

Pension Bond Proposal Clears Key Committee Gov. Whitman Gave In On Several Issues To Satisfy State Employee Unions. The Senate Will Vote Next.

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State employee unions won significant concessions from Gov. Whitman last night, a breakthrough that allowed leery Republican senators to move Whitman's controversial pension bond proposal through a key committee and on to a full Senate vote scheduled for next week.

Whitman agreed to protections for state workers' pension benefits, provided workers with an average \$215 per year cut in their own pension payments for two years, and made a commitment to find other state jobs for the 2,100 or so state workers slated to be laid off in the coming fiscal year.

The final agreement that pushed the deal through the Senate budget committee last night also cuts the bond borrowing from the originally proposed \$2.9 billion to \$2.75 billion and reconfigures the bond payment schedule so that more gets paid up front, reducing long-term interest costs. Combined, those two moves will save taxpayers \$2.2 billion off the original Whitman borrowing proposal, which would have cost \$14.7 billion.

``I'm very pleased we've overcome this first hurdle," Whitman said after the vote. ``And the new provisions enhance the savings we can make to the public."

Whitman had said her original plan would save future taxpayers \$42 billion. The new one would save \$45 billion.

The Communications Workers of America, which represents 35,000 state workers, signed on to the proposal. But 12 other unions refused to come on board, including the American Federation of State, County and Municipal Employees. The New Jersey Education Association threw its support behind the proposal weeks ago.

Whitman also agreed to withdraw a proposal she had to sell the state's temporary disability insurance plan for \$200 million, a plan that would have cost jobs. In exchange, the CWA agreed to drop a pending lawsuit against Whitman over changes she made to the pension system in 1994.

Intense negotiations among Whitman's staff, union leaders and two reluctant committee members from strong union districts lasted for more than 10 hours. The tumultuous day ended with a rare event: Whitman and CWA union officials standing side by side, complimenting each other and promising to make their new pact work.