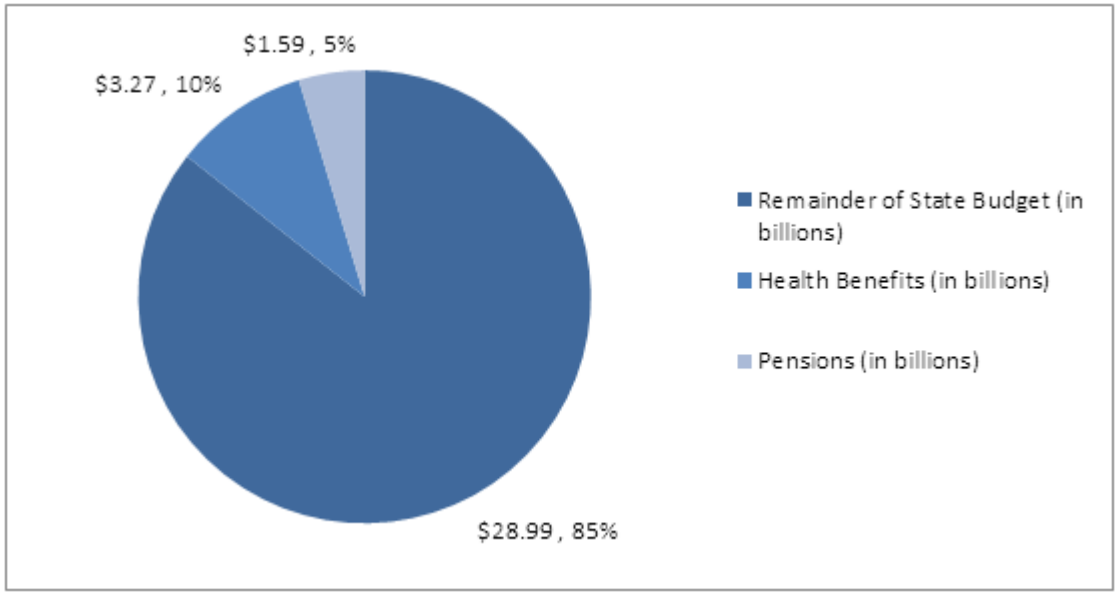
The Rising Costs Of Public Employee Health Benefits Plans

The costs of New Jersey's overly generous public employee health benefits system have risen steadily over time, straining budgets and forcing costs onto taxpayers in a way that is unsustainable over the long term.

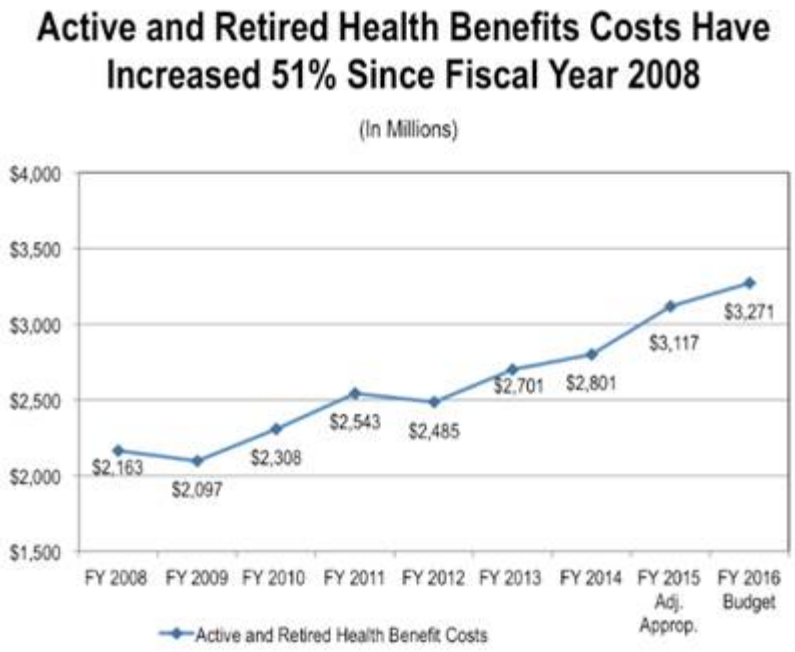
The New Jersey Pension and Health Benefits Study Commission report put the health benefit challenge that New Jersey faces into stark terms and cold, hard figures that are undeniable – these mounting costs have resulted from the simple fact that New Jersey offers public employees more generous plan coverage than the private sector with lower contribution levels.

These costs continue to mount for state taxpayers who are ultimately on the hook for paying these costs. In the current Fiscal Year 2015's Budget of $32.83 billion, $3.12 billion will be spent on just on health benefit plans – totaling 9.5% of the entire state budget.

ABSENT REFORM: Proposed Fiscal Year 2016 Budget → $3.27 Billion Going To Health Benefits Alone
Totaling Over 9% Of The Entire State Budget



**Pensions includes contributions for the defined benefit plans ($1.3 billion), defined contribution, and life insurance benefits.*

NEWS FLASH: This isn't a new problem. Active and retired health benefits costs have increased 51% since Fiscal Year 2008 and Governor Christie has been talking about the problem since the start of his administration.

- The Situation Is Not Only Getting Worse, But Is Also Fast Approaching The Point At Which It Will Be Beyond Remedy. "This crisis has been brewing at least through the terms of each of the State's six most recent Governors and the Legislatures that sat during their terms of office. The State granted benefits that it could afford only under optimistic assumptions. When reality fell short of those assumptions, the State—for years at a time—failed to fund the resulting liabilities or effectively reform the programs creating them." (New Jersey Pension and Health Benefit Study Commission, Final Report, 2/24/15; page 4-5)