

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2747

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 27, 2023

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2747 (1R), with committee amendments.

As amended, this bill directs the Division of Budget and Accounting, also known as the Office of Management and Budget, in the Department of the Treasury to establish a fringe benefit rate for public institutions of higher education that reflects the actual cost of employee fringe benefits. The separate fringe rate is to first apply in FY 2025.

Currently, the fringe benefit rate used is not specific to employees at the State's public institutions of higher education, but to State employees in general. Many State employees are enrolled in the Public Employees' Retirement System (PERS), while many of the employees employed by State public colleges and universities are enrolled in the less costly Alternative Benefit Plan (ABP) or are not enrolled in a retirement plan. This results in a difference between the actual cost of benefits and the amount paid to the State.

COMMITTEE AMENDMENTS:

The committee amended the bill to provide that the separate fringe benefit rate established for State colleges and universities is to first apply in fiscal year 2025.

FISCAL IMPACT:

The Office of Legislative Services (OLS) finds that this bill will affect fringe benefit recoveries from the State colleges and universities, which are recorded as Schedule 1 State Revenues in the annual appropriations act.

Given that the bill does not provide the specific manner in which a new fringe benefit rate for the State colleges and universities would be calculated, the impact on State revenues is indeterminate.

Currently, the State funds the employer share of fringe benefits for public employees at the State's colleges and universities. The number

of employees for which the State pays the employer share of fringe benefit costs is determined in the annual appropriations act by each college or university's number of State-funded positions. The colleges or universities reimburse the State for the fringe benefit costs of employees beyond the number authorized in the annual appropriations act, whether funded from State or non-State sources.