

August 10, 2015

SENATE BILL NO. 3107

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 3107 without my approval.

This bill would make Fiscal Year 2015 supplemental State appropriations totaling \$300,000,000 to the State-administered public employee defined benefit retirement systems. The legislative statement accompanying the bill states that "the moneys shall be deposited in the retirement systems immediately upon enactment," but at the same time "shall be regarded as a prepayment of a portion of the State's required FY 2016 employer contributions." The statement further indicates that this "appropriation in FY 2015" is intended to ensure that "the \$300 million is invested immediately, rather than at the end of June 2016."

Having recently gone to court seeking an order to force itself to make supplemental FY 2015 pension payments, the Legislature now ironically seeks to designate \$300 million in such appropriations as somehow part of the FY 2016 payment. But trick accounting is not a substitute for basic math. Obviously, the Legislature could have included this supplemental appropriation along with all the other supplemental spending (including \$212 million in additional FY 2015 pension payments) in its omnibus supplemental FY 2015 appropriations bill (Assembly Bill No. 4601) that I signed into law, but instead it chose to segregate these funds in a separate piece of legislation in furtherance of its fiscal sleight of hand. This bill proves that even the massive tax increases embedded in the Legislature's proposed FY 2016 budget were insufficient to support the pension contribution it pretended to make. Equally

important, there is no additional \$300,000,000 in the State budget to spend on this purpose. In short, the Legislature is attempting to appropriate a sum of money that doesn't exist, for a fiscal year that has already closed.

Absent meaningful reforms, the pension payment levels that the Legislature claims to fund will never be attainable without additional punishing tax increases, above and beyond those relied upon in their FY 2016 appropriations bill. Instead of accounting gimmickry, the legislative majority should embrace reality and join with my Administration in a realistic discussion of necessary reforms to the pension and health benefits systems.

Accordingly, I herewith return Senate Bill No. 3107 without my approval.

[seal]

Respectfully,
/s/ Chris Christie
Governor

Attest:

/s/ Thomas P. Scrivo
Chief Counsel to the Governor