



State of New Jersey

DEPARTMENT OF EDUCATION

PO Box 500

TRENTON, NJ 08625-0500

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER D. CERF
Acting Commissioner

June 29, 2011

TO: District Superintendents/Charter School Leaders
School Business Administrators

SUBJECT: Pension and Health Benefit Reform Signed into Law

On June 28th, Governor Christie enacted landmark bi-partisan legislation (S-2937 and S-2959) that secures the long-term solvency of the pension and benefit systems, while at the same time achieving critical savings for state and local governments. It has been estimated that pension reform alone will provide savings to New Jersey taxpayers of over \$120 billion over the next 30 years, and an additional \$3.1 billion over the next 10 years from health benefits reform.

The 120 plus page law contains many provisions making changes to all State administered pension systems. It also changes how the State Health Benefits Program (SHBP) and the School Employee Health Benefits Programs (SEHBP) are administered. Many of the changes to health benefits programs also affect government agencies that use commercial insurance, are members of joint health insurance funds, or self-insure their employees. Given the nature of changes, guidance is being developed by State oversight agencies to assist local employers as the law is implemented.

The Division of Pensions and Benefits has released initial implementation guidance on the pensions, SHBP, and SEHBP elements of the law on its website at www.nj.gov/treasury/pensions/reform-2011.shtml. Important implementation details on the employee health benefit premium sharing is posted on the Pensions website FAQ page at www.nj.gov/treasury/pensions/reform-hb-ga.shtml. The Pensions site contains links to the law and Certifying Officer Letters that will be issued over the coming weeks. The site will be updated regularly.

Over the next few weeks, the Division of Local Government Services and Department of Education will be issuing supplemental guidance for local units that are not members of the SHBP or SEHBP, to address differences between the state plans and local options and circumstances. Various professional organizations will also be scheduling seminars on the law as well.