

Randolph Township Board of Education

Educating Students – Creating the Future

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Florence J. Sheppard, Acting Director
Division of Pensions and Benefits
P.O. Box 295
Trenton, NJ 08625-0295

Dear Acting Commissioner Sheppard:

Recently, New Jersey School districts were notified as to their 2011 PERS normal, accrued liability pension, noncontributory group life insurance (NCGI), and early retirement incentive costs. We are sure that you are aware that the charges due in April 2011 came as a great surprise to local units of government.

In the past, school districts have had to estimate these costs for budget purposes as the Division of Pensions refuses to provide any guidance as to a district's projected liability. School districts must adopt their next year's budget three months in advance of their next fiscal year. Pension appropriations are a significant cost and to find out after a budget has been adopted that there is a great difference between budgeted costs and actual costs can produce significant hardship for a school district. The Randolph Township Board of Education has a shortfall in excess of \$272,000 and must now reallocate funds by that amount which will impact other district programs and services.

The Randolph Township Board of Education requests that the Division of Pensions adopt a policy of providing guidance to NJ School Districts on or about January of every year as to a district's pension liability due in April of the next succeeding budget year. We further recommend that the estimate be fixed for budget purposes

and that any adjustments (plus or minus) be reflected in the following year's April payment. Accordingly, if the Division notifies a district of a pension liability of \$300,000 for the next succeeding fiscal year, the district will budget and pay that amount. If the actual costs for that district are \$317,000, the district will pay the adjustment of \$17,000 in the next year along with the projected liability for that year. In this way a district will have a firm handle on these costs for budgetary purposes.

As New Jersey School Districts will face extraordinary limits on spending with the implementation of a 2% tax levy spending cap next year, we are hopeful that the Division of Pensions will consider our recommendations to provide the guidance we suggest preventing the problems they have encountered with pension costs that far exceed their budgetary estimates.

Sincerely,

Amy Sachs, President
Randolph Township Board of Education

CC: Senator Anthony R. Bucco
Assemblyman Anthony M. Bucco
Assemblyman Michael Patrick Carroll