

**NJAC & NJLM COMMEND SENATE PRESIDENT SWEENEY FOR LEGISLATION
TO PROTECT THE LOCAL PENSION SYSTEM**
For Immediate Release: March 19, 2021

(Trenton) The New Jersey Association of Counties (NJAC) and the New Jersey State League of Municipalities (NJLM) commend Senate President Steve Sweeney for his leadership in introducing legislation that would protect the long-term health and viability of the local pension system in S-3522, which would establish a new board of trustees for the Local Part of the Public Employees' Retirement System (PERS).

“The Senate President has long been an advocate for preserving the structure and integrity of the pension systems, and this legislation would provide the new balanced board of trustees of PERS with the ability to determine or modify member benefits, direct policies and investments to achieve full funding, and serve as the fiduciary of system,” *said NJLM Executive Director Mike Cerra.*

For more than a decade, counties and municipalities have met their pension obligations as employers while the State of New Jersey has continued to underfund the pension systems in varying degrees since 1996 creating one of the worst publicly funded retirement systems in the nation. Despite fulfilling their fiduciary duties, local governments across the State will experience double digit percentage increases in total employer pension contributions in 2021 as determined in figures recently published by the Division of Pension and Benefits in the State Department of Treasury with the figures for county governments summarized in the table and footnotes below. Even more alarming for local government employers is the fact that the unfunded accrued liability once again increased in 2021 to a staggering \$26.6 billion for PERS alone, causing in part, a decrease in the funded ratio for the Local Part of PERS to 65.4%, the State Part to 31.2%, and the combined rate to a disconcerting 52.2% far below the target funded ratio of 75.0%. With this in mind, local officials have long argued that the State of New Jersey must take proactive measures to reform the pension systems with real solutions that pay off existing deficits and do not affect, dilute, or divert local pension system assets.

“Although we certainly appreciate Governor Murphy's plan to fully fund the pension systems in the FY 2022 State budget for the first time in 25 years, it's unclear if that level of funding is sustainable once federal monies are no longer available and the State does not have the ability to issue new debt in response to the COVID-19 public health emergency. S-3522 provides meaningful, long-term, and much needed reform for members and property taxpayers,” *said NJAC Executive Director John Donnadio.*

The Government Finance Officers Association of New Jersey (GFOA), the New Jersey Municipal Management Association (NJMMA), the New Jersey Association of County Administrators (NJACA), and the New Jersey County Finance Officers Association of New Jersey (NJCFO) also support this legislation and commend the Senate President for his leadership. *Please contact John Donnadio at 609-394-3467 or Mike Cerra at 609-695-3481 with any question or concerns.*

COUNTY GOVERNING BODY PERS CONTRIBUTIONS - TABLE 1

COUNTY	2020 NORMAL COST ¹	2020 UNFUNDED LIABILITY ²	2020 TOTAL PENSION ³	2021 NORMAL COST	2021 UNFUNDED LIABILITY	2021 TOTAL PENSION
Atlantic	586,922	5,431,241	6,018,163	826,258	6,061,382	6,887,640
Bergen	1,115,479	10,322,374	11,437,853	1,587,683	11,647,155	13,234,838
Burlington	560,592	5,187,583	5,748,175	789,951	5,795,039	6,584,990
Cape May	437,029	4,044,161	4,481,190	612,826	4,495,656	5,108,482
Cumberland	300,328	2,779,161	3,079,489	430,314	3,156,759	3,587,073
Essex	1,912,664	17,699,336	19,612,000	2,645,837	19,409,713	22,055,550
Gloucester	667,427	6,176,210	6,843,637	885,780	6,498,035	7,383,815
Hudson	1,353,282	12,522,939	13,876,221	1,897,138	13,917,300	15,814,438
Hunterdon	263,149	2,435,119	2,698,268	360,037	2,641,215	3,001,252
Mercer	774,919	7,170,912	7,945,831	1,068,331	7,837,225	8,905,556
Middlesex	967,080	8,949,135	9,916,215	1,359,694	9,974,641	11,334,335
Monmouth	1,182,920	10,946,453	12,129,373	1,636,393	12,004,489	13,640,882
Morris	833,770	7,715,512	8,549,282	1,133,063	8,312,092	9,445,155
Ocean	1,073,078	9,930,015	11,003,093	1,481,544	10,868,525	12,350,069
Passaic	942,123	8,718,187	9,660,310	1,271,345	9,326,518	10,597,863
Salem	160,670	1,486,805	1,647,475	221,056	1,621,655	1,842,711
Somerset	724,086	6,700,519	7,424,605	1,002,626	7,355,211	8,357,837
Sussex	246,350	2,279,662	2,526,012	341,525	2,505,409	2,846,934
Union	913,276	8,451,241	9,364,517	1,221,180	8,958,508	10,179,688
Warren	252,156	2,333,394	2,585,550	343,441	2,519,464	2,862,905

2021 COUNTY GOVERNING BODY PERS INCREASES - TABLE 2

COUNTY GOVERNING	NORMAL COST \$ INCREASE ⁴	NORMAL COST % INCREASE ⁵	UNFUNDED LIABILITY \$ INCREASE	UNFUNDED LIABILITY % INCREASE	TOTAL CONTRIBUTION \$ INCREASE	TOTAL CONTRIBUTION % INCREASE
Atlantic	239,336	40.8%	630,141	11.6%	869,477	14.4%
Bergen	472,204	42.3%	1,324,781	12.8%	1,796,985	15.7%
Burlington	229,359	40.9%	607,456	11.7%	836,815	14.6%
Camden	300,760	36.4%	620,981	8.1%	921,741	10.9%
Cape May	175,797	40.2%	451,495	11.2%	627,292	14.0%
Cumberland	129,986	43.3%	377,598	13.6%	507,584	16.5%
Essex	733,173	38.3%	1,710,377	9.7%	2,443,550	12.5%
Gloucester	218,353	32.7%	321,825	5.2%	540,178	7.9%
Hudson	543,856	40.2%	1,394,361	11.1%	1,938,217	14.0%
Hunterdon	96,888	36.8%	206,096	8.5%	302,984	11.2%
Mercer	293,412	37.9%	666,313	9.3%	959,725	12.1%
Middlesex	392,614	40.6%	1,025,506	11.5%	1,418,120	14.3%
Monmouth	453,473	38.3%	1,058,036	9.7%	1,511,509	12.5%
Morris	299,293	35.9%	596,580	7.7%	895,873	10.5%
Ocean	408,466	38.1%	938,510	9.5%	1,346,976	12.2%
Passaic	329,222	34.9%	608,331	7.0%	937,553	9.7%
Salem	60,386	37.6%	134,850	9.1%	195,236	11.9%
Somerset	278,540	38.5%	654,692	9.8%	933,232	12.6%
Sussex	95,175	38.6%	225,747	9.9%	320,922	12.7%
Union	307,904	33.7%	507,267	6.0%	815,171	8.7%
Warren	91,285	36.2%	186,070	8.0%	277,355	10.7%

FOOTNOTES - TABLES 1 & 2

1. "Normal Cost" represents the present value of benefits that have accrued on behalf of the members during the valuation year.
2. "Unfunded Liability" consists of the employer's share of the pension system's total unfunded actuarial liability amortized over a 30-40 year period. The unfunded actuarial liability of a retirement system at any time is the excess of the system's actuarial liability

over the value of its assets. An unfunded actuarial liability can either be generated or increased in a number of ways, including enhancements to the pension benefits payable or the occurrence of actuarial losses. Actuarial gains or losses occur when actual experience of the system differs from the actuarial assumptions used to project the pension system funding requirements.

3. "Total Pension" equals the sum of the normal cost and unfunded liability but do not include NCGI, Chapter 19, ER1, ER2, ER3 payments, and retroactive contract settlement costs, all of which increase total contributions. Additionally, the figures do not include the pension payments by the following county governmental system entities, which may be funded in whole, or in part, by the county governing body and of which substantially increase the numbers accordingly: county improvement authorities, special services school districts, utility authorities, vocational schools, welfare boards, board of social services, housing authorities, soil conservation districts, AVA commissions, education services commissions, pollution control, county colleges, bridge commissions, economic development corporations, regional health commissions, and mosquito extermination commissions.
4. "\$ Increase" generally means the dollar amount increase in contributions from 2020 to 2021.
5. "% Increase" generally means the percentage increase in contributions from 2020 and 2021.
6. All figures and definitions may be found on the website of the New Jersey Division of Pension and Benefits at www.state.nj.us/treasury/pension.