

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5208
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: FEBRUARY 24, 2023

SUMMARY

Synopsis: Extends provisions of P.L.2021, c.498 in certain circumstances.

Type of Impact: Potential expenditure impact for the State General Fund and the Legislature.

Agencies Affected: New Jersey Legislature.

Office of Legislative Services Estimate

Fiscal Impact	
Potential State Savings	Indeterminate

- The Office of Legislative Services (OLS) estimates that if an employee of the Legislature returns to employment for 20 hours or less per week shortly after retirement without reenrolling in the Public Employees’ Retirement System, the Legislature may realize savings in contributions to the retirement system. Because each qualified retiree is not reenrolled in this retirement system and, thus, does not receive an increase in retirement benefits for the additional service, the retirement system does not incur additional costs.
- During the period of the part-time employment, the retiree would continue to receive State-paid post-retirement health care benefits under the State Health Benefits Program if they are entitled to those benefits. If they are not entitled to those benefits, the retiree would not be eligible for health care benefits under the Public Employees’ Retirement System during the period of part-time employment because eligibility for State employees is limited to those who are employed to work for 35 hours or more per week.
- There is no information available to indicate the number of Public Employees’ Retirement System retirees who would be reemployed; thus, a specific estimate of the potential savings for the Legislature cannot be made at this time.

BILL DESCRIPTION

This bill extends the provision of current law that permits a retired member of the Public Employees' Retirement System to return to employment with the Legislature under certain circumstances.

Under current law, a retired member of the Public Employees' Retirement System who was employed with the Legislature and who was granted a retirement allowance prior to or on January 18, 2022, or during calendar year 2022, for any cause other than disability, may return to employment with the Legislature, without cancellation of the retirement and reenrollment in the retirement system, for a term of not more than two years. This return is permitted if:

(1) the return commences no less than 30 days after the retirement allowance becomes due and payable;

(2) the retired member had attained the service retirement age, applicable to that member, as of the date of retirement; and

(3) the retired member is re-employed as a part-time employee and works no more than 20 hours per week.

The retirement has to be a bona fide retirement and any return to employment under this law cannot be prearranged before retirement. The law does not apply to a former member of the Legislature itself.

Under this bill, the current law is extended to any Public Employees' Retirement System member who retires during 2023 and 2024, and the term of the return to employment is extended to four years from two years. A retired member who returned to employment under the current law is permitted to extend the employment from two years to four years from the date of return.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that if an employee of the Legislature returns to employment for 20 hours or less per week shortly after retirement without reenrolling in the Public Employees' Retirement System, the Legislature may realize savings in contributions to the retirement system. The OLS notes that there is a cost to the Legislature if a Public Employees' Retirement System retiree reenrolls in the retirement system because the Legislature pays the required contributions. Because this bill prevents reenrollment, the Legislature would save on contributions in that regard. Also, there will be no additional cost to the retirement system for a qualified retiree because, as a result of the bill, the retiree will not be eligible to receive an increased retirement benefit based upon service during reemployment with the Legislature.

During the period of the part-time employment, the retiree would continue to receive State-paid post-retirement health care benefits under the State Health Benefits Program if they are entitled to those benefits. If they are not entitled to those benefits, the retiree would not be eligible for health care benefits under the program during the period of part-time employment because eligibility for State employees is limited to those who are employed to work for 35 hours or more per week.

The OLS notes that the Legislature would have the discretion to make a reemployment decision. The impact of this bill will be limited as it would apply only to a hiring decision made during the period of time specified in the bill.

There is no information available to indicate the number of Public Employees' Retirement System retirees who would be reemployed; thus, a specific estimate of the potential savings for the Legislature cannot be made at this time.

Section: State Government

*Analyst: Aggie Szilagyi
Section Chief*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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.).