
NJ Supreme Court sides with Gov. Christie on pension issues

By Editorial Staff *Wed, Jun 17, 2015*

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The New Jersey State Supreme Court on June 9 reversed a lower state court's rejection of Gov. Chris Christie's planned pension cuts, which means that he won't have to allocate more money into the state's pension fund.

"The Court recognizes that the present level of the pension systems' funding is of increasing concern," the court wrote. "But this is a constitutional controversy that has been brought to the Judiciary's doorstep, and the Court's obligation is to enforce the State Constitution's limitations on legislative power."

Last year, Gov. Christie cut \$1.6 billion from the state's fiscal 2015 public pension contribution, claiming that the state could not afford it. Unions said that the governor was bound by a law that he himself had signed. Lawsuits followed.

Unions won in a lower court when a state judge decided that the 2011 pension reforms obligated the state to pay its fair share into the retirement system, which has unfunded liabilities of about \$83 billion and was only 44% funded in 2014.

However, the Supreme Court's handed the unions a loss this month when it ruled 5-2 that there wasn't a contract to force the full pension payment. One of the dissenting judges argued that the state is obligated to pay individual retirees their pensions. Union leaders are concerned that the funds could be insolvent in as few as 10 years.

Christie's 2011 deal required public employees to contribute more, have their cost-of living increases frozen and their retirement ages raised. Meanwhile, the state agreed to make up for years of reduced or skipped contributions, with escalating payments over seven years.

However, a wrench was thrown into the plan last year, when state tax revenue came in short of projections. Christie reduced the planned contributions by more than \$2.5 billion across the 2014 and 2015 budgets. His budget for 2016 proposes a \$1.3 billion contribution.