

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5208

STATE OF NEW JERSEY

DATED: NOVEMBER 30, 2023

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5208.

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

Under current law, a retired member of the PERS who was employed with the Legislature and who was granted a retirement allowance prior to or on January 18, 2021, 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 PERS, 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 PERS 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.

As reported by the committee, Assembly Bill No. 5208 is identical to Senate Bill No. 4082, which was also reported by the committee on this date.

FISCAL IMPACT:

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.