

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Assembly on Monday set to approve public employee pension and benefits reform bills," NewJerseyNewsroom.com, 3-19-10

"NJ Legislature to consider pension reforms," Courier-Post, 3-22-10

"Jersey Lawmaker: Let's Kick Lobbyists Out of the State Pension System," New Jersey 101.5 FM, 3-22-10

"New Jersey Teachers Face Health Costs Under Curbs," Bloomberg Press, 3-19-10

"NJ governor signs worker pension reform measures," Courier-Post, 3-23-10

"Christie signs 3 bills to limit N.J. pensions," Home News Tribune, 3-23-10

"Governor Christie signs pension reform measures," Asbury Park Press, 3-23-10

"Christie signs 3 bills to limit N.J. pensions, Courier News, 3-23-10

"Christie signs N.J. pension reforms," The Press of Atlantic City, 3-23-10

"A great day for taxpayers," The Trentonian, 3-23-10

"Christie signs pension bills," The Times, 3-23-10

"Christie signs pension reforms, saying it's a great day for N.J. taxpayers," The Star Ledger, 3-23-10

"Christie signs pension reform bills," The Record, 3-23-10

"Christie signs Pensions and Health Benefits Reforms Into Law," New Jersey 101.5 FM, 3-23-10

"N.J. Lawmakers Bar Part-Time Workers From Pension," Bloomberg Press, 3-23-10

"Christie signs bills to cut pensions," The Philadelphia Inquirer, 3-23-10

LAW/KR

SENATE, No. 4

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 8, 2010

Sponsored by:

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District 18 (Middlesex)

Assemblyman ALEX DECROCE
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SYNOPSIS

Makes various changes concerning payments to public employees for unused sick leave, sick leave injury in State service, and PERS and TPAF disability retirement.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 3/23/2010)

1 AN ACT concerning benefits for public employees and amending
2 and supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. (New section) Notwithstanding any law, rule or regulation
8 to the contrary, a political subdivision of the State, or an agency,
9 authority or instrumentality thereof, that has adopted the provisions
10 of Title 11A of the New Jersey Statutes, shall not pay supplemental
11 compensation to any officer or employee for accumulated unused
12 sick leave in an amount in excess of \$15,000. Supplemental
13 compensation shall be payable only at the time of retirement from a
14 State-administered or locally-administered retirement system based
15 on the leave credited on the date of retirement. This provision shall
16 apply only to officers and employees who commence service with
17 the political subdivision of the State, or the agency, authority or
18 instrumentality thereof, on or after the effective date of P.L. , c.
19 (pending before the Legislature as this bill). This section shall not
20 be construed to affect the terms in any collective negotiations
21 agreement with a relevant provision in force on that effective date.

22

23 2. (New section) Notwithstanding any law, rule or regulation
24 to the contrary, a political subdivision of the State, or an agency,
25 authority or instrumentality thereof, that has not adopted the
26 provisions of Title 11A of the New Jersey Statutes, shall not pay
27 supplemental compensation to any officer or employee for
28 accumulated unused sick leave in an amount in excess of \$15,000.
29 Supplemental compensation shall be payable only at the time of
30 retirement from a State-administered or locally-administered
31 retirement system based on the leave credited on the date of
32 retirement. This provision shall apply only to officers and
33 employees who commence service with the political subdivision of
34 the State, or the agency, authority or instrumentality thereof, on or
35 after the effective date of P.L. , c. (pending before the
36 Legislature as this bill). This section shall not be construed to
37 affect the terms in any collective negotiations agreement with a
38 relevant provision in force on that effective date.

39

40 3. (New section) Notwithstanding any law, rule or regulation
41 to the contrary, a board of education, or an agency or
42 instrumentality thereof, shall not pay supplemental compensation to
43 any officer or employee for accumulated unused sick leave in an
44 amount in excess of \$15,000. Supplemental compensation shall be
45 payable only at the time of retirement from a State-administered or

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 locally-administered retirement system based on the leave credited
2 on the date of retirement. This provision shall apply only to
3 officers and employees who commence service with the board of
4 education, or the agency or instrumentality thereof, on or after the
5 effective date of P.L. , c. (pending before the Legislature as this
6 bill). This section shall not be construed to affect the terms in any
7 collective negotiations agreement with a relevant provision in force
8 on that effective date.

9
10 4. (New section) Notwithstanding any law, rule or regulation
11 to the contrary, an officer or employee of a political subdivision of
12 the State, or an agency, authority, or instrumentality thereof, that
13 has not adopted the provisions of Title 11A of the New Jersey
14 Statutes, who does not take vacation leave that accrues in a given
15 year because of business demands shall be granted that accrued
16 leave only during the next succeeding year. However, vacation
17 leave not taken in a given year because of duties directly related to
18 a state of emergency declared by the Governor may accumulate at
19 the discretion of the appointing authority until, pursuant to a plan
20 established by the officer or employee's appointing authority, the
21 leave is used or the employee or officer is compensated for that
22 leave, which shall not be subject to collective negotiation or
23 collective bargaining. This provision shall apply only to officers
24 and employees who commence service with the political
25 subdivision of the State, or the agency, authority or instrumentality
26 thereof, on or after the effective date of P.L. , c. (pending before
27 the Legislature as this bill). This section shall not be construed to
28 affect the terms in any collective negotiations agreement with a
29 relevant provision in force on that effective date.

30
31 5. (New section) Notwithstanding any law, rule or regulation
32 to the contrary, an officer or employee of a board of education, or
33 an agency or instrumentality thereof, who does not take vacation
34 leave that accrues in a given year because of business demands shall
35 be granted that accrued leave only during the next succeeding year.
36 However, vacation leave not taken in a given year because of duties
37 directly related to a state of emergency declared by the Governor
38 may accumulate at the discretion of the appointing authority until,
39 pursuant to a plan established by the officer or employee's
40 appointing authority, the leave is used or the employee or officer is
41 compensated for that leave, which shall not be subject to collective
42 negotiation or collective bargaining. This provision shall apply
43 only to officers and employees who commence service with the
44 board of education, or the agency or instrumentality thereof, on or
45 after the effective date of P.L. , c. (pending before the
46 Legislature as this bill). This section shall not be construed to
47 affect the terms in any collective negotiations agreement with a
48 relevant provision in force on that effective date.

1 6. N.J.S.11A:6-8 is amended to read as follows:

2 11A:6-8. a. Sick leave injury in State service. Leaves of
3 absence for career, senior executive and unclassified employees in
4 State service due to injury or illness directly caused by and arising
5 from State employment shall be governed by rules of the Civil
6 Service Commission. Leaves of absence for career and unclassified
7 employees of a political subdivision directly caused by or arising
8 from employment shall be governed by rules of the political
9 subdivision. Any sick leave with pay shall be reduced by the
10 amount of workers' compensation or disability benefits, if any,
11 received for the same injury or illness.

12 b. The rules promulgated by the commission to govern leaves
13 of absence under this section shall not apply, nor shall a leave of
14 absence pursuant to this section be available, to any career, senior
15 executive or unclassified employee in State service who sustains an
16 injury or illness on or after the effective date of P.L. , c.
17 (pending before the Legislature as this bill), or the expiration of a
18 collective negotiations agreement with a relevant provision in effect
19 on that effective date, directly caused by and arising from State
20 employment. This subsection shall not be construed as impairing
21 the obligations set forth in any collective negotiations agreement
22 between the State and its employees in effect on the effective date
23 of P.L. , c. (pending before the Legislature as this bill).

24 (cf: P.L.2008, c.29, s.54)

25

26 7. N.J.S.18A:66-39 is amended to read as follows:

27 18A:66-39. a. Before June 9, 1971, a member, who shall have
28 been a teacher and a member of the retirement system for each of
29 the 10 years next preceding his retirement, shall, upon the
30 application of his employer or upon his own application or the
31 application of one acting in his behalf, be retired for ordinary
32 disability by the board of trustees, on a regular disability allowance
33 if he is under 60 years of age and on a service allowance if he has
34 reached or passed that age. The physician or physicians designated
35 by the board shall have first made a medical examination of him at
36 his residence or at any other place mutually agreed upon and shall
37 have certified to the board that the member is physically or
38 mentally incapacitated for the performance of duty and should be
39 retired.

40 b. On and after June 9, 1971, a member, under 60 years of age,
41 who has 10 or more years of credit for New Jersey service, shall,
42 upon the application of his employer or upon his own application or
43 the application of one acting in his behalf, be retired for ordinary
44 disability by the board of trustees. The physician or physicians
45 designated by the board shall have first made a medical examination
46 of him at his residence or at any other place mutually agreed upon
47 and shall have certified to the board that the member is physically
48 or mentally incapacitated for the performance of duty and should be

1 retired. No person who becomes a member of the retirement system
2 on or after the effective date of P.L. , c. (pending before the
3 Legislature as this bill) shall be eligible for retirement pursuant to
4 this subsection.

5 c. A member, under 65 years of age, shall, upon the application
6 of his employer or upon his own application or the application of
7 one acting in his behalf, be retired by the board of trustees, if said
8 member is permanently and totally disabled as a direct result of a
9 traumatic event occurring during and as a result of the performance
10 of his regular or assigned duties, on an accidental disability
11 allowance. A traumatic event occurring during voluntary
12 performance of regular or assigned duties at a place of employment
13 before or after required hours of employment which is not in
14 violation of any valid work rule of the employer or otherwise
15 prohibited by the employer shall be deemed as occurring during the
16 performance of regular or assigned duties. No person who becomes
17 a member of the retirement system on or after the effective date of
18 P.L. , c. (pending before the Legislature as this bill) shall be
19 eligible for retirement pursuant to this subsection.

20 The application to accomplish such retirement must be filed
21 within five years of the original traumatic event, but the board of
22 trustees may consider an application filed after the five-year period
23 if it can be factually demonstrated to the satisfaction of the board of
24 trustees that the disability is due to the accident and the filing was
25 not accomplished within the five-year period due to a delayed
26 manifestation of the disability or to circumstances beyond the
27 control of the member.

28 Permanent and total disability resulting from a cardiovascular,
29 pulmonary or musculo-skeletal condition which was not a direct
30 result of a traumatic event occurring in the performance of duty
31 shall be deemed an ordinary disability.

32 Before consideration of an application for accidental disability
33 allowance by the board of trustees, the physician or physicians
34 designated by the board shall have first made a medical examination
35 of the member at his residence or at any other place mutually
36 agreed upon and shall have certified to the board that he is
37 physically or mentally incapacitated for the performance of duty,
38 and should be retired, and the employer shall have certified to the
39 board that the member is permanently and totally disabled as a
40 direct result of a traumatic event occurring during and as a result of
41 the performance of his regular and assigned duties, the time and
42 place where the duty causing the disability was performed, that the
43 disability was not the result of his willful negligence and that the
44 member should be retired.

45 (cf: P.L.1986, c.51, s.1)

46

47 8. Section 42 of P.L.1954, c.84 (C.43:15A-42) is amended to
48 read as follows:

1 42. A member, under 60 years of age, who has 10 or more years
2 of credit for New Jersey service, shall, upon the application of the
3 head of the department in which he shall have been employed or
4 upon his own application or the application of one acting in his
5 behalf, be retired for ordinary disability by the board of trustees.
6 The physician or physicians designated by the board shall have first
7 made a medical examination of him at his residence or at any other
8 place mutually agreed upon and shall have certified to the board
9 that the member is physically or mentally incapacitated for the
10 performance of duty and should be retired.

11 The service requirement provisions of this amendatory and
12 supplementary act shall not become effective for 5 years following
13 the effective date of the act.

14 No person who becomes a member of the retirement system on
15 or after the effective date of P.L. , c. (pending before the
16 Legislature as this bill) shall be eligible for retirement pursuant to
17 this section.

18 (cf: P.L.1966, c.67, s.3)

19

20 9. Section 43 of P.L.1954, c.84 (C.43:15A-43) is amended to
21 read as follows:

22 43. A member who has not attained age 65 shall, upon the
23 application of the head of the department in which he is employed
24 or upon his own application or the application of one acting in his
25 behalf, be retired by the board of trustees, if said employee is
26 permanently and totally disabled as a direct result of a traumatic
27 event occurring during and as a result of the performance of his
28 regular or assigned duties, on an accidental disability allowance. A
29 traumatic event occurring during voluntary performance of regular
30 or assigned duties at a place of employment before or after required
31 hours of employment which is not in violation of any valid work
32 rule of the employer or otherwise prohibited by the employer shall
33 be deemed as occurring during the performance of regular or
34 assigned duties.

35 The application to accomplish such retirement must be filed
36 within five years of the original traumatic event, but the board of
37 trustees may consider an application filed after the five-year period
38 if it can be factually demonstrated to the satisfaction of the board of
39 trustees that the disability is due to the accident and the filing was
40 not accomplished within the five-year period due to a delayed
41 manifestation of the disability or to circumstances beyond the
42 control of the member.

43 Permanent and total disability resulting from a cardiovascular,
44 pulmonary or musculo-skeletal condition which was not a direct
45 result of a traumatic event occurring in the performance of duty
46 shall be deemed an ordinary disability.

47 Before consideration of the application by the board of trustees,
48 the physician or physicians designated by the board shall have first

1 made a medical examination of the member at his residence or at
2 any other place mutually agreed upon and shall have certified to the
3 board that he is physically or mentally incapacitated for the
4 performance of duty, and should be retired, and the appointing
5 authority shall have certified to the board that the member is
6 permanently and totally disabled as a direct result of a traumatic
7 event occurring during and as a result of the performance of his
8 regular or assigned duties, the time and place where the duty
9 causing the disability was performed, that the disability was not the
10 result of his willful negligence and that the member should be
11 retired.

12 No person who becomes a member of the retirement system on
13 or after the effective date of P.L. , c. (pending before the
14 Legislature as this bill) shall be eligible for retirement pursuant to
15 this section.

16 (cf: P.L.1986, c.51, s.2)

17

18 10. (New section) a. A person who becomes a member of the
19 Teachers' Pension and Annuity Fund, N.J.S.18A:66-1 et seq., on or
20 after the effective date of P.L. , c. (pending before the
21 Legislature as this bill) shall not be eligible for an ordinary or
22 accidental disability retirement allowance, but shall be eligible for
23 disability insurance coverage pursuant to this section.

24 b. The State Treasurer is hereby authorized and permitted to
25 purchase from one or more insurance companies, as determined by
26 him, group disability benefit coverage to provide for the disability
27 benefit in the amounts specified herein. The group disability
28 benefit coverage may be provided under one or more policies issued
29 to the State Treasurer specifically for this purpose or, in the
30 discretion of the State Treasurer, under one or more policies issued
31 to the State Treasurer which provide group life insurance coverage
32 for members of the retirement system designated in subsection a. of
33 this section. Any dividend or retrospective rate credit allowed by
34 an insurance company attributable to this program shall be credited
35 in an equitable manner to the funds available to meet the employers'
36 obligations under such retirement system.

37 Premiums for such group insurance coverage shall be paid from
38 a special fund, hereby created, called the "Teachers Group
39 Disability Insurance Premium Fund." The State Treasurer shall
40 estimate annually the amount which shall be required for premiums
41 for such benefits for the ensuing fiscal year and shall certify such
42 amounts which shall be applied against the total employer
43 contributions due for the members of the retirement system whose
44 members are covered, depositing such amounts in the premium
45 fund.

46 During the period such group insurance policy or policies are in
47 effect with respect to members of the retirement system, the State

1 Treasurer shall in no way commingle moneys in this fund with any
2 retirement system.

3 c. A person shall not be allowed the group disability benefit
4 coverage if on the date the person enrolls in the retirement system,
5 the person is 60 or more years of age, unless the person furnishes
6 satisfactory evidence of insurability and, on the effective date of
7 the person's enrollment, is actively at work and performing all the
8 regular duties at the customary place of employment.

9 The effective date of coverage for such a benefit shall be the first
10 day of the month which immediately follows the date when such
11 evidence is determined to be satisfactory.

12 Such evidence of insurability shall not be required of any person
13 enrolling in the retirement system upon transfer from another
14 retirement system, if such retirement system provided a benefit of a
15 similar nature and the transferring person was covered by such a
16 benefit at the time of the transfer. If such transferring person was
17 not covered by such a benefit at the time of the transfer, the person
18 may be allowed the benefit under the group policy or policies;
19 however, any such person shall furnish satisfactory evidence of
20 insurability if he had been unable or failed to give such evidence as
21 a member of the retirement system from which the person
22 transferred.

23 Any person who must furnish satisfactory evidence of
24 insurability, and who ceases to be enrolled in the retirement system
25 without such evidence having been given, shall continue to be
26 subject to the same requirement if the person subsequently becomes
27 a member.

28 d. The disability benefit coverage provided under such group
29 policy or policies shall provide a monthly income if the member
30 becomes totally disabled from occupational or nonoccupational
31 causes for a period of at least six consecutive months following the
32 effective date of the coverage. The monthly disability benefit may
33 be paid by the insurance company so long as the member remains
34 disabled up to the seventieth birthday, provided the disability
35 commenced prior to the sixtieth birthday. The benefit shall
36 terminate when the member is no longer considered totally disabled
37 or begins to receive retirement benefits.

38 The member shall be considered totally disabled if the member is
39 unable to perform each duty of the member's occupation and is
40 under the regular care of a physician. After the 12 months
41 following the commencement of such disability benefit payments,
42 the member shall be unable to engage in any gainful occupation for
43 which the member is reasonably fitted by education, training or
44 experience. Total disability shall not be considered to exist if the
45 member is gainfully employed. Following an agreement with the
46 insurance company and the policyholder, the member may continue
47 to receive disability benefits for a limited time while performing
48 some type of work. During the period of rehabilitation, the monthly

1 benefit shall be the regular payment less 80% of the member's
2 earnings from such rehabilitative position.

3 e. A member shall be deemed to be in service and covered by
4 the disability benefit insurance provisions for a period of no more
5 than six months while on official leave of absence without pay if
6 satisfactory evidence is presented to the Division of Pensions and
7 Benefits that such leave of absence without pay is due to illness and
8 that the member was not actively engaged in any gainful occupation
9 during such period of leave of absence without pay.

10 Disability benefit insurance provisions of the group policy or
11 policies shall not cover disability resulting from or contributed to
12 by pregnancy, act of war, intentionally self-inflicted injury, or
13 attempted suicide whether or not sane. For purposes of such
14 disability benefit coverage, the member shall not be considered to
15 be disabled while the member is imprisoned or while outside the
16 United States, its territories or possessions, or Canada.

17 If the member has recovered from the disability for which the
18 member had received benefits and again becomes totally disabled
19 while insured, the later disability shall be regarded as a continuation
20 of the prior one unless the member has returned to full-time covered
21 employment for at least six months. If the later absence is due to an
22 unrelated cause and the member had returned to full-time work, it
23 shall be considered a new disability. The disability benefit
24 insurance cannot be converted to an individual policy.

25 No person shall be covered by the disability benefit provision of
26 the group policy or policies except upon the completion of one year
27 of full-time continuous employment in a position eligible for
28 participation in a retirement system designated in subsection a. of
29 this section.

30 f. The disability benefit provided under such group policy or
31 policies shall be in an amount equal to 60% of the member's base
32 monthly salary, reduced by periodic benefits to which the member
33 may be entitled during the period of total disability. The minimum
34 monthly disability benefit shall be \$50.

35 The periodic benefit by which the monthly disability benefit may
36 be reduced shall include salary or wages, retirement benefits or
37 benefits from any source for which the State or other public
38 employer has paid any part of the cost or made payroll deductions,
39 Social Security disability or other benefits, including dependents'
40 benefits, and benefits paid by Social Security at the option of the
41 participant before the age of 65, but not including any increase in
42 Social Security benefits enacted after the disability benefit under
43 such group policy or policies have commenced, and any other
44 periodic benefits provided by law except on account of military
45 service.

46 When a member begins to receive a disability benefit under such
47 group policy or policies, the insurance company shall pay an
48 amount equal to the employee contribution which would have been

1 required of the member and deducted from the member's base
2 salary in order to meet the member's obligation for the purchase of
3 the member's individual retirement annuity. Such amount shall be
4 paid by the insurance company without reduction by any other
5 periodic benefit which the member is eligible to receive. Such
6 amount shall be paid by the insurance company to the insurer or
7 insurers for the member's retirement annuity.

8 g. Notwithstanding any other provision of law, an insurance
9 company or companies issuing such policy or policies may credit
10 the policyholder either directly or in the form of reduced premiums,
11 with savings by the company or companies in the event that no
12 brokerage commission or commissions are paid by the company or
13 companies on the issuance of such policy or policies.

14 No employer obligations shall be paid when the member is on a
15 leave of absence without pay or when the member no longer is
16 enrolled in the retirement system designated in subsection a. of this
17 section.

18 h. The group disability insurance policy or policies shall
19 provide a member with an opportunity to purchase additional
20 coverage.

21 i. A member who is disabled and receiving a benefit under this
22 section shall remain eligible for employer-provided health care
23 benefits coverage in the same manner as such coverage is provided
24 by the employer to retirees of the retirement system.

25 j. The State Treasurer shall establish an appeals process to be
26 used when an employer or employee disagree with the insurer on
27 the employee's ability to return to employment or on issues related
28 to physical examinations.

29
30 11. (New section) a. A person who becomes a member of the
31 Public Employees' Retirement System of New Jersey, P.L.1954,
32 c.84 (C.43:15A-1 et seq.), on or after the effective date of P.L. ,
33 c. (pending before the Legislature as this bill) shall not be
34 eligible for an ordinary or accidental disability retirement
35 allowance, but shall be eligible for disability insurance coverage
36 pursuant to this section.

37 b. The State Treasurer is hereby authorized and permitted to
38 purchase from one or more insurance companies, as determined by
39 him, group disability benefit coverage to provide for the disability
40 benefit in the amounts specified herein. The group disability
41 benefit coverage may be provided under one or more policies issued
42 to the State Treasurer specifically for this purpose or, in the
43 discretion of the State Treasurer, under one or more policies issued
44 to the State Treasurer which provide group life insurance coverage
45 for members of the retirement system designated in subsection a. of
46 this section. Any dividend or retrospective rate credit allowed by
47 an insurance company attributable to this program shall be credited

1 in an equitable manner to the funds available to meet the employers'
2 obligations under such retirement system.

3 Premiums for such group insurance coverage shall be paid from
4 a special fund, hereby created, called the "Public Employees Group
5 Disability Insurance Premium Fund." The State Treasurer shall
6 estimate annually the amount which shall be required for premiums
7 for such benefits for the ensuing fiscal year and shall certify such
8 amounts which shall be applied against the total employer
9 contributions due for the members of the retirement system whose
10 members are covered, depositing such amounts in the premium
11 fund.

12 During the period such group insurance policy or policies are in
13 effect with respect to members of the retirement system, the State
14 Treasurer shall in no way commingle moneys in this fund with any
15 retirement system.

16 c. A person shall not be allowed the group disability benefit
17 coverage if on the date the person enrolls in the retirement system,
18 the person is 60 or more years of age, unless the person furnishes
19 satisfactory evidence of insurability and, on the effective date of
20 the person's enrollment, is actively at work and performing all the
21 regular duties at the customary place of employment.

22 The effective date of coverage for such a benefit shall be the first
23 day of the month which immediately follows the date when such
24 evidence is determined to be satisfactory.

25 Such evidence of insurability shall not be required of any person
26 enrolling in the retirement system upon transfer from another
27 retirement system, if such retirement system provided a benefit of a
28 similar nature and the transferring person was covered by such a
29 benefit at the time of the transfer. If such transferring person was
30 not covered by such a benefit at the time of the transfer, the person
31 may be allowed the benefit under the group policy or policies;
32 however, any such person shall furnish satisfactory evidence of
33 insurability if he had been unable or failed to give such evidence as
34 a member of the retirement system from which the person
35 transferred.

36 Any person who must furnish satisfactory evidence of
37 insurability, and who ceases to be enrolled in the retirement system
38 without such evidence having been given, shall continue to be
39 subject to the same requirement if the person subsequently becomes
40 a member.

41 d. The disability benefit coverage provided under such group
42 policy or policies shall provide a monthly income if the member
43 becomes totally disabled from occupational or nonoccupational
44 causes for a period of at least six consecutive months following the
45 effective date of the coverage. The monthly disability benefit may
46 be paid by the insurance company so long as the member remains
47 disabled up to the seventieth birthday, provided the disability
48 commenced prior to the sixtieth birthday. The benefit shall

1 terminate when the member is no longer considered totally disabled
2 or begins to receive retirement benefits.

3 The member shall be considered totally disabled if the member is
4 unable to perform each duty of the member's occupation and is
5 under the regular care of a physician. After the 12 months
6 following the commencement of such disability benefit payments,
7 the member shall be unable to engage in any gainful occupation for
8 which the member is reasonably fitted by education, training or
9 experience. Total disability shall not be considered to exist if the
10 member is gainfully employed. Following an agreement with the
11 insurance company and the policyholder, the member may continue
12 to receive disability benefits for a limited time while performing
13 some type of work. During the period of rehabilitation, the monthly
14 benefit shall be the regular payment less 80% of the member's
15 earnings from such rehabilitative position.

16 e. A member shall be deemed to be in service and covered by
17 the disability benefit insurance provisions for a period of no more
18 than six months while on official leave of absence without pay if
19 satisfactory evidence is presented to the Division of Pensions and
20 Benefits that such leave of absence without pay is due to illness and
21 that the member was not actively engaged in any gainful occupation
22 during such period of leave of absence without pay.

23 Disability benefit insurance provisions of the group policy or
24 policies shall not cover disability resulting from or contributed to
25 by pregnancy, act of war, intentionally self-inflicted injury, or
26 attempted suicide whether or not sane. For purposes of such
27 disability benefit coverage, the member shall not be considered to
28 be disabled while the member is imprisoned or while outside the
29 United States, its territories or possessions, or Canada.

30 If the member has recovered from the disability for which the
31 member had received benefits and again becomes totally disabled
32 while insured, the later disability shall be regarded as a continuation
33 of the prior one unless the member has returned to full-time covered
34 employment for at least six months. If the later absence is due to an
35 unrelated cause and the member had returned to full-time work, it
36 shall be considered a new disability. The disability benefit
37 insurance cannot be converted to an individual policy.

38 No person shall be covered by the disability benefit provision of
39 the group policy or policies except upon the completion of one year
40 of full-time continuous employment in a position eligible for
41 participation in a retirement system designated in subsection a. of
42 this section.

43 f. The disability benefit provided under such group policy or
44 policies shall be in an amount equal to 60% of the member's base
45 monthly salary, reduced by periodic benefits to which the member
46 may be entitled during the period of total disability. The minimum
47 monthly disability benefit shall be \$50.

1 The periodic benefit by which the monthly disability benefit may
2 be reduced shall include salary or wages, retirement benefits or
3 benefits from any source for which the State or other public
4 employer has paid any part of the cost or made payroll deductions,
5 Social Security disability or other benefits, including dependents'
6 benefits, and benefits paid by Social Security at the option of the
7 participant before the age of 65, but not including any increase in
8 Social Security benefits enacted after the disability benefit under
9 such group policy or policies have commenced, and any other
10 periodic benefits provided by law except on account of military
11 service.

12 When a member begins to receive a disability benefit under such
13 group policy or policies, the insurance company shall pay an
14 amount equal to the employee contribution which would have been
15 required of the member and deducted from the member's base
16 salary in order to meet the member's obligation for the purchase of
17 the member's individual retirement annuity. Such amount shall be
18 paid by the insurance company without reduction by any other
19 periodic benefit which the member is eligible to receive. Such
20 amount shall be paid by the insurance company to the insurer or
21 insurers for the member's retirement annuity.

22 g. Notwithstanding any other provision of law, an insurance
23 company or companies issuing such policy or policies may credit
24 the policyholder either directly or in the form of reduced premiums,
25 with savings by the company or companies in the event that no
26 brokerage commission or commissions are paid by the company or
27 companies on the issuance of such policy or policies.

28 No employer obligations shall be paid when the member is on a
29 leave of absence without pay or when the member no longer is
30 enrolled in the retirement system designated in subsection a. of this
31 section.

32 h. The group disability insurance policy or policies shall
33 provide a member with an opportunity to purchase additional
34 coverage.

35 i. A member who is disabled and receiving a benefit under this
36 section shall remain eligible for employer-provided health care
37 benefits coverage in the same manner as such coverage is provided
38 by the employer to retirees of the retirement system.

39 j. The State Treasurer shall establish an appeals process to be
40 used when an employer or employee disagree with the insurer on
41 the employee's ability to return to employment or on issues related
42 to physical examinations.

43
44 12. (New section) The provisions of section 42 of P.L.1954,
45 c.84 (C.43:15A-42) and section 43 of P.L.1954, c.84 (C.43:15A-43)
46 as amended by P.L. , c. (pending before the Legislature as this
47 bill), and section 11 of P.L. , c. (C.)(pending before the
48 Legislature as this bill), concerning persons who become members

1 of the retirement system on or after the effective date of P.L. , c.
2 (pending before the Legislature as this bill) shall not apply to a
3 person who at the time of enrollment in the retirement system on or
4 after that effective date transfers service credit, as permitted, from
5 another State-administered retirement system or fund of which the
6 person was a member immediately prior to the effective date and
7 continuously thereafter, but shall apply to a former member of the
8 retirement system who has been granted a retirement allowance and
9 is reenrolled in the retirement system on or after that effective date
10 after becoming employed again in a position that makes the person
11 eligible to be a member of the retirement system.

12

13 13. (New section) The provisions of N.J.S.18A:66-39 as
14 amended by P.L. , c. (pending before the Legislature as this bill),
15 and section 10 of P.L. , c. (C.)(pending before the Legislature
16 as this bill), concerning persons who become members of the
17 retirement system on or after the effective date of P.L. , c.
18 (pending before the Legislature as this bill) shall not apply to a
19 person who at the time of enrollment in the retirement system on or
20 after that effective date transfers service credit, as permitted, from
21 another State-administered retirement system or fund of which the
22 person was a member immediately prior to the effective date and
23 continuously thereafter, but shall apply to a former member of the
24 retirement system who has been granted a retirement allowance and
25 is reenrolled in the retirement system on or after that effective date
26 after becoming employed again in a position that makes the person
27 eligible to be a member of the retirement system.

28

29 14. This act shall take effect on the 60th day following
30 enactment.

31

32

33

STATEMENT

34

Sections 1, 2 and 3:

35 These sections implement Recommendation 36 of the Joint
36 Legislative Committee on Public Employee Benefits Reform set
37 forth in the final report dated December 1, 2006. The report
38 concluded that “this recommendation will bring supplemental
39 compensation for accumulated unused sick leave in line with the
40 current law and practice for State employees, thus standardizing this
41 benefit for public employees serving at different levels of government
42 in the State.”

43 This bill provides that supplemental compensation for
44 accumulated unused sick leave payable to any local government or
45 school district officer or employee cannot exceed \$15,000 and can
46 only be paid at the time the officer or employee retires. This
47 provision would apply only to officers and employees who
48

1 commence service with a local government or a school district on or
2 after the bill's effective date.

3 Current law limits to \$15,000 the maximum amount that may be
4 paid to a State employee for accumulated unused sick leave when
5 the employee retires. However, there is currently no such limit with
6 regard to local government and to school district officers or
7 employees, except with regard to certain high level local
8 government and school district officers.

9
10 Sections 4 and 5:

11 These sections implement Recommendation 37 of the Joint
12 Legislative Committee on Public Employee Benefits Reform set
13 forth in the final report dated December 1, 2006. The report
14 concludes that "this recommendation will bring the carry forward of
15 unused vacation time in line with the current law and practice for State
16 employees, thus standardizing these benefits for public employees
17 serving at different levels of government in the State. In addition, this
18 recommendation will enable local governments to control public
19 employee benefit costs which, in turn, will reduce property tax revenue
20 needs."

21 Under this bill, local government and school district officers and
22 employees would be allowed to carry forward vacation leave for
23 only one successive year, except that vacation leave that could not
24 be used because of an emergency declared by the Governor would
25 accumulate subject to certain limits. This provision would apply
26 only to officers and employees who commence service with a local
27 government or a school district on or after the bill's effective date
28 and only after the expiration of a current contract applicable to such
29 officer or employee

30 Current law limits vacation leave carry forward for State
31 employees and employees of local governments that have adopted
32 civil service. However, there is currently no such limit with regard
33 to other local government and to school district officers or
34 employees, except with regard to certain high level local
35 government and school district officers.

36
37 Section 6:

38 This section implements Recommendation 38 of the Joint
39 Legislative Committee on Public Employee Benefits Reform set
40 forth in the final report dated December 1, 2006. The committee
41 recommended "the enactment of legislation to eliminate the State's
42 sick leave injury program. The legislation should close the program
43 to all current and future State employees. The legislation should
44 take effect after the expiration of any collective bargaining
45 agreement in effect at the time of enactment so that no obligation in
46 a contract is impaired." The committee stated that "the proposals to
47 end the sick leave injury program are sound and that employees will
48 generally not be disadvantaged by this change because workers'

1 compensation benefits will continue to be available. In addition,
2 the State will realize savings in the form of reduced employee
3 benefit costs.”

4 This bill terminates the sick leave injury program for State
5 employees who are injured or who become ill directly as a result of
6 State employment after the bill’s effective date which is 60 days
7 after enactment or after the expiration of current collective
8 negotiations agreements.

9

10 Sections 7-11:

11 These sections implement Recommendation 17 of the Joint
12 Legislative Committee on Public Employee Benefits Reform set
13 forth in the final report dated December 1, 2006. The committee
14 recommended “the enactment of legislation to replace accidental
15 and ordinary disability benefits for new TPAF and PERS members
16 with private disability insurance coverage.” The committee found
17 that this recommendation would be beneficial to public employees
18 who become disabled and would result in savings to both the State
19 and local public employers.

20 This bill eliminates accidental and ordinary disability retirement
21 for members of the Teachers’ Pension and Annuity Fund (TPAF)
22 and Public Employees’ Retirement System (PERS) who are enrolled
23 in the retirement system on or after this bill’s effective date.
24 Instead, members of each system enrolled after that date will be
25 eligible for disability insurance coverage similar to that provided by
26 the State currently to individuals enrolled in the Defined
27 Contribution Retirement Program.

28

29 Section 12 and 13:

30 These sections provide that, with regard to any provision of this
31 bill concerning disability retirement in the Public Employees’
32 Retirement System and the Teachers’ Pension and Annuity Fund
33 made applicable to a person who becomes a member of a State-
34 administered retirement system on or after the bill’s effective date,
35 that provision would not apply to a person who at the time of
36 enrollment in the retirement system on or after that effective date
37 transfers service credit, as permitted, from another State-
38 administered retirement system or fund of which the person was a
39 member immediately prior to the effective date and continuously
40 thereafter, but would apply to a former member of the retirement
41 system who has been granted a retirement allowance and is
42 reenrolled in the retirement system on or after that effective date
43 after becoming employed again in a position that makes the person
44 eligible to be a member of the retirement system. These sections
45 are in line with recent prior enactments in this regard.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 4

STATE OF NEW JERSEY

DATED: FEBRUARY 18, 2010

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably Senate Bill No. 4.

This bill makes various changes concerning payments to public employees for unused sick leave, sick leave for injury while in State service, and accidental and ordinary disability retirement for members of the Public Employees' Retirement System (PERS) and the Teachers Pension and Annuity Fund (TPAF). The bill also limits to one year the amount of vacation leave that certain local government and school district officers and employees would be permitted to carry forward, under most circumstances.

Sections 1, 2 and 3:

These section provide that supplemental compensation for accumulated unused sick leave payable to any local government or school district officer or employee cannot exceed \$15,000 and can only be paid at the time the officer or employee retires. This restriction would apply only to officers and employees who commence service with a local government or a school district on or after the bill's effective date.

Current law limits to \$15,000 the maximum amount that may be paid to a State employee for accumulated unused sick leave when the employee retires. There is, however, currently no such limit with regard to local government and to school district officers or employees, except with regard to certain high level local government and school district officers.

Sections 4 and 5:

These section provide that local government and school district officers and employees would be allowed to carry forward vacation leave for only one successive year, except that vacation leave that could not be used because of an emergency declared by the Governor would accumulate subject to certain limits. This restriction would apply only to officers and employees who commence service with a local government or a school district on or after the bill's effective date

and only after the expiration of a current contract applicable to such officer or employee

Current law limits vacation leave carry forward for State employees and employees of local governments that have adopted civil service. There is, however, currently no such limit with regard to other local government and to school district officers or employees, except with regard to certain high level local government and school district officers.

Section 6:

This section terminates the sick leave injury program for State employees who are injured or who become ill directly as a result of State employment after the bill's effective date, which is 60 days after enactment or after the expiration of current collective negotiations agreements.

Sections 7-11:

These sections eliminate accidental and ordinary disability retirement for members of the TPAF and PERS who become enrolled in the retirement system on or after this bill's effective date. Instead, members of each system enrolled after that date will be eligible for disability insurance coverage similar to that provided by the State currently to individuals enrolled in the Defined Contribution Retirement Program.

Section 12 and 13:

These sections provide that, with regard to any provision of this bill concerning disability retirement in the PERS and the TPAF made applicable to a person who becomes a member of a State-administered retirement system on or after the bill's effective date, that provision would not apply to a person who at the time of enrollment in the retirement system on or after that effective date transfers service credit, as permitted, from another State-administered retirement system or fund of which the person was a member immediately prior to the effective date and continuously thereafter, but would apply to a former member of the retirement system who has been granted a retirement allowance and is reenrolled in the retirement system on or after that effective date after becoming employed again in a position that makes the person eligible to be a member of the retirement system. These sections are in line with recent prior enactments in this regard.

FISCAL ESTIMATE
SENATE, No. 4
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: MARCH 1, 2010

SUMMARY

- Synopsis:** Makes various changes concerning payments to public employees for unused sick leave, sick leave injury in State service, and PERS and TPAF disability retirement.
- Type of Impact:** Expenditure Decrease: State General Fund; Local Government Funds; Boards of Education Funds.
- Agencies Affected:** Department of the Treasury; Local Government Entities; Boards of Education.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
State Savings			
Sick Leave Injury Program	\$16.8 million	\$18.1 million	\$19.4 million
Other	Indeterminate Impact – See comments below		
Local Savings	Indeterminate Impact – See comments below		

- This bill limits payments to be made by local government entities and boards of education to future employees for accumulated unused sick leave at \$15,000 and at the time of retirement; limits vacation leave carry forward for future employees of local government entities and boards of education; terminates the State’s sick leave injury program for employees injured after the bill’s effective date; and eliminates accidental and ordinary disability retirement for new members of the Teachers’ Pension and Annuity Fund (TPAF) and Public Employees’ Retirement System (PERS) and replaces it with disability insurance coverage.
- The Office of Legislative Services (OLS) notes that the limit on accumulated unused sick leave and on vacation leave carry forward applies to new employees of local government entities and boards of education. While savings may be realized by some local governments and boards, the savings cannot be calculated because no information or data is available on these benefits. The savings to be realized by any one local government entity or board of education will depend on its particular circumstances.
- The termination of the State’s sick leave injury program may result in savings of approximately \$16.8 million in State Fiscal Year 2012, \$18.1 million in Fiscal Year 2013,

and \$19.4 million in Fiscal Year 2014 based on the annual growth in program costs from Fiscal Year 2007 to Fiscal Year 2009.

- Savings to the State, local governments, and boards of education resulting from the elimination of disability retirement in PERS and TPAF depends on the cost to replace the benefit of disability retirement with long term disability insurance.

BILL DESCRIPTION

Senate Bill No. 4 of 2010 implements various recommendations of the Joint Legislative Committee on Public Employee Benefits Reform set forth in its final report dated December 1, 2006. First, this bill provides that supplemental compensation for accumulated unused sick leave payable to a local government or school district officer or employee cannot exceed \$15,000 and can only be paid at the time the officer or employee retires. In addition, the bill provides that local government and school district officers and employees would be allowed to carry forward vacation leave for only one successive year, except that vacation leave that could not be used because of an emergency declared by the Governor would accumulate subject to certain limits. These two provisions would apply only to officers and employees who commence service with a local government or a school district on or after the bill's effective date and only after the expiration of a current collective negotiations agreement applicable to such officers or employees. Second, this bill terminates the sick leave injury program for State employees who are injured or who become ill directly as a result of State employment after the bill's effective date, which is 60 days after enactment or after the expiration of current collective negotiations agreements. Finally, the bill eliminates accidental and ordinary disability retirement for new members of the TPAF and PERS who are enrolled in the retirement system on or after this bill's effective date. Instead, new members of each system will be eligible for disability insurance coverage similar to that provided by the State currently to individuals enrolled in the Defined Contribution Retirement Program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None provided.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the limit on payments for accumulated unused sick leave and the limit on vacation leave carry forward applies to new employees of local government entities and boards of education. While savings may be realized by some local governments and boards of education, the savings cannot be calculated because no information or data is available on these benefits. The savings to be realized by any one local government entity or board of education will depend on its particular circumstances.

The termination of the State's sick leave injury (SLI) program may result in savings of approximately \$16.8 million in State Fiscal Year 2012 based on the annual growth in program costs from Fiscal Year 2007 to FY 2009. In Fiscal Year 2007, there were 65,472 SLI days approved for a total cost of \$13.4 million and in Fiscal Year 2009, there were 74,123 SLI days

approved for total program costs of \$15.6 million representing an annual growth of 6.4 percent in SLI days and 7.6 percent in total program costs. The Departments of Corrections and Health and Human Services account for 74 percent of the SLI days and 77 percent of the costs of the program. Termination of the SLI program may shift costs of the SLI program to the workers' compensation program by an unknown amount. Those who would have applied for SLI benefits will have to apply for workers' compensation benefits, but it may be more difficult to qualify under workers' compensation. According to the responses to the discussion points in the State Fiscal Year 2009-2010 OLS Analysis of the Governor's budget for Interdepartmental Accounts, workers' compensation claims by State employees have increased by 81 percent, from \$39.9 million in 2003 to \$72.2 million in Fiscal Year 2008. The Departments of Corrections, Health and Human Services, and Law and Public Safety account for 71 percent of the costs of the workers' compensation program

Finally, the OLS cannot calculate the fiscal impact to the State, local government entities, or boards of education from the elimination of disability retirement in the PERS and TPAF and the resulting, requisite purchase of disability insurance coverage in its place, without knowing how much a long term disability insurance policy would cost the State. The Department of the Treasury has not provided information regarding the cost of a long term disability insurance policy or an estimate of the impact on the employers' contributions to the PERS and TPAF.

Section: State Government

*Analyst: Kim Clemmensen
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-6 et seq.).

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4

STATE OF NEW JERSEY

DATED: MARCH 18, 2010

The Assembly Appropriations Committee reports favorably Senate, No. 4

The bill makes various changes concerning payments to public employees for unused sick leave, carrying forward of vacation leave by public employees, sick leave for injury while in State service, and accidental and ordinary disability retirement for members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF).

Specifically, the bill provides that:

1) supplemental compensation for accumulated unused sick leave payable to any new local government or school district officer or employee cannot exceed \$15,000 and can only be paid at the time the officer or employee retires.

2) new local government and school district officers and employees may carry forward vacation leave for only one successive year, except that vacation leave that cannot be used because of an emergency declared by the Governor could accumulate subject to certain limits.

3) the sick leave injury program for State employees will no longer be available for employees who are injured or who become ill directly as a result of State employment after the bill's effective date, which is 60 days after enactment or after the expiration of current collective negotiations agreements.

4) accidental and ordinary disability retirement for new members of the TPAF and PERS will no longer be available and those new members would be eligible for disability insurance coverage similar to that provided by the State currently to individuals enrolled in the Defined Contribution Retirement Program.

This bill is identical to Assembly Bill No. 2459, as also reported by the committee.

FISCAL IMPACT:

The OLS notes that the limit on payments for accumulated unused sick leave and the limit on vacation leave carry forward applies to new employees of local government entities and boards of education. While savings may be realized by some local governments and boards

of education, the savings cannot be calculated because no information or data is available on these benefits. The savings to be realized by any one local government entity or board of education will depend on its particular circumstances.

The termination of the State's sick leave injury (SLI) program may result in savings of approximately \$16.8 million in State Fiscal Year 2012 based on the annual growth in program costs from Fiscal Year 2007 to Fiscal Year 2009. Termination of the SLI program may shift costs of the SLI program to the workers' compensation program by an unknown amount. Those who would have applied for SLI benefits will have to apply for workers' compensation benefits, but it may be more difficult to qualify under workers' compensation.

The OLS cannot calculate the fiscal impact to the State, local government entities, or boards of education from the elimination of disability retirement in the PERS and TPAF. The Department of the Treasury has not provided information regarding the cost of long term disability insurance or an estimate of the impact on the employers' contributions to the PERS and TPAF.

ASSEMBLY, No. 2459

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED MARCH 4, 2010

Sponsored by:

Assemblyman ALEX DECROCE

District 26 (Morris and Passaic)

Assemblywoman SHEILA Y. OLIVER

District 34 (Essex and Passaic)

Co-Sponsored by:

Assemblymen Wolfe, Russo, Biondi, Assemblywomen Handlin, Casagrande, Assemblymen Bramnick, O'Scanlon, Webber, DiMaio, A.M.Bucco, Assemblywoman N.Munoz, Assemblyman Rudder, Assemblywoman Addiego, Assemblyman Peterson, Assemblywoman Coyle, Assemblymen DiCicco and Chiusano

SYNOPSIS

Makes various changes concerning payments to public employees for unused sick leave, sick leave injury in State service, and PERS and TPAF disability retirement.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/23/2010)

1 AN ACT concerning benefits for public employees and amending
2 and supplementing various parts of the statutory law.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. (New section) Notwithstanding any law, rule or regulation
8 to the contrary, a political subdivision of the State, or an agency,
9 authority or instrumentality thereof, that has adopted the provisions
10 of Title 11A of the New Jersey Statutes, shall not pay supplemental
11 compensation to any officer or employee for accumulated unused
12 sick leave in an amount in excess of \$15,000. Supplemental
13 compensation shall be payable only at the time of retirement from a
14 State-administered or locally-administered retirement system based
15 on the leave credited on the date of retirement. This provision shall
16 apply only to officers and employees who commence service with
17 the political subdivision of the State, or the agency, authority or
18 instrumentality thereof, on or after the effective date of P.L. ,
19 c. (pending before the Legislature as this bill). This section shall
20 not be construed to affect the terms in any collective negotiations
21 agreement with a relevant provision in force on that effective date.

22

23 2. (New section) Notwithstanding any law, rule or regulation
24 to the contrary, a political subdivision of the State, or an agency,
25 authority or instrumentality thereof, that has not adopted the
26 provisions of Title 11A of the New Jersey Statutes, shall not pay
27 supplemental compensation to any officer or employee for
28 accumulated unused sick leave in an amount in excess of \$15,000.
29 Supplemental compensation shall be payable only at the time of
30 retirement from a State-administered or locally-administered
31 retirement system based on the leave credited on the date of
32 retirement. This provision shall apply only to officers and
33 employees who commence service with the political subdivision of
34 the State, or the agency, authority or instrumentality thereof, on or
35 after the effective date of P.L. , c. (pending before the
36 Legislature as this bill). This section shall not be construed to
37 affect the terms in any collective negotiations agreement with a
38 relevant provision in force on that effective date.

39

40 3. (New section) Notwithstanding any law, rule or regulation
41 to the contrary, a board of education, or an agency or
42 instrumentality thereof, shall not pay supplemental compensation to
43 any officer or employee for accumulated unused sick leave in an
44 amount in excess of \$15,000. Supplemental compensation shall be
45 payable only at the time of retirement from a State-administered or

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 locally-administered retirement system based on the leave credited
2 on the date of retirement. This provision shall apply only to
3 officers and employees who commence service with the board of
4 education, or the agency or instrumentality thereof, on or after the
5 effective date of P.L. , c. (pending before the Legislature as this
6 bill). This section shall not be construed to affect the terms in any
7 collective negotiations agreement with a relevant provision in force
8 on that effective date.

9
10 4. (New section) Notwithstanding any law, rule or regulation
11 to the contrary, an officer or employee of a political subdivision of
12 the State, or an agency, authority, or instrumentality thereof, that
13 has not adopted the provisions of Title 11A of the New Jersey
14 Statutes, who does not take vacation leave that accrues in a given
15 year because of business demands shall be granted that accrued
16 leave only during the next succeeding year. However, vacation
17 leave not taken in a given year because of duties directly related to
18 a state of emergency declared by the Governor may accumulate at
19 the discretion of the appointing authority until, pursuant to a plan
20 established by the officer or employee's appointing authority, the
21 leave is used or the employee or officer is compensated for that
22 leave, which shall not be subject to collective negotiation or
23 collective bargaining. This provision shall apply only to officers
24 and employees who commence service with the political
25 subdivision of the State, or the agency, authority or instrumentality
26 thereof, on or after the effective date of P.L. , c. (pending before
27 the Legislature as this bill). This section shall not be construed to
28 affect the terms in any collective negotiations agreement with a
29 relevant provision in force on that effective date.

30
31 5. (New section) Notwithstanding any law, rule or regulation
32 to the contrary, an officer or employee of a board of education, or
33 an agency or instrumentality thereof, who does not take vacation
34 leave that accrues in a given year because of business demands shall
35 be granted that accrued leave only during the next succeeding year.
36 However, vacation leave not taken in a given year because of duties
37 directly related to a state of emergency declared by the Governor
38 may accumulate at the discretion of the appointing authority until,
39 pursuant to a plan established by the officer or employee's
40 appointing authority, the leave is used or the employee or officer is
41 compensated for that leave, which shall not be subject to collective
42 negotiation or collective bargaining. This provision shall apply
43 only to officers and employees who commence service with the
44 board of education, or the agency or instrumentality thereof, on or
45 after the effective date of P.L. , c. (pending before the
46 Legislature as this bill). This section shall not be construed to
47 affect the terms in any collective negotiations agreement with a
48 relevant provision in force on that effective date.

1 6. N.J.S.11A:6-8 is amended to read as follows:

2 11A:6-8. a. Sick leave injury in State service. Leaves of
3 absence for career, senior executive and unclassified employees in
4 State service due to injury or illness directly caused by and arising
5 from State employment shall be governed by rules of the Civil
6 Service Commission. Leaves of absence for career and unclassified
7 employees of a political subdivision directly caused by or arising
8 from employment shall be governed by rules of the political
9 subdivision. Any sick leave with pay shall be reduced by the
10 amount of workers' compensation or disability benefits, if any,
11 received for the same injury or illness.

12 b. The rules promulgated by the commission to govern leaves
13 of absence under this section shall not apply, nor shall a leave of
14 absence pursuant to this section be available, to any career, senior
15 executive or unclassified employee in State service who sustains an
16 injury or illness on or after the effective date of P.L. _____,

17 c. (pending before the Legislature as this bill), or the expiration of
18 a collective negotiations agreement with a relevant provision in
19 effect on that effective date, directly caused by and arising from
20 State employment. This subsection shall not be construed as
21 impairing the obligations set forth in any collective negotiations
22 agreement between the State and its employees in effect on the
23 effective date of P.L. _____, c. (pending before the Legislature as this
24 bill).

25 (cf: P.L.2008, c.29, s.54)

26

27 7. N.J.S.18A:66-39 is amended to read as follows:

28 18A:66-39. a. Before June 9, 1971, a member, who shall have
29 been a teacher and a member of the retirement system for each of
30 the 10 years next preceding his retirement, shall, upon the
31 application of his employer or upon his own application or the
32 application of one acting in his behalf, be retired for ordinary
33 disability by the board of trustees, on a regular disability allowance
34 if he is under 60 years of age and on a service allowance if he has
35 reached or passed that age. The physician or physicians designated
36 by the board shall have first made a medical examination of him at
37 his residence or at any other place mutually agreed upon and shall
38 have certified to the board that the member is physically or
39 mentally incapacitated for the performance of duty and should be
40 retired.

41 b. On and after June 9, 1971, a member, under 60 years of age,
42 who has 10 or more years of credit for New Jersey service, shall,
43 upon the application of his employer or upon his own application or
44 the application of one acting in his behalf, be retired for ordinary
45 disability by the board of trustees. The physician or physicians
46 designated by the board shall have first made a medical examination
47 of him at his residence or at any other place mutually agreed upon
48 and shall have certified to the board that the member is physically

1 or mentally incapacitated for the performance of duty and should be
2 retired. No person who becomes a member of the retirement system
3 on or after the effective date of P.L. , c. (pending before the
4 Legislature as this bill) shall be eligible for retirement pursuant to
5 this subsection.

6 c. A member, under 65 years of age, shall, upon the application
7 of his employer or upon his own application or the application of
8 one acting in his behalf, be retired by the board of trustees, if said
9 member is permanently and totally disabled as a direct result of a
10 traumatic event occurring during and as a result of the performance
11 of his regular or assigned duties, on an accidental disability
12 allowance. A traumatic event occurring during voluntary
13 performance of regular or assigned duties at a place of employment
14 before or after required hours of employment which is not in
15 violation of any valid work rule of the employer or otherwise
16 prohibited by the employer shall be deemed as occurring during the
17 performance of regular or assigned duties. No person who becomes
18 a member of the retirement system on or after the effective date of
19 P.L. , c. (pending before the Legislature as this bill) shall be
20 eligible for retirement pursuant to this subsection.

21 The application to accomplish such retirement must be filed
22 within five years of the original traumatic event, but the board of
23 trustees may consider an application filed after the five-year period
24 if it can be factually demonstrated to the satisfaction of the board of
25 trustees that the disability is due to the accident and the filing was
26 not accomplished within the five-year period due to a delayed
27 manifestation of the disability or to circumstances beyond the
28 control of the member.

29 Permanent and total disability resulting from a cardiovascular,
30 pulmonary or musculo-skeletal condition which was not a direct
31 result of a traumatic event occurring in the performance of duty
32 shall be deemed an ordinary disability.

33 Before consideration of an application for accidental disability
34 allowance by the board of trustees, the physician or physicians
35 designated by the board shall have first made a medical examination
36 of the member at his residence or at any other place mutually
37 agreed upon and shall have certified to the board that he is
38 physically or mentally incapacitated for the performance of duty,
39 and should be retired, and the employer shall have certified to the
40 board that the member is permanently and totally disabled as a
41 direct result of a traumatic event occurring during and as a result of
42 the performance of his regular and assigned duties, the time and
43 place where the duty causing the disability was performed, that the
44 disability was not the result of his willful negligence and that the
45 member should be retired.

46 (cf: P.L.1986, c.51, s.1)

1 8. Section 42 of P.L.1954, c.84 (C.43:15A-42) is amended to
2 read as follows:

3 42. A member, under 60 years of age, who has 10 or more years
4 of credit for New Jersey service, shall, upon the application of the
5 head of the department in which he shall have been employed or
6 upon his own application or the application of one acting in his
7 behalf, be retired for ordinary disability by the board of trustees.
8 The physician or physicians designated by the board shall have first
9 made a medical examination of him at his residence or at any other
10 place mutually agreed upon and shall have certified to the board
11 that the member is physically or mentally incapacitated for the
12 performance of duty and should be retired.

13 The service requirement provisions of this amendatory and
14 supplementary act shall not become effective for 5 years following
15 the effective date of the act.

16 No person who becomes a member of the retirement system on
17 or after the effective date of P.L. , c. (pending before the
18 Legislature as this bill) shall be eligible for retirement pursuant to
19 this section.

20 (cf: P.L.1966, c.67, s.3)

21

22 9. Section 43 of P.L.1954, c.84 (C.43:15A-43) is amended to
23 read as follows:

24 43. A member who has not attained age 65 shall, upon the
25 application of the head of the department in which he is employed
26 or upon his own application or the application of one acting in his
27 behalf, be retired by the board of trustees, if said employee is
28 permanently and totally disabled as a direct result of a traumatic
29 event occurring during and as a result of the performance of his
30 regular or assigned duties, on an accidental disability allowance. A
31 traumatic event occurring during voluntary performance of regular
32 or assigned duties at a place of employment before or after required
33 hours of employment which is not in violation of any valid work
34 rule of the employer or otherwise prohibited by the employer shall
35 be deemed as occurring during the performance of regular or
36 assigned duties.

37 The application to accomplish such retirement must be filed
38 within five years of the original traumatic event, but the board of
39 trustees may consider an application filed after the five-year period
40 if it can be factually demonstrated to the satisfaction of the board of
41 trustees that the disability is due to the accident and the filing was
42 not accomplished within the five-year period due to a delayed
43 manifestation of the disability or to circumstances beyond the
44 control of the member.

45 Permanent and total disability resulting from a cardiovascular,
46 pulmonary or musculo-skeletal condition which was not a direct
47 result of a traumatic event occurring in the performance of duty
48 shall be deemed an ordinary disability.

1 Before consideration of the application by the board of trustees,
2 the physician or physicians designated by the board shall have first
3 made a medical examination of the member at his residence or at
4 any other place mutually agreed upon and shall have certified to the
5 board that he is physically or mentally incapacitated for the
6 performance of duty, and should be retired, and the appointing
7 authority shall have certified to the board that the member is
8 permanently and totally disabled as a direct result of a traumatic
9 event occurring during and as a result of the performance of his
10 regular or assigned duties, the time and place where the duty
11 causing the disability was performed, that the disability was not the
12 result of his willful negligence and that the member should be
13 retired.

14 No person who becomes a member of the retirement system on
15 or after the effective date of P.L. , c. (pending before the
16 Legislature as this bill) shall be eligible for retirement pursuant to
17 this section.

18 (cf: P.L.1986, c.51, s.2)

19

20 10. (New section) a. A person who becomes a member of the
21 Teachers' Pension and Annuity Fund, N.J.S.18A:66-1 et seq., on or
22 after the effective date of P.L. , c. (pending before the
23 Legislature as this bill) shall not be eligible for an ordinary or
24 accidental disability retirement allowance, but shall be eligible for
25 disability insurance coverage pursuant to this section.

26 b. The State Treasurer is hereby authorized and permitted to
27 purchase from one or more insurance companies, as determined by
28 him, group disability benefit coverage to provide for the disability
29 benefit in the amounts specified herein. The group disability
30 benefit coverage may be provided under one or more policies issued
31 to the State Treasurer specifically for this purpose or, in the
32 discretion of the State Treasurer, under one or more policies issued
33 to the State Treasurer which provide group life insurance coverage
34 for members of the retirement system designated in subsection a. of
35 this section. Any dividend or retrospective rate credit allowed by
36 an insurance company attributable to this program shall be credited
37 in an equitable manner to the funds available to meet the employers'
38 obligations under such retirement system.

39 Premiums for such group insurance coverage shall be paid from
40 a special fund, hereby created, called the "Teachers Group
41 Disability Insurance Premium Fund." The State Treasurer shall
42 estimate annually the amount which shall be required for premiums
43 for such benefits for the ensuing fiscal year and shall certify such
44 amounts which shall be applied against the total employer
45 contributions due for the members of the retirement system whose
46 members are covered, depositing such amounts in the premium
47 fund.

1 During the period such group insurance policy or policies are in
2 effect with respect to members of the retirement system, the State
3 Treasurer shall in no way commingle moneys in this fund with any
4 retirement system.

5 c. A person shall not be allowed the group disability benefit
6 coverage if on the date the person enrolls in the retirement system,
7 the person is 60 or more years of age, unless the person furnishes
8 satisfactory evidence of insurability and, on the effective date of
9 the person's enrollment, is actively at work and performing all the
10 regular duties at the customary place of employment.

11 The effective date of coverage for such a benefit shall be the first
12 day of the month which immediately follows the date when such
13 evidence is determined to be satisfactory.

14 Such evidence of insurability shall not be required of any person
15 enrolling in the retirement system upon transfer from another
16 retirement system, if such retirement system provided a benefit of a
17 similar nature and the transferring person was covered by such a
18 benefit at the time of the transfer. If such transferring person was
19 not covered by such a benefit at the time of the transfer, the person
20 may be allowed the benefit under the group policy or policies;
21 however, any such person shall furnish satisfactory evidence of
22 insurability if he had been unable or failed to give such evidence as
23 a member of the retirement system from which the person
24 transferred.

25 Any person who must furnish satisfactory evidence of
26 insurability, and who ceases to be enrolled in the retirement system
27 without such evidence having been given, shall continue to be
28 subject to the same requirement if the person subsequently becomes
29 a member.

30 d. The disability benefit coverage provided under such group
31 policy or policies shall provide a monthly income if the member
32 becomes totally disabled from occupational or nonoccupational
33 causes for a period of at least six consecutive months following the
34 effective date of the coverage. The monthly disability benefit may
35 be paid by the insurance company so long as the member remains
36 disabled up to the seventieth birthday, provided the disability
37 commenced prior to the sixtieth birthday. The benefit shall
38 terminate when the member is no longer considered totally disabled
39 or begins to receive retirement benefits.

40 The member shall be considered totally disabled if the member is
41 unable to perform each duty of the member's occupation and is
42 under the regular care of a physician. After the 12 months
43 following the commencement of such disability benefit payments,
44 the member shall be unable to engage in any gainful occupation for
45 which the member is reasonably fitted by education, training or
46 experience. Total disability shall not be considered to exist if the
47 member is gainfully employed. Following an agreement with the
48 insurance company and the policyholder, the member may continue

1 to receive disability benefits for a limited time while performing
2 some type of work. During the period of rehabilitation, the monthly
3 benefit shall be the regular payment less 80% of the member's
4 earnings from such rehabilitative position.

5 e. A member shall be deemed to be in service and covered by
6 the disability benefit insurance provisions for a period of no more
7 than six months while on official leave of absence without pay if
8 satisfactory evidence is presented to the Division of Pensions and
9 Benefits that such leave of absence without pay is due to illness and
10 that the member was not actively engaged in any gainful occupation
11 during such period of leave of absence without pay.

12 Disability benefit insurance provisions of the group policy or
13 policies shall not cover disability resulting from or contributed to
14 by pregnancy, act of war, intentionally self-inflicted injury, or
15 attempted suicide whether or not sane. For purposes of such
16 disability benefit coverage, the member shall not be considered to
17 be disabled while the member is imprisoned or while outside the
18 United States, its territories or possessions, or Canada.

19 If the member has recovered from the disability for which the
20 member had received benefits and again becomes totally disabled
21 while insured, the later disability shall be regarded as a continuation
22 of the prior one unless the member has returned to full-time covered
23 employment for at least six months. If the later absence is due to an
24 unrelated cause and the member had returned to full-time work, it
25 shall be considered a new disability. The disability benefit
26 insurance cannot be converted to an individual policy.

27 No person shall be covered by the disability benefit provision of
28 the group policy or policies except upon the completion of one year
29 of full-time continuous employment in a position eligible for
30 participation in a retirement system designated in subsection a. of
31 this section.

32 f. The disability benefit provided under such group policy or
33 policies shall be in an amount equal to 60% of the member's base
34 monthly salary, reduced by periodic benefits to which the member
35 may be entitled during the period of total disability. The minimum
36 monthly disability benefit shall be \$50.

37 The periodic benefit by which the monthly disability benefit may
38 be reduced shall include salary or wages, retirement benefits or
39 benefits from any source for which the State or other public
40 employer has paid any part of the cost or made payroll deductions,
41 Social Security disability or other benefits, including dependents'
42 benefits, and benefits paid by Social Security at the option of the
43 participant before the age of 65, but not including any increase in
44 Social Security benefits enacted after the disability benefit under
45 such group policy or policies have commenced, and any other
46 periodic benefits provided by law except on account of military
47 service.

1 When a member begins to receive a disability benefit under such
2 group policy or policies, the insurance company shall pay an
3 amount equal to the employee contribution which would have been
4 required of the member and deducted from the member's base
5 salary in order to meet the member's obligation for the purchase of
6 the member's individual retirement annuity. Such amount shall be
7 paid by the insurance company without reduction by any other
8 periodic benefit which the member is eligible to receive. Such
9 amount shall be paid by the insurance company to the insurer or
10 insurers for the member's retirement annuity.

11 g. Notwithstanding any other provision of law, an insurance
12 company or companies issuing such policy or policies may credit
13 the policyholder either directly or in the form of reduced premiums,
14 with savings by the company or companies in the event that no
15 brokerage commission or commissions are paid by the company or
16 companies on the issuance of such policy or policies.

17 No employer obligations shall be paid when the member is on a
18 leave of absence without pay or when the member no longer is
19 enrolled in the retirement system designated in subsection a. of this
20 section.

21 h. The group disability insurance policy or policies shall
22 provide a member with an opportunity to purchase additional
23 coverage.

24 i. A member who is disabled and receiving a benefit under this
25 section shall remain eligible for employer-provided health care
26 benefits coverage in the same manner as such coverage is provided
27 by the employer to retirees of the retirement system.

28 j. The State Treasurer shall establish an appeals process to be
29 used when an employer or employee disagree with the insurer on
30 the employee's ability to return to employment or on issues related
31 to physical examinations.

32

33 11. (New section) a. A person who becomes a member of the
34 Public Employees' Retirement System of New Jersey, P.L.1954,
35 c.84 (C.43:15A-1 et seq.), on or after the effective date of P.L. ,
36 c. (pending before the Legislature as this bill) shall not be eligible
37 for an ordinary or accidental disability retirement allowance, but
38 shall be eligible for disability insurance coverage pursuant to this
39 section.

40 b. The State Treasurer is hereby authorized and permitted to
41 purchase from one or more insurance companies, as determined by
42 him, group disability benefit coverage to provide for the disability
43 benefit in the amounts specified herein. The group disability
44 benefit coverage may be provided under one or more policies issued
45 to the State Treasurer specifically for this purpose or, in the
46 discretion of the State Treasurer, under one or more policies issued
47 to the State Treasurer which provide group life insurance coverage
48 for members of the retirement system designated in subsection a. of

1 this section. Any dividend or retrospective rate credit allowed by
2 an insurance company attributable to this program shall be credited
3 in an equitable manner to the funds available to meet the employers'
4 obligations under such retirement system.

5 Premiums for such group insurance coverage shall be paid from
6 a special fund, hereby created, called the "Public Employees Group
7 Disability Insurance Premium Fund." The State Treasurer shall
8 estimate annually the amount which shall be required for premiums
9 for such benefits for the ensuing fiscal year and shall certify such
10 amounts which shall be applied against the total employer
11 contributions due for the members of the retirement system whose
12 members are covered, depositing such amounts in the premium
13 fund.

14 During the period such group insurance policy or policies are in
15 effect with respect to members of the retirement system, the State
16 Treasurer shall in no way commingle moneys in this fund with any
17 retirement system.

18 c. A person shall not be allowed the group disability benefit
19 coverage if on the date the person enrolls in the retirement system,
20 the person is 60 or more years of age, unless the person furnishes
21 satisfactory evidence of insurability and, on the effective date of
22 the person's enrollment, is actively at work and performing all the
23 regular duties at the customary place of employment.

24 The effective date of coverage for such a benefit shall be the first
25 day of the month which immediately follows the date when such
26 evidence is determined to be satisfactory.

27 Such evidence of insurability shall not be required of any person
28 enrolling in the retirement system upon transfer from another
29 retirement system, if such retirement system provided a benefit of a
30 similar nature and the transferring person was covered by such a
31 benefit at the time of the transfer. If such transferring person was
32 not covered by such a benefit at the time of the transfer, the person
33 may be allowed the benefit under the group policy or policies;
34 however, any such person shall furnish satisfactory evidence of
35 insurability if he had been unable or failed to give such evidence as
36 a member of the retirement system from which the person
37 transferred.

38 Any person who must furnish satisfactory evidence of
39 insurability, and who ceases to be enrolled in the retirement system
40 without such evidence having been given, shall continue to be
41 subject to the same requirement if the person subsequently becomes
42 a member.

43 d. The disability benefit coverage provided under such group
44 policy or policies shall provide a monthly income if the member
45 becomes totally disabled from occupational or nonoccupational
46 causes for a period of at least six consecutive months following the
47 effective date of the coverage. The monthly disability benefit may
48 be paid by the insurance company so long as the member remains

1 disabled up to the seventieth birthday, provided the disability
2 commenced prior to the sixtieth birthday. The benefit shall
3 terminate when the member is no longer considered totally disabled
4 or begins to receive retirement benefits.

5 The member shall be considered totally disabled if the member is
6 unable to perform each duty of the member's occupation and is
7 under the regular care of a physician. After the 12 months
8 following the commencement of such disability benefit payments,
9 the member shall be unable to engage in any gainful occupation for
10 which the member is reasonably fitted by education, training or
11 experience. Total disability shall not be considered to exist if the
12 member is gainfully employed. Following an agreement with the
13 insurance company and the policyholder, the member may continue
14 to receive disability benefits for a limited time while performing
15 some type of work. During the period of rehabilitation, the monthly
16 benefit shall be the regular payment less 80% of the member's
17 earnings from such rehabilitative position.

18 e. A member shall be deemed to be in service and covered by
19 the disability benefit insurance provisions for a period of no more
20 than six months while on official leave of absence without pay if
21 satisfactory evidence is presented to the Division of Pensions and
22 Benefits that such leave of absence without pay is due to illness and
23 that the member was not actively engaged in any gainful occupation
24 during such period of leave of absence without pay.

25 Disability benefit insurance provisions of the group policy or
26 policies shall not cover disability resulting from or contributed to
27 by pregnancy, act of war, intentionally self-inflicted injury, or
28 attempted suicide whether or not sane. For purposes of such
29 disability benefit coverage, the member shall not be considered to
30 be disabled while the member is imprisoned or while outside the
31 United States, its territories or possessions, or Canada.

32 If the member has recovered from the disability for which the
33 member had received benefits and again becomes totally disabled
34 while insured, the later disability shall be regarded as a continuation
35 of the prior one unless the member has returned to full-time covered
36 employment for at least six months. If the later absence is due to an
37 unrelated cause and the member had returned to full-time work, it
38 shall be considered a new disability. The disability benefit
39 insurance cannot be converted to an individual policy.

40 No person shall be covered by the disability benefit provision of
41 the group policy or policies except upon the completion of one year
42 of full-time continuous employment in a position eligible for
43 participation in a retirement system designated in subsection a. of
44 this section.

45 f. The disability benefit provided under such group policy or
46 policies shall be in an amount equal to 60% of the member's base
47 monthly salary, reduced by periodic benefits to which the member

1 may be entitled during the period of total disability. The minimum
2 monthly disability benefit shall be \$50.

3 The periodic benefit by which the monthly disability benefit may
4 be reduced shall include salary or wages, retirement benefits or
5 benefits from any source for which the State or other public
6 employer has paid any part of the cost or made payroll deductions,
7 Social Security disability or other benefits, including dependents'
8 benefits, and benefits paid by Social Security at the option of the
9 participant before the age of 65, but not including any increase in
10 Social Security benefits enacted after the disability benefit under
11 such group policy or policies have commenced, and any other
12 periodic benefits provided by law except on account of military
13 service.

14 When a member begins to receive a disability benefit under such
15 group policy or policies, the insurance company shall pay an
16 amount equal to the employee contribution which would have been
17 required of the member and deducted from the member's base
18 salary in order to meet the member's obligation for the purchase of
19 the member's individual retirement annuity. Such amount shall be
20 paid by the insurance company without reduction by any other
21 periodic benefit which the member is eligible to receive. Such
22 amount shall be paid by the insurance company to the insurer or
23 insurers for the member's retirement annuity.

24 g. Notwithstanding any other provision of law, an insurance
25 company or companies issuing such policy or policies may credit
26 the policyholder either directly or in the form of reduced premiums,
27 with savings by the company or companies in the event that no
28 brokerage commission or commissions are paid by the company or
29 companies on the issuance of such policy or policies.

30 No employer obligations shall be paid when the member is on a
31 leave of absence without pay or when the member no longer is
32 enrolled in the retirement system designated in subsection a. of this
33 section.

34 h. The group disability insurance policy or policies shall
35 provide a member with an opportunity to purchase additional
36 coverage.

37 i. A member who is disabled and receiving a benefit under this
38 section shall remain eligible for employer-provided health care
39 benefits coverage in the same manner as such coverage is provided
40 by the employer to retirees of the retirement system.

41 j. The State Treasurer shall establish an appeals process to be
42 used when an employer or employee disagree with the insurer on
43 the employee's ability to return to employment or on issues related
44 to physical examinations.

45

46 12. (New section) The provisions of section 42 of P.L.1954,
47 c.84 (C.43:15A-42) and section 43 of P.L.1954, c.84 (C.43:15A-43)
48 as amended by P.L. , c. (pending before the Legislature as this

1 bill), and section 11 of P.L. , c. (C.)(pending before the
2 Legislature as this bill), concerning persons who become members
3 of the retirement system on or after the effective date of P.L. ,
4 c. (pending before the Legislature as this bill) shall not apply to a
5 person who at the time of enrollment in the retirement system on or
6 after that effective date transfers service credit, as permitted, from
7 another State-administered retirement system or fund of which the
8 person was a member immediately prior to the effective date and
9 continuously thereafter, but shall apply to a former member of the
10 retirement system who has been granted a retirement allowance and
11 is reenrolled in the retirement system on or after that effective date
12 after becoming employed again in a position that makes the person
13 eligible to be a member of the retirement system.

14

15 13. (New section) The provisions of N.J.S.18A:66-39 as
16 amended by P.L. , c. (pending before the Legislature as this bill),
17 and section 10 of P.L. , c. (C.)(pending before the
18 Legislature as this bill), concerning persons who become members
19 of the retirement system on or after the effective date of P.L. ,
20 c. (pending before the Legislature as this bill) shall not apply to a
21 person who at the time of enrollment in the retirement system on or
22 after that effective date transfers service credit, as permitted, from
23 another State-administered retirement system or fund of which the
24 person was a member immediately prior to the effective date and
25 continuously thereafter, but shall apply to a former member of the
26 retirement system who has been granted a retirement allowance and
27 is reenrolled in the retirement system on or after that effective date
28 after becoming employed again in a position that makes the person
29 eligible to be a member of the retirement system.

30

31 14. This act shall take effect on the 60th day following
32 enactment.

33

34

35

STATEMENT

36

37 This bill makes various changes concerning payments to public
38 employees for unused sick leave, sick leave for injury while in State
39 service, and accidental and ordinary disability retirement for
40 members of the Public Employees' Retirement System (PERS) and
41 the Teachers Pension and Annuity Fund (TPAF). The bill also
42 limits to one year the amount of vacation leave that certain local
43 government and school district officers and employees would be
44 permitted to carry forward, under most circumstances.

45

46 Sections 1, 2 and 3:

47 These section provide that supplemental compensation for
48 accumulated unused sick leave payable to any local government or

1 school district officer or employee cannot exceed \$15,000 and can
2 only be paid at the time the officer or employee retires. This
3 restriction would apply only to officers and employees who
4 commence service with a local government or a school district on or
5 after the bill's effective date.

6 Current law limits to \$15,000 the maximum amount that may be
7 paid to a State employee for accumulated unused sick leave when
8 the employee retires. There is, however, currently no such limit
9 with regard to local government and to school district officers or
10 employees, except with regard to certain high level local
11 government and school district officers.

12

13 Sections 4 and 5:

14 These section provide that local government and school district
15 officers and employees would be allowed to carry forward vacation
16 leave for only one successive year, except that vacation leave that
17 could not be used because of an emergency declared by the
18 Governor would accumulate subject to certain limits. This
19 restriction would apply only to officers and employees who
20 commence service with a local government or a school district on or
21 after the bill's effective date and only after the expiration of a
22 current contract applicable to such officer or employee

23 Current law limits vacation leave carry forward for State
24 employees and employees of local governments that have adopted
25 civil service. There is, however, currently no such limit with regard
26 to other local government and to school district officers or
27 employees, except with regard to certain high level local
28 government and school district officers.

29

30 Section 6:

31 This section terminates the sick leave injury program for State
32 employees who are injured or who become ill directly as a result of
33 State employment after the bill's effective date, which is 60 days
34 after enactment or after the expiration of current collective
35 negotiations agreements.

36

37 Sections 7-11:

38 These sections eliminate accidental and ordinary disability
39 retirement for members of the TPAF and PERS who become
40 enrolled in the retirement system on or after this bill's effective
41 date. Instead, members of each system enrolled after that date will
42 be eligible for disability insurance coverage similar to that provided
43 by the State currently to individuals enrolled in the Defined
44 Contribution Retirement Program.

45

46 Section 12 and 13:

47 These sections provide that, with regard to any provision of this
48 bill concerning disability retirement in the PERS and the TPAF

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1 made applicable to a person who becomes a member of a State-
2 administered retirement system on or after the bill's effective date,
3 that provision would not apply to a person who at the time of
4 enrollment in the retirement system on or after that effective date
5 transfers service credit, as permitted, from another State-
6 administered retirement system or fund of which the person was a
7 member immediately prior to the effective date and continuously
8 thereafter, but would apply to a former member of the retirement
9 system who has been granted a retirement allowance and is
10 reenrolled in the retirement system on or after that effective date
11 after becoming employed again in a position that makes the person
12 eligible to be a member of the retirement system. These sections
13 are in line with recent prior enactments in this regard.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2459

STATE OF NEW JERSEY

DATED: MARCH 18, 2010

The Assembly Appropriations Committee reports favorably Assembly, No. 2459.

The bill makes various changes concerning payments to public employees for unused sick leave, carrying forward of vacation leave by public employees, sick leave for injury while in State service, and accidental and ordinary disability retirement for members of the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF).

Specifically, the bill provides that:

1) supplemental compensation for accumulated unused sick leave payable to any new local government or school district officer or employee cannot exceed \$15,000 and can only be paid at the time the officer or employee retires.

2) new local government and school district officers and employees may carry forward vacation leave for only one successive year, except that vacation leave that cannot be used because of an emergency declared by the Governor could accumulate subject to certain limits.

3) the sick leave injury program for State employees will no longer be available for employees who are injured or who become ill directly as a result of State employment after the bill's effective date, which is 60 days after enactment or after the expiration of current collective negotiations agreements.

4) accidental and ordinary disability retirement for new members of the TPAF and PERS will no longer be available and those new members would be eligible for disability insurance coverage similar to that provided by the State currently to individuals enrolled in the Defined Contribution Retirement Program.

This bill is identical to Senate Bill No. 4, as also reported by the committee.

FISCAL IMPACT:

The OLS notes that the limit on payments for accumulated unused sick leave and the limit on vacation leave carry forward applies to new employees of local government entities and boards of education. While savings may be realized by some local governments and boards of education, the savings cannot be calculated because no information or data is available on these benefits. The savings to be realized by any one local government entity or board of education will depend on its particular circumstances.

The termination of the State's sick leave injury (SLI) program may result in savings of approximately \$16.8 million in State Fiscal Year 2012 based on the annual growth in program costs from Fiscal Year 2007 to Fiscal Year 2009. Termination of the SLI program may shift costs of the SLI program to the workers' compensation program by an unknown amount. Those who would have applied for SLI benefits will have to apply for workers' compensation benefits, but it may be more difficult to qualify under workers' compensation.

The OLS cannot calculate the fiscal impact to the State, local government entities, or boards of education from the elimination of disability retirement in the PERS and TPAF. The Department of the Treasury has not provided information regarding the cost of long term disability insurance or an estimate of the impact on the employers' contributions to the PERS and TPAF.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2459
STATE OF NEW JERSEY
214th LEGISLATURE

DATED: APRIL 27, 2010

SUMMARY

Synopsis: Makes various changes concerning payments to public employees for unused sick leave, sick leave injury in State service, and PERS and TPAF disability retirement.

Type of Impact: Expenditure Decrease: State General Fund; Local Government Funds; Boards of Education Funds.

Agencies Affected: Department of the Treasury; Local Government Entities; Boards of Education.

Office of Legislative Services Estimate

Fiscal Impact	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
State Savings			
Sick Leave Injury Program	\$16.8 million	\$18.1 million	\$19.4 million
Other	Indeterminate Impact – See comments below		
Local Savings	Indeterminate Impact – See comments below		

- This bill limits payments to be made by local government entities and boards of education to future employees for accumulated unused sick leave at \$15,000 and at the time of retirement; limits vacation leave carry forward for future employees of local government entities and boards of education; terminates the State’s sick leave injury program for employees injured after the bill’s effective date; and eliminates accidental and ordinary disability retirement for new members of the Teachers’ Pension and Annuity Fund (TPAF) and Public Employees’ Retirement System (PERS) and replaces it with disability insurance coverage.
- The Office of Legislative Services (OLS) notes that the limit on accumulated unused sick leave and on vacation leave carry forward applies to new employees of local government entities and boards of education. While savings may be realized by some local governments and boards, the savings cannot be calculated because no information or data is available on these benefits. The savings to be realized by any one local government entity or board of education will depend on its particular circumstances.
- The termination of the State’s sick leave injury program may result in savings of approximately \$16.8 million in State Fiscal Year 2012, \$18.1 million in Fiscal Year 2013,

and \$19.4 million in Fiscal Year 2014 based on the annual growth in program costs from Fiscal Year 2007 to Fiscal Year 2009.

- Savings to the State, local governments, and boards of education resulting from the elimination of disability retirement in PERS and TPAF depends on the cost to replace the benefit of disability retirement with long term disability insurance.

BILL DESCRIPTION

Assembly Bill No. 2459 of 2010 implements various recommendations of the Joint Legislative Committee on Public Employee Benefits Reform set forth in its final report dated December 1, 2006. First, this bill provides that supplemental compensation for accumulated unused sick leave payable to a local government or school district officer or employee cannot exceed \$15,000 and can only be paid at the time the officer or employee retires. In addition, the bill provides that local government and school district officers and employees would be allowed to carry forward vacation leave for only one successive year, except that vacation leave that could not be used because of an emergency declared by the Governor would accumulate subject to certain limits. These two provisions would apply only to officers and employees who commence service with a local government or a school district on or after the bill's effective date and only after the expiration of a current collective negotiations agreement applicable to such officers or employees. Second, this bill terminates the sick leave injury program for State employees who are injured or who become ill directly as a result of State employment after the bill's effective date, which is 60 days after enactment or after the expiration of current collective negotiations agreements. Finally, the bill eliminates accidental and ordinary disability retirement for new members of the TPAF and PERS who are enrolled in the retirement system on or after this bill's effective date. Instead, new members of each system will be eligible for disability insurance coverage similar to that provided by the State currently to individuals enrolled in the Defined Contribution Retirement Program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None provided.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that the limit on payments for accumulated unused sick leave and the limit on vacation leave carry forward applies to new employees of local government entities and boards of education. While savings may be realized by some local governments and boards of education, the savings cannot be calculated because no information or data is available on these benefits. The savings to be realized by any one local government entity or board of education will depend on its particular circumstances.

The termination of the State's sick leave injury (SLI) program may result in savings of approximately \$16.8 million in State Fiscal Year 2012 based on the annual growth in program costs from Fiscal Year 2007 to FY 2009. In Fiscal Year 2007, there were 65,472 SLI days

approved for a total cost of \$13.4 million and in Fiscal Year 2009, there were 74,123 SLI days approved for total program costs of \$15.6 million representing an annual growth of 6.4 percent in SLI days and 7.6 percent in total program costs. The Departments of Corrections and Health and Human Services account for 74 percent of the SLI days and 77 percent of the costs of the program. Termination of the SLI program may shift costs of the SLI program to the workers' compensation program by an unknown amount. Those who would have applied for SLI benefits will have to apply for workers' compensation benefits, but it may be more difficult to qualify under workers' compensation. According to the responses to the discussion points in the State Fiscal Year 2009-2010 OLS Analysis of the Governor's budget for Interdepartmental Accounts, workers' compensation claims by State employees have increased by 81 percent, from \$39.9 million in 2003 to \$72.2 million in Fiscal Year 2008. The Departments of Corrections, Health and Human Services, and Law and Public Safety account for 71 percent of the costs of the workers' compensation program

Finally, the OLS cannot calculate the fiscal impact to the State, local government entities, or boards of education from the elimination of disability retirement in the PERS and TPAF and the resulting, requisite purchase of disability insurance coverage in its place, without knowing how much a long term disability insurance policy would cost the State. The Department of the Treasury has not provided information regarding the cost of a long term disability insurance policy or an estimate of the impact on the employers' contributions to the PERS and TPAF.

Section: State Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).