

**SCHOOL DISTRICT OF SOUTH ORANGE AND MAPLEWOOD, NJ
PUBLIC BOARD MEETING
May 18, 2015
FOR ACTION**

RESOLUTION 3290

SUBJECT: Pension and Health Benefits Reform

WHEREAS, the health of New Jersey's public employee retirement systems affects the State's economy and its citizens' quality of life, and impacts critical functions, ranging from the state's ability to borrow to finance public works projects to its annual budget including state aid to education and, consequently, the operation of the public schools; and

WHEREAS, the New Jersey Pension and Health Benefits Study Commission, appointed by Governor Chris Christie in 2014, has issued its final report, "A Roadmap to Resolution," which proposes monumental changes in how public employee benefits, particularly the Teachers' Pension and Annuity Fund (TPAF) and the School Employees' Health Benefits Program (SEHBP), are financed and administered; and

WHEREAS, the South Orange and Maplewood Board of Education believes that reform must balance the health of the state's retiree benefits programs with local school boards' responsibility to provide sound educational programming; and

WHEREAS, TPAF benefits are established by the state and not through local school board action; and

WHEREAS, post-retirement medical benefits are provided to TPAF retirees through state legislation, not local school board action; and

WHEREAS, the South Orange and Maplewood Board of Education believes that the TPAF and any new retirement program for certificated school district staff must be funded by the state government; and

WHEREAS, the South Orange and Maplewood Board of Education believes that transferring payment of the employer's contribution to the teacher retirement plan and post-retirement medical benefits from the state to local school districts would have a detrimental impact on the resources necessary to maintain educational programming and would impose an additional, regressive tax burden on local taxpayers; and

WHEREAS, the property tax rates in South Orange and Maplewood are already some of the highest in the State and 94% of the South Orange and Maplewood School District's operating budget is funded by local property taxes; and

WHEREAS, to restore solvency to, and avert future default of, the state's retirement programs, the pension and benefits reform act of 2011 (*P.L. 2011, c.78*) includes a schedule

of annual state payments designed to close the deficit of the plans that serve school district employees; and

WHEREAS, medical benefits for retired school employees, which will total over \$1 billion in 2015-2016, are a major cost-driver in the state budget; and

WHEREAS, healthcare costs in New Jersey are among the highest in the nation;

NOW, THEREFORE, BE IT RESOLVED that the South Orange and Maplewood Board of Education urges the state Legislature and Governor to ensure that the employers' cost for teacher pensions and post-retirement medical benefits—financial obligations created by the State—are not transferred to local school districts; and be it further

RESOLVED, the Legislature should not consider an increase to the 2% property tax cap for school districts as a cost-neutral means to fund the employer's cost for teacher pensions and post-retirement medical benefits, and be it further

RESOLVED, that the State, as both a regulator and purchaser of health insurance, should seek to reduce health care costs and achieve greater efficiencies and savings with respect to its benefits plans;

RESOLVED, that the South Orange and Maplewood Board of Education supports the goal of reducing the overall costs of public employee health and retirement benefits and urges the state Legislature and Governor to take a studied and comprehensive approach that will ensure the long-term solvency of the state's public employee retirement programs without unduly burdening local school district budgets and endangering educational programming; and be it further

RESOLVED, that this resolution be delivered to Governor Chris Christie, State Senate President Stephen M. Sweeney, Assembly Speaker Vincent Prieto; and the 27th Legislative District's representatives in the state Senate and General Assembly; and be it further

RESOLVED, that a copy of this resolution be sent to the New Jersey School Boards Association.