OCTOBER 22, 2018

It's time for retirees to be properly represented in discussions about how to manage New Jersey's pension and health benefits system



Barry Chalofsky

One of the founding principles of our nation is the right of representation. We are, in fact, a representative democracy where we elect our fellow citizens to govern our republic. Most of us take this right as a given in many aspects of our life: Congress, state legislatures, freeholder boards, and town councils. We expect these representatives to advocate on our behalf and to govern our lives.

Over the last few years there has been a lot of press about the New Jersey Pension and Health Benefit system for active and retired public employees. In 2011, major reforms were enacted that were supposed to “fix” the system for the future. However, these reforms did not work well enough so now there are more discussions on the future of the system.

While the overall authority for these programs resides with our elected representatives and the governor, many of the day-to-day decisions about the administration of the pension and health benefits are overseen by a number of primarily nonelected boards and committees.

There are seven defined benefit pension plans that are part of the New Jersey pension system which affects retired public employees, and four defined contribution plans. There are also three health benefit plans, one for each level of government — state, local and education. And there are a number of boards and committees that have some sort of decision-making authority for these plans.

Not represented on any board

All of these entities have representatives from the state, as well as representatives who are either elected or appointed by active employees, or the unions that represent them. In 2018, the governor signed a law which gave the police and firemen the authority to control their own pension. The remaining plans maintained the existing system of control. There are approximately 664,700 members covered by the other six pension plans in the system. Of those, approximately 268,570 are retired members and beneficiaries (totals are as of 2017). However, none of those retired members are represented on any board or committee; that means that 40 percent of the members have no voice in the process.

There are probably many reasons why this situation has occurred. In its early years, the pension system didn't have as many members, but as the baby boomers age, the number of retirees has grown significantly and will continue to grow. Also, although the pension system has had problems for years, it has only been in the last 10 years that the Legislature and public have focused on these issues. Most importantly, unlike some other states, in New Jersey there is no single organization that represents retired public employees.

Twenty-nine states have a significant organization that represents retirees. Two of those organizations were established by legislation, seven are run by unions, and 22 are independent. New Jersey has a few retiree organizations that are run by the unions and one independent organization, but these groups represent only 1 percent to two percent of the retirees.

Some may argue that since many public employees are represented by a union, the unions can perform the function for retirees as well. However, the unions' primary responsibility is to represent active employees. Retirees' concerns are often different from those of active employees – which can create an internal conflict for the unions. In addition, the unions' primary responsibility is to its paying members; retirees do not pay dues (except for a small fee for some of the retiree organizations.) Therefore, once an employee retires there is really no one who has the authority to represent them.

Legislature needs to remedy this

How can this situation be remedied? First, the Legislature should amend the existing enabling legislation to require that any board or committee that is part of the New Jersey pension system have at least one, preferably two, representative(s) from the appropriate retiree community. These representatives should be elected or appointed in the same manner as the other public representatives. It would be best if the Legislature also created a statewide retiree organization(s) to represent state and local employees, as well as teachers. They could handle the election of the representatives, as well as being the designated entity to address other concerns directly to the administration.

If the Legislature does not want to take that route, it would need to develop a process to certify independent organizations to perform that function. These organizations could handle elections and other aspects of representation, particularly direct discussions with the administration. Retirees would not be forced to join, but would be strongly encouraged to do so.

Failure to address the lack of representation will only continue a system whereby hundreds of thousands of retirees have no voice in the matters that affect them deeply. This will create deeper resentments and will lead to more negative consequences. As the dialogue continues about how to best manage the pension and health benefits of public employees, it is imperative that the state gives retirees true representation.

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