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ASSEMBLY, No. 4111

STATE OF NEW JERSEY

213th LEGISLATURE

INTRODUCED JUNE 22, 2009

Sponsored by:

Assemblywoman BONNIE WATSON COLEMAN
District 15 (Mercer)

Co-Sponsored by:

Senator Turner

SYNOPSIS

Defines contractual salary for State employees in PERS or TPAF to include certain wage increases deferred from July 1, 2009 through June 30, 2011.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/26/2009)

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1 AN ACT concerning the definition of compensation for certain State
2 employees enrolled in the Public Employees' Retirement System
3 or the Teachers' Pension and Annuity Fund and amending
4 P.L.1954, c.84 and N.J.S.18A:66-2.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. Section 6 of P.L.1954, c.84 (C.43:15A-6) is amended to read
10 as follows:

11 6. As used in this act:

12 a. "Accumulated deductions" means the sum of all the
13 amounts, deducted from the compensation of a member or
14 contributed by or on behalf of the member, standing to the credit of
15 the member's individual account in the annuity savings fund.

16 b. "Annuity" means payments for life derived from the
17 accumulated deductions of a member as provided in this act.

18 c. "Annuity reserve" means the present value of all payments
19 to be made on account of any annuity or benefit in lieu of an
20 annuity, granted under the provisions of this act, computed on the
21 basis of such mortality tables recommended by the actuary as the
22 board of trustees adopts, with regular interest.

23 d. "Beneficiary" means any person receiving a retirement
24 allowance or other benefit as provided in this act.

25 e. "Child" means a deceased member's unmarried child either
26 (1) under the age of 18 or (2) of any age who, at the time of the
27 member's death, is disabled because of mental retardation or
28 physical incapacity, is unable to do any substantial, gainful work
29 because of the impairment and the impairment has lasted or can be
30 expected to last for a continuous period of not less than 12 months,
31 as affirmed by the medical board.

32 f. "Parent" shall mean the parent of a member who was
33 receiving at least 1/2 of the parent's support from the member in the
34 12-month period immediately preceding the member's death or the
35 accident which was the direct cause of the member's death. The
36 dependency of such a parent will be considered terminated by
37 marriage of the parent subsequent to the death of the member.

38 g. (1) "Widower," for employees of the State, means the man to
39 whom a member was married, or a domestic partner as defined in
40 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
41 the date of her death and to whom she continued to be married or a
42 domestic partner until the date of her death and who was receiving
43 at least 1/2 of his support from the member in the 12-month period
44 immediately preceding the member's death or the accident which
45 was the direct cause of the member's death. The dependency of such

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.

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1 a widower will be considered terminated by marriage of, or
2 establishment of a domestic partnership by, the widower subsequent
3 to the death of the member. In the event of the payment of an
4 accidental death benefit, the five-year qualification shall be waived.

5 (2) Subject to the provisions of paragraph (3) of this subsection,
6 "widower," for employees of public employers other than the State,
7 means the man to whom a member was married at least five years
8 before the date of her death and to whom she continued to be
9 married until the date of her death and who was receiving at least
10 1/2 of his support from the member in the 12-month period
11 immediately preceding the member's death or the accident which
12 was the direct cause of the member's death. The dependency of such
13 a widower shall be considered terminated by marriage of the
14 widower subsequent to the death of the member. In the event of the
15 payment of an accidental death benefit, the five-year qualification
16 shall be waived.

17 (3) A public employer other than the State may adopt a
18 resolution providing that the term "widower" as defined in
19 paragraph (2) of this subsection shall include domestic partners as
20 provided in paragraph (1) of this subsection.

21 h. "Final compensation" means the average annual
22 compensation for which contributions are made for the three years
23 of creditable service in New Jersey immediately preceding the
24 member's retirement or death, or it shall mean the average annual
25 compensation for New Jersey service for which contributions are
26 made during any three fiscal years of his or her membership
27 providing the largest possible benefit to the member or the
28 member's beneficiary.

29 i. "Fiscal year" means any year commencing with July 1 and
30 ending with June 30 next following.

31 j. "Medical board" shall mean the board of physicians
32 provided for in section 17 (C.43:15A-17).

33 k. "Pension" means payments for life derived from
34 appropriations made by the employer as provided in this act.

35 l. "Pension reserve" means the present value of all payments to
36 be made on account of any pension or benefit in lieu of a pension
37 granted under the provisions of this act, computed on the basis of
38 such mortality tables recommended by the actuary as the board of
39 trustees adopts, with regular interest.

40 m. "Public Employees' Retirement System of New Jersey,"
41 hereinafter referred to as the "retirement system" or "system," is the
42 corporate name of the arrangement for the payment of retirement
43 allowances and other benefits under the provisions of this act
44 including the several funds placed under said system. By that name
45 all of its business shall be transacted, its funds invested, warrants
46 for money drawn, and payments made and all of its cash and
47 securities and other property held.

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1 n. "Regular interest" shall mean interest as determined by the
2 State Treasurer, after consultation with the Directors of the
3 Divisions of Investment and Pensions, the board of trustees and the
4 actuary. It shall bear a reasonable relationship to the percentage rate
5 of earnings on investments based on the market value of the assets
6 but shall not exceed the assumed percentage rate of increase applied
7 to salaries plus 3%, provided however that the board of trustees
8 shall not set the average percentage rate of increase applied to
9 salaries below 6%.

10 o. "Retirement allowance" means the pension plus the annuity.

11 p. "Veteran" means any honorably discharged officer, soldier,
12 sailor, airman, marine or nurse who served in any Army, Air Force
13 or Navy of the Allies of the United States in World War I, between
14 July 14, 1914, and November 11, 1918, or who served in any Army,
15 Air Force or Navy of the Allies of the United States in World War
16 II, between September 1, 1939, and September 2, 1945, and who
17 was inducted into such service through voluntary enlistment, and
18 was a citizen of the United States at the time of such enlistment, and
19 who did not, during or by reason of such service, renounce or lose
20 United States citizenship, and any officer, soldier, sailor, marine,
21 airman, nurse or army field clerk, who has served in the active
22 military or naval service of the United States and has or shall be
23 discharged or released therefrom under conditions other than
24 dishonorable, in any of the following wars, uprisings, insurrections,
25 expeditions, or emergencies, and who has presented to the
26 retirement system evidence of such record of service in form and
27 content satisfactory to said retirement system:

28 (1) The Indian wars and uprisings during any of the periods
29 recognized by the War Department of the United States as periods
30 of active hostility;

31 (2) The Spanish-American War between April 20, 1898, and
32 April 11, 1899;

33 (3) The Philippine insurrections and expeditions during the
34 periods recognized by the War Department of the United States as
35 of active hostility from February 4, 1899, to the end of 1913;

36 (4) The Peking relief expedition between June 20, 1900, and
37 May 27, 1902;

38 (5) The army of Cuban occupation between July 18, 1898, and
39 May 20, 1902;

40 (6) The army of Cuban pacification between October 6, 1906,
41 and April 1, 1909;

42 (7) The Mexican punitive expedition between March 14, 1916,
43 and February 7, 1917;

44 (8) The Mexican border patrol, having actually participated in
45 engagements against Mexicans between April 12, 1911, and June
46 16, 1919;

47 (9) World War I, between April 6, 1917, and November 11,
48 1918;

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1 (10)World War II, between September 16, 1940, and December
2 31, 1946, who shall have served at least 90 days in such active
3 service, exclusive of any period of assignment (1) for a course of
4 education or training under the Army Specialized Training Program
5 or the Navy College Training Program which course was a
6 continuation of a civilian course and was pursued to completion, or
7 (2) as a cadet or midshipman at one of the service academies any
8 part of which 90 days was served between said dates; provided, that
9 any person receiving an actual service-incurred injury or disability
10 shall be classed as a veteran whether or not that person has
11 completed the 90-day service as herein provided;

12 (11)Korean conflict on or after June 23, 1950, and on or prior to
13 January 31, 1955, who shall have served at least 90 days in such
14 active service, exclusive of any period of assignment (1) for a
15 course of education or training under the Army Specialized
16 Training Program or the Navy College Training Program which
17 course was a continuation of a civilian course and was pursued to
18 completion, or (2) as a cadet or midshipman at one of the service
19 academies, any part of which 90 days was served between said
20 dates; provided, that any person receiving an actual service-incurred
21 injury or disability shall be classed as a veteran whether or not that
22 person has completed the 90-day service as herein provided; and
23 provided further, that any member classed as a veteran pursuant to
24 this paragraph prior to August 1, 1966, shall continue to be classed
25 as a veteran whether or not that person completed the 90-day
26 service between said dates as herein provided;

27 (12)Lebanon crisis, on or after July 1, 1958, who has served in
28 Lebanon or on board any ship actively engaged in patrolling the
29 territorial waters of that nation for a period, continuous or in the
30 aggregate, of at least 14 days commencing on or before November
31 1, 1958 or the date of termination of that conflict, as proclaimed by
32 the President of the United States or Congress, whichever date of
33 termination is the latest, in such active service; provided, that any
34 person receiving an actual service-incurred injury or disability shall
35 be classed as a veteran whether or not that person has completed the
36 14 days' service as herein provided;

37 (13)Vietnam conflict on or after December 31, 1960, and on or
38 prior to May 7, 1975, who shall have served at least 90 days in such
39 active service, exclusive of any period of assignment (1) for a
40 course of education or training under the Army Specialized
41 Training Program or the Navy College Training Program which
42 course was a continuation of a civilian course and was pursued to
43 completion, or (2) as a cadet or midshipman at one of the service
44 academies, any part of which 90 days was served between said
45 dates; and exclusive of any service performed pursuant to the
46 provisions of section 511(d) of Title 10, United States Code,
47 pursuant to an enlistment in the Army National Guard or as a
48 reserve for service in the Army Reserve, Naval Reserve, Air Force

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1 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided,
2 that any person receiving an actual service-incurred injury or
3 disability shall be classed as a veteran whether or not that person
4 has completed the 90 days' service as herein provided;

5 (14)Lebanon peacekeeping mission, on or after September 26,
6 1982, who has served in Lebanon or on board any ship actively
7 engaged in patrolling the territorial waters of that nation for a
8 period, continuous or in the aggregate, of at least 14 days
9 commencing on or before December 1, 1987 or the date of
10 termination of that mission, as proclaimed by the President of the
11 United States or Congress, whichever date of termination is the
12 latest, in such active service; provided, that any person receiving an
13 actual service-incurred injury or disability shall be classed as a
14 veteran whether or not that person has completed the 14 days'
15 service as herein provided;

16 (15)Grenada peacekeeping mission, on or after October 23,
17 1983, who has served in Grenada or on board any ship actively
18 engaged in patrolling the territorial waters of that nation for a
19 period, continuous or in the aggregate, of at least 14 days
20 commencing on or before November 21, 1983 or the date of
21 termination of that mission, as proclaimed by the President of the
22 United States or Congress, whichever date of termination is the
23 latest, in such active service; provided, that any person receiving an
24 actual service-incurred injury or disability shall be classed as a
25 veteran whether or not that person has completed the 14 days'
26 service as herein provided;

27 (16)Panama peacekeeping mission, on or after December 20,
28 1989 or the date of inception of that mission, as proclaimed by the
29 President of the United States or Congress, whichever date of
30 inception is earliest, who has served in Panama or on board any ship
31 actively engaged in patrolling the territorial waters of that nation for
32 a period, continuous or in the aggregate, of at least 14 days
33 commencing on or before January 31, 1990 or the date of
34 termination of that mission, as proclaimed by the President of the
35 United States or Congress, whichever date of termination is the
36 latest, in such active service; provided, that any person receiving an
37 actual service-incurred injury or disability shall be classed as a
38 veteran whether or not that person has completed the 14 days'
39 service as herein provided;

40 (17)Operation "Desert Shield/Desert Storm" mission in the
41 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
42 or the date of inception of that operation, as proclaimed by the
43 President of the United States or Congress, whichever date of
44 inception is earliest, who has served in the Arabian peninsula or on
45 board any ship actively engaged in patrolling the Persian Gulf for a
46 period, continuous or in the aggregate, of at least 14 days
47 commencing on or before the date of termination of that mission, as
48 proclaimed by the President of the United States or Congress,

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1 whichever date of termination is the latest, in such active service;
2 provided, that any person receiving an actual service-incurred injury
3 or disability shall be classed as a veteran whether or not that person
4 has completed the 14 days' service as herein provided;

5 (18)Operation Northern Watch and Operation Southern Watch,
6 on or after August 27, 1992, or the date of inception of that
7 operation, as proclaimed by the President of the United States,
8 Congress or United States Secretary of Defense, whichever date of
9 inception is earliest, who served in the theater of operation,
10 including in the Arabian peninsula and the Persian Gulf, and in
11 direct support of that operation for a period, continuously or in the
12 aggregate, of at least 14 days in such active service, commencing on
13 or before the date of termination of that operation, as proclaimed by
14 the President of the United States, Congress or United States
15 Secretary of Defense, whichever date of termination is the latest;
16 provided, that any person receiving an actual service-incurred injury
17 or disability while engaged in such service shall be classed as a
18 veteran whether or not that person has completed the 14 days'
19 service as herein provided;

20 (19)Operation "Restore Hope" in Somalia, on or after December
21 5, 1992, or the date of inception of that operation as proclaimed by
22 the President of the United States or Congress, whichever date is
23 earliest, who has served in Somalia or on board any ship actively
24 engaged in patrolling the territorial waters of that nation for a
25 period, continuously or in the aggregate, of at least 14 days in such
26 active service commencing on or before March 31, 1994; provided
27 that any person receiving an actual service-incurred injury or
28 disability shall be classed as a veteran whether or not that person
29 has completed the 14-day service as herein provided;

30 (20)Operations "Joint Endeavor" and "Joint Guard" in the
31 Republic of Bosnia and Herzegovina, on or after November 20,
32 1995, who served in such active service in direct support of one or
33 both of the operations for at least 14 days, continuously or in the
34 aggregate, commencing on or before June 20, 1998 and (1) was
35 deployed in that nation or in another area in the region, or (2) was
36 on board a United States naval vessel operating in the Adriatic Sea,
37 or (3) operated in airspace above the Republic of Bosnia and
38 Herzegovina; provided that any person receiving an actual service-
39 incurred injury or disability shall be classed as a veteran whether or
40 not that person completed the 14-day service requirement;

41 (21)Operation "Enduring Freedom", on or after September 11,
42 2001, who served in a theater of operation and in direct support of
43 that operation for a period, continuously or in the aggregate, of at
44 least 14 days in such active service commencing on or before the
45 date the President of the United States or the United States
46 Secretary of Defense designates as the termination date of that
47 operation; provided, that any person receiving an actual service-
48 incurred injury or disability while engaged in such service shall be

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1 classed as a veteran whether or not that person has completed the 14
2 days' service as herein provided; and

3 (22) Operation "Iraqi Freedom", on or after the date the President
4 of the United States or the United States Secretary of Defense
5 designates as the inception date of that operation, who served in
6 Iraq or in another area in the region in direct support of that
7 operation for a period, continuously or in the aggregate, of at least
8 14 days in such active service commencing on or before the date the
9 President of the United States or the United States Secretary of
10 Defense designates as the termination date of that operation;
11 provided, that any person receiving an actual service-incurred injury
12 or disability while engaged in such service shall be classed as a
13 veteran whether or not that person has completed the 14 days'
14 service as herein provided.

15 "Veteran" also means any honorably discharged member of the
16 American Merchant Marine who served during World War II and is
17 declared by the United States Department of Defense to be eligible
18 for federal veterans' benefits.

19 q. (1) "Widow," for employees of the State, means the woman
20 to whom a member was married, or a domestic partner as defined in
21 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
22 the date of his death and to whom he continued to be married or a
23 domestic partner until the date of his death and who was receiving
24 at least 1/2 of her support from the member in the 12-month period
25 immediately preceding the member's death or the accident which
26 was the direct cause of the member's death. The dependency of such
27 a widow will be considered terminated by the marriage of, or
28 establishment of a domestic partnership by, the widow subsequent
29 to the member's death. In the event of the payment of an accidental
30 death benefit, the five-year qualification shall be waived.

31 (2) Subject to the provisions of paragraph (3) of this subsection,
32 "widow," for employees of public employers other than the State,
33 means the woman to whom a member was married at least five
34 years before the date of his death and to whom he continued to be
35 married until the date of his death and who was receiving at least
36 1/2 of her support from the member in the 12-month period
37 immediately preceding the member's death or the accident which
38 was the direct cause of the member's death. The dependency of such
39 a widow shall be considered terminated by the marriage of the
40 widow subsequent to the member's death. In the event of the
41 payment of an accidental death benefit, the five-year qualification
42 shall be waived.

43 (3) A public employer other than the State may adopt a
44 resolution providing that the term "widow" as defined in paragraph
45 (2) of this subsection shall include domestic partners as provided in
46 paragraph (1) of this subsection.

47 r. (1) "Compensation" means the base or contractual salary, for
48 services as an employee, which is in accordance with established

1 salary policies of the member's employer for all employees in the
2 same position but shall not include individual salary adjustments
3 which are granted primarily in anticipation of the member's
4 retirement or additional remuneration for performing temporary or
5 extracurricular duties beyond the regular workday or the regular
6 work year.

7 (2) In the case of a person who becomes a member of the
8 retirement system on or after July 1, 2007, "compensation" means
9 the amount of base or contractual salary equivalent to the annual
10 maximum wage contribution base for Social Security, pursuant to
11 the Federal Insurance Contributions Act, for services as an
12 employee, which is in accordance with established salary policies of
13 the member's employer for all employees in the same position but
14 shall not include individual salary adjustments which are granted
15 primarily in anticipation of the member's retirement or additional
16 remuneration for performing temporary or extracurricular duties
17 beyond the regular workday or the regular work year. This
18 paragraph shall not apply to a person who at the time of enrollment
19 in the retirement system on or after July 1, 2007 transfers service
20 credit from another State-administered retirement system pursuant
21 to section 14 of P.L.1954, c.84 (C.43:15A-14), but shall apply to a
22 former member of the retirement system who has been granted a
23 retirement allowance and is reenrolled in the retirement system on
24 or after July 1, 2007 pursuant to section 27 of P.L.1966, c.217
25 (C.43:15A-57.2) after becoming employed again in a position that
26 makes the person eligible to be a member of the retirement system.

27 In cases where salary includes maintenance, the retirement
28 system shall fix the value of that part of the salary not paid in
29 money which shall be considered under this act.

30 For the period of July 1, 2009 through June 30, 2011,
31 "contractual salary" for State employees shall include wage
32 increases under a collective negotiations agreement notwithstanding
33 that, by amendment to that collective negotiations agreement, the
34 effective date of the contractual increase has been deferred. For the
35 purpose of this paragraph, "State employee" means an employee in
36 the Executive Branch of State government of New Jersey but shall
37 not include employees of agencies authorized to participate in the
38 system under section 73 of P.L.1954, c.84 (C.43:15A-73) or
39 P.L.1990, c.25 (C.43:15A-73.2 et al.).

40 (cf: P.L.2007, c.103, s.10)

41

42 2. N.J.S.18A:66-2 is amended to read as follows:

43 18A:66-2. As used in this article:

44 a. "Accumulated deductions" means the sum of all the
45 amounts, deducted from the compensation of a member or
46 contributed by or in behalf of the member, including interest
47 credited to January 1, 1956, standing to the credit of the member's
48 individual account in the annuity savings fund.

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1 b. "Annuity" means payments for life derived from the
2 accumulated deductions of a member as provided in this article.

3 c. "Beneficiary" means any person receiving a retirement
4 allowance or other benefit as provided in this article.

5 d. (1) "Compensation" means the contractual salary, for
6 services as a teacher as defined in this article, which is in
7 accordance with established salary policies of the member's
8 employer for all employees in the same position but shall not
9 include individual salary adjustments which are granted primarily in
10 anticipation of the member's retirement or additional remuneration
11 for performing temporary or extracurricular duties beyond the
12 regular school day or the regular school year.

13 (2) In the case of a person who becomes a member of the
14 retirement system on or after July 1, 2007, "compensation" means
15 the amount of the contractual salary equivalent to the annual
16 maximum wage contribution base for Social Security, pursuant to
17 the Federal Insurance Contributions Act, for services as a teacher as
18 defined in this article, which is in accordance with established
19 salary policies of the member's employer for all employees in the
20 same position but shall not include individual salary adjustments
21 which are granted primarily in anticipation of the member's
22 retirement or additional remuneration for performing temporary or
23 extracurricular duties beyond the regular school day or the regular
24 school year. This paragraph shall not apply to a person who at the
25 time of enrollment in the retirement system on or after July 1, 2007
26 transfers service credit from another State-administered retirement
27 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
28 member of the retirement system who has been granted a retirement
29 allowance and is reenrolled in the retirement system on or after July
30 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
31 again in a position that makes the person eligible to be a member of
32 the retirement system.

33 For the period of July 1, 2009 through June 30, 2011,
34 "contractual salary" for State employees shall include wage
35 increases under a collective negotiations agreement notwithstanding
36 that, by amendment to that collective negotiations agreement, the
37 effective date of the contractual increase has been deferred. For the
38 purpose of this paragraph, "State employee" means an employee in
39 the Executive Branch of State government of New Jersey.

40 e. "Employer" means the State, the board of education or any
41 educational institution or agency of or within the State by which a
42 teacher is paid.

43 f. "Final compensation" means the average annual
44 compensation for which contributions are made for the three years
45 of creditable service in New Jersey immediately preceding the
46 member's retirement or death, or it shall mean the average annual
47 compensation for New Jersey service for which contributions are
48 made during any three fiscal years of his or her membership

- 1 providing the largest possible benefit to the member or the
2 member's beneficiary.
- 3 g. "Fiscal year" means any year commencing with July 1, and
4 ending with June 30, next following.
- 5 h. "Pension" means payments for life derived from
6 appropriations made by the State or employers to the Teachers'
7 Pension and Annuity Fund.
- 8 i. "Annuity reserve" means the present value of all payments
9 to be made on account of any annuity or benefit in lieu of an
10 annuity, granted under the provisions of this article, computed on
11 the basis of such mortality tables recommended by the actuary as
12 the board of trustees adopts, with regular interest.
- 13 j. "Pension reserve" means the present value of all payments to
14 be made on account of any pension or benefit in lieu of a pension
15 granted to a member from the Teachers' Pension and Annuity Fund,
16 computed on the basis of such mortality tables recommended by the
17 actuary as the board of trustees adopts, with regular interest.
- 18 k. "Present-entrant" means any member of the Teachers'
19 Pension and Annuity Fund who had established status as a "present-
20 entrant member" of said fund prior to January 1, 1956.
- 21 l. "Rate of contribution initially certified" means the rate of
22 contribution certified by the retirement system in accordance with
23 N.J.S.18A:66-29.
- 24 m. "Regular interest" shall mean interest as determined by the
25 State Treasurer, after consultation with the Directors of the
26 Divisions of Investment and Pensions, the board of trustees and the
27 actuary. It shall bear a reasonable relationship to the percentage rate
28 of earnings on investments based on the market value of assets but
29 shall not exceed the assumed percentage rate of increase applied to
30 salaries plus 3%, provided however that the board of trustees shall
31 not set the average percentage rate of increase applied to salaries
32 below 6%.
- 33 n. "Retirement allowance" means the pension plus the annuity.
- 34 o. "School service" means any service as a "teacher" as defined
35 in this section.
- 36 p. "Teacher" means any regular teacher, special teacher,
37 helping teacher, teacher clerk, principal, vice-principal, supervisor,
38 supervising principal, director, superintendent, city superintendent,
39 assistant city superintendent, county superintendent, State
40 Commissioner or Assistant Commissioner of Education, members
41 of the State Department of Education who are certificated,
42 unclassified professional staff and other members of the teaching or
43 professional staff of any class, public school, high school, normal
44 school, model school, training school, vocational school, truant
45 reformatory school, or parental school, and of any and all classes or
46 schools within the State conducted under the order and
47 superintendence, and wholly or partly at the expense of the State
48 Board of Education, of a duly elected or appointed board of

1 education, board of school directors, or board of trustees of the
2 State or of any school district or normal school district thereof, and
3 any persons under contract or engagement to perform one or more
4 of these functions. It shall also mean any person who serves, while
5 on an approved leave of absence from regular duties as a teacher, as
6 an officer of a local, county or State labor organization which
7 represents, or is affiliated with an organization which represents,
8 teachers as defined in this subsection. No person shall be deemed a
9 teacher within the meaning of this article who is a substitute
10 teacher. In all cases of doubt the board of trustees shall determine
11 whether any person is a teacher as defined in this article.

12 q. "Teachers' Pension and Annuity Fund," hereinafter referred
13 to as the "retirement system" or "system," is the corporate name of
14 the arrangement for the payment of retirement allowances and other
15 benefits under the provisions of this article, including the several
16 funds placed under said system. By that name all its business shall
17 be transacted, its funds invested, warrants for money drawn, and
18 payments made and all of its cash and securities and other property
19 held.

20 r. "Veteran" means any honorably discharged officer, soldier,
21 sailor, airman, marine or nurse who served in any Army, Air Force
22 or Navy of the Allies of the United States in World War I between
23 July 14, 1914, and November 11, 1918, or who served in any Army,
24 Air Force or Navy of the Allies of the United States in World War
25 II, between September 1, 1939, and September 2, 1945, and who
26 was inducted into such service through voluntary enlistment, and
27 was a citizen of the United States at the time of such enlistment, and
28 who did not, during or by reason of such service, renounce or lose
29 United States citizenship, and any officer, soldier, sailor, marine,
30 airman, nurse or army field clerk who has served in the active
31 military or naval service of the United States and has or shall be
32 discharged or released therefrom under conditions other than
33 dishonorable, in any of the following wars, uprisings, insurrections,
34 expeditions or emergencies, and who has presented to the retirement
35 system evidence of such record of service in form and content
36 satisfactory to said retirement system:

37 (1) The Indian wars and uprisings during any of the periods
38 recognized by the War Department of the United States as periods
39 of active hostility;

40 (2) The Spanish-American War between April 20, 1898, and
41 April 11, 1899;

42 (3) The Philippine insurrections and expeditions during the
43 periods recognized by the War Department of the United States as
44 of active hostility from February 4, 1899, to the end of 1913;

45 (4) The Peking relief expedition between June 20, 1900, and
46 May 27, 1902;

47 (5) The army of Cuban occupation between July 18, 1898, and
48 May 20, 1902;

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1 (6) The army of Cuban pacification between October 6, 1906,
2 and April 1, 1909;

3 (7) The Mexican punitive expedition between March 14, 1916,
4 and February 7, 1917;

5 (8) The Mexican border patrol, having actually participated in
6 engagements against Mexicans between April 12, 1911, and June
7 16, 1919;

8 (9) World War I, between April 6, 1917, and November 11,
9 1918;

10 (10) World War II, between September 16, 1940, and December
11 31, 1946, who shall have served at least 90 days in such active
12 service, exclusive of any period of assignment (1) for a course of
13 education or training under the Army Specialized Training Program
14 or the Navy College Training Program, which course was a
15 continuation of a civilian course and was pursued to completion, or
16 (2) as a cadet or midshipman at one of the service academies, any
17 part of which 90 days was served between said dates; provided that
18 any person receiving an actual service-incurred injury or disability
19 shall be classed as a veteran, whether or not that person has
20 completed the 90-day service as herein provided;

21 (11) Korean conflict on or after June 23, 1950, and on or prior to
22 January 31, 1955, who shall have served at least 90 days in such
23 active service, exclusive of any period of assignment (1) for a
24 course of education or training under the Army Specialized
25 Training Program or the Navy College Training Program, which
26 course was a continuation of a civilian course and was pursued to
27 completion, or (2) as a cadet or midshipman at one of the service
28 academies, any part of which 90 days was served between said
29 dates; provided that any person receiving an actual service-incurred
30 injury or disability shall be classed as a veteran, whether or not that
31 person has completed the 90-day service as herein provided; and
32 provided further that any member classed as a veteran pursuant to
33 this subsection prior to August 1, 1966, shall continue to be classed
34 as a veteran, whether or not that person completed the 90-day
35 service between said dates as herein provided;

36 (12) Lebanon crisis, on or after July 1, 1958, who has served in
37 Lebanon or on board any ship actively engaged in patrolling the
38 territorial waters of that nation for a period, continuous or in the
39 aggregate, of at least 14 days commencing on or before November
40 1, 1958 or the date of termination of that conflict, as proclaimed by
41 the President of the United States or Congress, whichever date of
42 termination is the latest, in such active service; provided, that any
43 person receiving an actual service-incurred injury or disability shall
44 be classed as a veteran whether or not that person has completed the
45 14 days' service as herein provided;

46 (13) Vietnam conflict, on or after December 31, 1960, and on or
47 prior to May 7, 1975, who shall have served at least 90 days in such
48 active service, exclusive of any period of assignment (1) for a

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1 course of education or training under the Army Specialized
2 Training Program or the Navy College Training Program, which
3 course was a continuation of a civilian course and was pursued to
4 completion, or (2) as a cadet or midshipman at one of the service
5 academies, any part of which 90 days was served between said
6 dates; and exclusive of any service performed pursuant to the
7 provisions of section 511(d) of Title 10, United States Code,
8 pursuant to an enlistment in the Army National Guard or as a
9 reserve for service in the Army Reserve, Naval Reserve, Air Force
10 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
11 that any person receiving an actual service-incurred injury or
12 disability shall be classed as a veteran, whether or not that person
13 has completed the 90-day service as herein provided;

14 (14)Lebanon peacekeeping mission, on or after September 26,
15 1982, who has served in Lebanon or on board any ship actively
16 engaged in patrolling the territorial waters of that nation for a
17 period, continuous or in the aggregate, of at least 14 days
18 commencing on or before December 1, 1987 or the date of
19 termination of that mission, as proclaimed by the President of the
20 United States or Congress, whichever date of termination is the
21 latest, in such active service; provided, that any person receiving an
22 actual service-incurred injury or disability shall be classed as a
23 veteran whether or not that person has completed the 14 days'
24 service as herein provided;

25 (15)Grenada peacekeeping mission, on or after October 23,
26 1983, who has served in Grenada or on board any ship actively
27 engaged in patrolling the territorial waters of that nation for a
28 period, continuous or in the aggregate, of at least 14 days
29 commencing on or before November 21, 1983 or the date of
30 termination of that mission, as proclaimed by the President of the
31 United States or Congress, whichever date of termination is the
32 latest, in such active service; provided, that any person receiving an
33 actual service-incurred injury or disability shall be classed as a
34 veteran whether or not that person has completed the 14 days'
35 service as herein provided;

36 (16)Panama peacekeeping mission, on or after December 20,
37 1989 or the date of inception of that mission, as proclaimed by the
38 President of the United States or Congress, whichever date of
39 inception is earliest, who has served in Panama or on board any ship
40 actively engaged in patrolling the territorial waters of that nation for
41 a period, continuous or in the aggregate, of at least 14 days
42 commencing on or before January 31, 1990 or the date of
43 termination of that mission, as proclaimed by the President of the
44 United States or Congress, whichever date of termination is the
45 latest, in such active service; provided, that any person receiving an
46 actual service-incurred injury or disability shall be classed as a
47 veteran whether or not that person has completed the 14 days'
48 service as herein provided;

1 (17)Operation "Desert Shield/Desert Storm" mission in the
2 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
3 or the date of inception of that operation, as proclaimed by the
4 President of the United States or Congress, whichever date of
5 inception is earliest, who has served in the Arabian peninsula or on
6 board any ship actively engaged in patrolling the Persian Gulf for a
7 period, continuous or in the aggregate, of at least 14 days
8 commencing on or before the date of termination of that mission, as
9 proclaimed by the President of the United States or Congress,
10 whichever date of termination is the latest, in such active service;
11 provided, that any person receiving an actual service-incurred injury
12 or disability shall be classed as a veteran whether or not that person
13 has completed the 14 days' service as herein provided;

14 (18)Operation Northern Watch and Operation Southern Watch,
15 on or after August 27, 1992, or the date of inception of that
16 operation, as proclaimed by the President of the United States,
17 Congress or United States Secretary of Defense, whichever date of
18 inception is earliest, who served in the theater of operation,
19 including in the Arabian peninsula and the Persian Gulf, and in
20 direct support of that operation for a period, continuously or in the
21 aggregate, of at least 14 days in such active service, commencing on
22 or before the date of termination of the operation, as proclaimed by
23 the President of the United States, Congress or United States
24 Secretary of Defense, whichever date of termination is latest;
25 provided, that any person receiving an actual service-incurred injury
26 or disability while engaged in such service shall be classed as a
27 veteran whether or not that person has completed the 14 days'
28 service as herein provided;

29 (19)Operation "Restore Hope" in Somalia, on or after December
30 5, 1992, or the date of inception of that operation as proclaimed by
31 the President of the United States or Congress, whichever date is
32 earliest, who has served in Somalia or on board any ship actively
33 engaged in patrolling the territorial waters of that nation for a
34 period, continuously or in the aggregate, of at least 14 days in such
35 active service commencing on or before March 31, 1994; provided
36 that any person receiving an actual service-incurred injury or
37 disability shall be classed as a veteran whether or not that person
38 has completed the 14-day service as herein provided;

39 (20)Operations "Joint Endeavor" and "Joint Guard" in the
40 Republic of Bosnia and Herzegovina, on or after November 20,
41 1995, who served in such active service in direct support of one or
42 both of the operations for at least 14 days, continuously or in the
43 aggregate, commencing on or before June 20, 1998, and (1) was
44 deployed in that nation or in another area in the region, or (2) was
45 on board a United States naval vessel operating in the Adriatic Sea,
46 or (3) operated in airspace above the Republic of Bosnia and
47 Herzegovina; provided that any person receiving an actual service-

1 incurred injury or disability shall be classed as a veteran whether or
2 not that person completed the 14-day service requirement;

3 (21)Operation "Enduring Freedom", on or after September 11,
4 2001, who served in a theater of operation and in direct support of
5 that operation for a period, continuously or in the aggregate, of at
6 least 14 days in such active service commencing on or before the
7 date the President of the United States or the United States
8 Secretary of Defense designates as the termination date of that
9 operation; provided, that any person receiving an actual service-
10 incurred injury or disability while engaged in such service shall be
11 classed as a veteran whether or not that person has completed the 14
12 days' service as herein provided; and

13 (22)Operation "Iraqi Freedom", on or after the date the President
14 of the United States or the United States Secretary of Defense
15 designates as the inception date of that operation, who served in
16 Iraq or in another area in the region in direct support of that
17 operation for a period, continuously or in the aggregate, of at least
18 14 days in such active service commencing on or before the date the
19 President of the United States or the United States Secretary of
20 Defense designates as the termination date of that operation;
21 provided, that any person receiving an actual service-incurred injury
22 or disability while engaged in such service shall be classed as a
23 veteran whether or not that person has completed the 14 days'
24 service as herein provided.

25 "Veteran" also means any honorably discharged member of the
26 American Merchant Marine who served during World War II and is
27 declared by the United States Department of Defense to be eligible
28 for federal veterans' benefits.

29 s. "Child" means a deceased member's unmarried child either
30 (a) under the age of 18 or (b) of any age who, at the time of the
31 member's death, is disabled because of mental retardation or
32 physical incapacity, is unable to do any substantial, gainful work
33 because of the impairment and the impairment has lasted or can be
34 expected to last for a continuous period of not less than 12 months,
35 as affirmed by the medical board.

36 t. (1) "Widower," for employees of the State, means the man to
37 whom a member was married, or a domestic partner as defined in
38 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
39 the date of her death and to whom she continued to be married or a
40 domestic partner until the date of her death and who was receiving
41 at least one-half of his support from the member in the 12-month
42 period immediately preceding the member's death or the accident
43 which was the direct cause of the member's death. The dependency
44 of such a widower will be considered terminated by marriage of, or
45 establishment of a domestic partnership by, the widower subsequent
46 to the death of the member. In the event of the payment of an
47 accidental death benefit, the five-year qualification shall be waived.

1 (2) Subject to the provisions of paragraph (3) of this subsection,
2 "widower," for employees of public employers other than the State,
3 means the man to whom a member was married at least five years
4 before the date of her death and to whom she continued to be
5 married until the date of her death and who was receiving at least
6 one-half of his support from the member in the 12-month period
7 immediately preceding the member's death or the accident which
8 was the direct cause of the member's death. The dependency of such
9 a widower shall be considered terminated by marriage of the
10 widower subsequent to the death of the member. In the event of the
11 payment of an accidental death benefit, the five-year qualification
12 shall be waived.

13 (3) A public employer other than the State may adopt a
14 resolution providing that the term "widower" as defined in
15 paragraph (2) of this subsection shall include domestic partners as
16 provided in paragraph (1) of this subsection.

17 u. (1) "Widow," for employees of the State, means the woman
18 to whom a member was married, or a domestic partner as defined in
19 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
20 the date of his death and to whom he continued to be married or a
21 domestic partner until the date of his death and who was receiving
22 at least one-half of her support from the member in the 12-month
23 period immediately preceding the member's death or the accident
24 which was the direct cause of the member's death. The dependency
25 of such a widow will be considered terminated by the marriage of,
26 or establishment of a domestic partnership by, the widow
27 subsequent to the member's death. In the event of the payment of an
28 accidental death benefit, the five-year qualification shall be waived.

29 (2) Subject to the provisions of paragraph (3) of this subsection,
30 "widow," for employees of public employers other than the State,
31 means the woman to whom a member was married at least five
32 years before the date of his death and to whom he continued to be
33 married until the date of his death and who was receiving at least
34 one-half of her support from the member in the 12-month period
35 immediately preceding the member's death or the accident which
36 was the direct cause of the member's death. The dependency of such
37 a widow shall be considered terminated by the marriage of the
38 widow subsequent to the member's death. In the event of the
39 payment of an accidental death benefit, the five-year qualification
40 shall be waived.

41 (3) A public employer other than the State may adopt a
42 resolution providing that the term "widower" as defined in
43 paragraph (2) of this subsection shall include domestic partners as
44 provided in paragraph (1) of this subsection.

45 v. "Parent" means the parent of a member who was receiving at
46 least one-half of the parent's support from the member in the 12-
47 month period immediately preceding the member's death or the
48 accident which was the direct cause of the member's death. The

1 dependency of such a parent will be considered terminated by
2 marriage of the parent subsequent to the death of the member.

3 w. "Medical board" means the board of physicians provided for
4 in N.J.S.18A:66-56.

5 x. (1) "Spouse," for employees of the State, means the husband
6 or wife, or domestic partner as defined in section 3 of P.L.2003,
7 c.246 (C.26:8A-3), of a member.

8 (2) Subject to the provisions of paragraph (1) of this subsection,
9 "spouse," for employees of public employers other than the State,
10 means the husband or wife of a member.

11 (3) A public employer other than the State may adopt a
12 resolution providing that the term "spouse" as defined in paragraph
13 (2) of this subsection shall include domestic partners as provided in
14 paragraph (1) of this subsection.

15 (cf: P.L.2007, c.103, s.9)

16

17 3. This act shall take effect immediately.

18

19

20 SPONSOR'S STATEMENT

21

22 This bill changes the definition of compensation for certain State
23 employees enrolled in the Public Employees' Retirement System
24 (PERS) or the Teachers' Pension and Annuity Fund (TPAF).
25 Current law defines compensation as the base or contractual salary
26 for services as an employee. This bill would provide that, for the
27 period of July 1, 2009 through June 30, 2011, "contractual salary"
28 for a State employee would include wage increases under a
29 collective negotiations agreement notwithstanding that, by
30 amendment to that collective negotiations agreement, the effective
31 date of the contractual increase has been deferred. For the purpose
32 of this bill, "State employee" means an employee in the Executive
33 Branch of State government. The term excludes an employee of an
34 autonomous authority, commission, entity, or instrumentality
35 authorized to participate in the PERS.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4111

STATE OF NEW JERSEY

DATED: JUNE 22, 2009

The Assembly Budget Committee reports favorably Assembly Bill No. 4111.

The bill changes the definition of compensation for certain State employees enrolled in the Public Employees' Retirement System (PERS) or in the Teachers' Pension and Annuity Fund (TPAF). Current law defines compensation as the base or contractual salary for services as an employee. This bill would provide that, for the period of July 1, 2009 through June 30, 2011, "contractual salary" for a State employee would include wage increases under a collective negotiations agreement notwithstanding that, by amendment to that collective negotiations agreement, the effective date of the contractual increase has been deferred. For the purpose of this bill, "State employee" means an employee in the Executive Branch of State government. The term excludes an employee of an autonomous authority, commission, entity, or instrumentality authorized to participate in the PERS.

Assembly Bill No. 4111 is identical to Senate Bill No. 2955 (1R).

FISCAL IMPACT:

According to the Office of Management and Budget (OMB), the fiscal impact on the State's required employer contributions to the pension system, at the higher salary rate, is estimated to be \$8 million in FY 2012 when the higher salary rate is reflected in the PERS actuarial valuation. OMB's estimate assumes that pensions will be fully funded in FY 2012. OMB did not provide information with regard to the TPAF.

1 which are granted primarily in anticipation of the member's
2 retirement or additional remuneration for performing temporary or
3 extracurricular duties beyond the regular workday or the regular
4 work year.

5 (2) In the case of a person who becomes a member of the
6 retirement system on or after July 1, 2007, "compensation" means
7 the amount of base or contractual salary equivalent to the annual
8 maximum wage contribution base for Social Security, pursuant to
9 the Federal Insurance Contributions Act, for services as an
10 employee, which is in accordance with established salary policies of
11 the member's employer for all employees in the same position but
12 shall not include individual salary adjustments which are granted
13 primarily in anticipation of the member's retirement or additional
14 remuneration for performing temporary or extracurricular duties
15 beyond the regular workday or the regular work year. This
16 paragraph shall not apply to a person who at the time of enrollment
17 in the retirement system on or after July 1, 2007 transfers service
18 credit from another State-administered retirement system pursuant
19 to section 14 of P.L.1954, c.84 (C.43:15A-14), but shall apply to a
20 former member of the retirement system who has been granted a
21 retirement allowance and is reenrolled in the retirement system on
22 or after July 1, 2007 pursuant to section 27 of P.L.1966, c.217
23 (C.43:15A-57.2) after becoming employed again in a position that
24 makes the person eligible to be a member of the retirement system.

25 In cases where salary includes maintenance, the retirement
26 system shall fix the value of that part of the salary not paid in
27 money which shall be considered under this act.

28 For the period of July 1, 2009 through June 30, 2011,
29 "contractual salary" for State employees shall include wage
30 increases under a collective negotiations agreement notwithstanding
31 that, by amendment to that collective negotiations agreement, the
32 effective date of the contractual increase has been deferred. For the
33 purpose of this paragraph, "State employee" means an employee in
34 the Executive Branch of State government of New Jersey but shall
35 not include employees of agencies authorized to participate in the
36 system under section 73 of P.L.1954, c.84 (C.43:15A-73) or
37 P.L.1990, c.25 (C.43:15A-73.2 et al.).
38 (cf: P.L.2007, c.103, s.10)

39

40 2. This act shall take effect immediately.

41

42

43

SPONSOR'S STATEMENT

44

45 This bill changes the definition of compensation for certain State
46 employees enrolled in the Public Employees' Retirement System
47 (PERS). Current law defines compensation as the base or
48 contractual salary for services as an employee. This bill would

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10

1 provide that, for the period of July 1, 2009 through June 30, 2011,
2 “contractual salary” for a State employee would include wage
3 increases under a collective negotiations agreement notwithstanding
4 that, by amendment to that collective negotiations agreement, the
5 effective date of the contractual increase has been deferred. For the
6 purpose of this bill, “State employee” means an employee in the
7 Executive Branch of State government. The term excludes an
8 employee of an autonomous authority, commission, entity, or
9 instrumentality authorized to participate in the PERS.

10 This bill would provide for the implementation of a provision in
11 a recently announced amendment to a collective negotiations
12 agreement between the State and the representative of certain State
13 employees.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO SENATE, No. 2955

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2009

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2955, with committee amendments.

Senate Bill No. 2955, with committee amendments, changes the definition of compensation for certain State employees enrolled in the Public Employees' Retirement System (PERS) or in the Teachers' Pension and Annuity Fund (TPAF). Current law defines compensation as the base or contractual salary for services as an employee. This bill would provide that, for the period of July 1, 2009 through June 30, 2011, "contractual salary" for a State employee would include wage increases under a collective negotiations agreement notwithstanding that, by amendment to that collective negotiations agreement, the effective date of the contractual increase has been deferred. For the purpose of this bill, "State employee" means an employee in the Executive Branch of State government. The term excludes an employee of an autonomous authority, commission, entity, or instrumentality authorized to participate in the PERS.

Senate, No. 2955 as amended is identical to Assembly, No. 4111 of 2009.

COMMITTEE AMENDMENTS:

The committee amended the bill to make an identical change in the definition of compensation for the Teachers' Pension and Annuity Fund (TPAF) which would apply to employees in the Executive Branch of State government who are members of the TPAF.

FISCAL IMPACT:

According to the Office of Management and Budget (OMB), the fiscal impact on the State's required employer contributions to the pension system, at the higher salary rate, is estimated to be \$8 million in FY 2012 when the higher salary rate is reflected in the PERS actuarial valuation. OMB's estimate assumes that pensions will be fully funded in FY 2012.