

THE CLOSING BELL
Report of Jim Marketti, Public Employee Committee, AFL-CIO
Representative on the State Investment Council
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For the month of February, the pension fund lost -4.35% in value with total pension fund assets as of February 28, 2009 of \$56.4 billion. Since the end of 2007, the pension fund has lost -29.1% of its value. All of the asset classes lost money in February. A new valuation for Private Equity and Real Estate investments was not ready for the March State Investment Council meeting. Results on Private Equity and Real Estate through December 31, 2008 are expected to be ready by April and promise to be grim.

Three weeks in to March, there is an up tick in returns. Whether the funds will start towards positive territory mostly depends on the market reaction to Obama's stimulus and bailout programs.

The more interesting drama for the March, 2009 meeting played out behind the scenes. I drafted a resolution for Council action calling on the Governor and Legislature to mandate full funding of the pension obligations of all public employer entities, including the State of New Jersey, for Fiscal Year 2010 and in the future. I sent it out to Council members a week before the March meeting date. The fur started to fly immediately with e-mail messages back and forth among Council members.

No need to go into detail as to who stood where on the resolution. Basically, five of the six public employee representatives on the Council supported the resolution. Corzine's appointees on the Council (including the Chair) stood opposed to passing the resolution. The latter are the same group who come to Council meetings month after month and moan about the lack of funding of pension obligations. When it came down to making a public statement about the issue, they found one lame excuse or another for not wanting to support it. Liberals will be liberals. They did not want to publicly chastise the Governor and Legislature for avoiding their pension obligation funding.

Just prior to the start of the March 19 Council meeting, public employee representatives on the Council met with the Chair and worked out a compromise resolution which we believed would gain a consensus on the Council. The compromise had four points: (1) we encouraged the Governor and Legislature to be aware of the severity of the pension under funding problem; (2) we encouraged at least some level of State pension contribution in the impending budget; (3) we encouraged the Governor and Legislature to provide full funding to protect the retirement security of public pension beneficiaries when state revenues normalize; (4) we requested a meeting with the Governor and Legislative leadership to express our views on this critical issue. The compromise resolution was passed unanimously by the Council.

This is the first instance in the history of the Council in which the public employee representatives stood together on an issue of importance to their constituencies.