

# ASSEMBLY, No. 1851

## STATE OF NEW JERSEY 218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

**Sponsored by:**

**Assemblywoman PAMELA R. LAMPITT**

**District 6 (Burlington and Camden)**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**SYNOPSIS**

Limits payments for unused sick leave earned after effective date by public officers or employees represented by union; for all public employees, limits vacation leave carry-forward and requires suspension and forfeiture of certain supplemental compensation.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 4/6/2018)**

1 AN ACT concerning the sick leave and vacation leave of public  
2 officers and employees, and amending and supplementing  
3 various parts of the statutory law.  
4

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

7  
8 1. Section 3 of P.L.2010, c.3 (C.18A:30-3.6) is amended to  
9 read as follows:

10 3. a. Notwithstanding any law, rule or regulation to the  
11 contrary, a board of education, or an agency or instrumentality  
12 thereof, shall not pay supplemental compensation to any officer or  
13 employee for accumulated unused sick leave in an amount in excess  
14 of \$15,000. Supplemental compensation shall be payable only at  
15 the time of retirement from a State-administered or locally-  
16 administered retirement system based on the leave credited on the  
17 date of retirement. This provision shall apply only to officers and  
18 employees who commence service with the board of education, or  
19 the agency or instrumentality thereof, on or after the effective date  
20 of P.L.2010, c.3. This section shall not be construed to affect the  
21 terms in any collective negotiations agreement with a relevant  
22 provision in force on that effective date.

23 b. (1) As used in this subsection, "officer or employee" means  
24 an officer or employee for whom there is a majority representative  
25 for collective negotiations purposes who was in service with the  
26 employer prior to the effective date of P.L.2010, c.3 and  
27 continuously thereafter or who commenced service on or after that  
28 effective date.

29 (2) Notwithstanding the provisions of subsection a. of this  
30 section or any other law to the contrary, a board of education, or an  
31 agency or instrumentality thereof, shall not pay supplemental  
32 compensation to any officer or employee for accumulated unused  
33 sick leave earned after the effective date of P.L. , c. (pending  
34 before the Legislature as this bill) or after the expiration of a  
35 collective negotiations agreement with a relevant provision  
36 applicable to that officer or employee in effect on that date, except  
37 as provided in this subsection. An officer or employee who on the  
38 effective date of P.L. , c. (pending before the Legislature as this  
39 bill), or upon the expiration of a collective negotiations agreement  
40 with a relevant provision applicable to that officer or employee in  
41 effect on that date, has accrued supplemental compensation based  
42 upon accumulated unused sick leave earned prior to the effective  
43 date shall continue to be eligible to receive the amount so accrued  
44 based on that sick leave that remains credited on the date of  
45 retirement. Supplemental compensation shall be payable only at the

**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 time of retirement from a State-administered or locally-  
2 administered retirement system based on the leave credited on the  
3 date of retirement.

4 If the accrued supplemental compensation based upon  
5 accumulated unused sick leave earned prior to the effective date is  
6 \$7,500 or more at the time of retirement based on that sick leave  
7 that remains credited on the date of retirement, accumulated unused  
8 sick leave earned after the effective date shall have no monetary  
9 value and shall not be paid for the purpose of supplemental  
10 compensation or for the purposes set forth in paragraphs (3) and (4)  
11 of this subsection. If the accrued supplemental compensation based  
12 upon accumulated unused sick leave earned prior to the effective  
13 date is less than \$7,500 at the time of retirement based on that sick  
14 leave that remains credited on the date of retirement, accumulated  
15 unused sick leave earned after the effective date shall have no  
16 monetary value except for the purposes set forth in paragraphs (3)  
17 and (4) of this subsection, but only to a maximum amount equal to  
18 the difference between \$7,500 and the accrued supplemental  
19 compensation based upon accumulated unused sick leave earned  
20 prior to the effective date that remains credited on the date of  
21 retirement.

22 (3) Upon the retirement of an officer or employee who is  
23 eligible to receive after retirement health care benefits coverage that  
24 is fully or partly paid by the employer or a public entity, the  
25 employer shall calculate the dollar value of the number of days of  
26 unused sick leave earned after the effective date of P.L. \_\_\_\_\_,  
27 c. (pending before the Legislature as this bill) or after the  
28 expiration of a collective negotiations agreement with a relevant  
29 provision applicable to that officer or employee in effect on that  
30 date, without the application of interest, which value shall not  
31 exceed the limit specified in paragraph (2) of this subsection. The  
32 dollar value shall be calculated using the number of such days that  
33 may be used for the calculation and the per diem or other rate, if  
34 any, that have been agreed upon through collective negotiations  
35 between the employer and the majority representative of the  
36 relevant officer or employee, if the agreement contains provisions  
37 regarding these items. Following the calculation of the total dollar  
38 value, the employer shall divide the total value by 60 in order to  
39 determine a monthly payment of equal amounts for a period of five  
40 years. In addition to any other contributions by the employer,  
41 contributions by that employer in the amount of such monthly  
42 payments, not to exceed the value limit in the aggregate, shall be  
43 paid from appropriations and applied towards the contributions for  
44 health care benefits coverage required of such retired officer or  
45 employee, whether as a percentage of premium, percentage of the  
46 retirement allowance, or a specific amount, to the extent necessary  
47 to pay such contributions. The remaining amount, if any, necessary  
48 to pay such contributions shall be paid by such retired officer or

1 employee. If the survivor of the public officer or employee is  
2 eligible to continue, after the death of the officer or employee, to  
3 receive health care benefits coverage that is fully or partly paid by  
4 the employer or a public entity, the monthly payments shall  
5 continue if provided for in a collective negotiations agreement, and  
6 shall be applied towards contributions required of that survivor, but  
7 only for the period of time remaining for such payments after the  
8 death of the officer or employee or for the period of time permitted  
9 by law or contract, whichever time period is shorter.

10 The employer shall notify the public entity responsible for the  
11 payments for the health care benefits coverage provided to such  
12 officers and employees if other than the employer. The employer,  
13 public entity, Division of Pensions and Benefits in the Department  
14 of the Treasury, and health care benefits program administrator  
15 shall cooperate to develop procedures to implement the provisions  
16 of this paragraph.

17 (4) Upon the retirement of an officer or employee who is not  
18 eligible to receive after retirement, or for whom the employer or a  
19 public entity does not provide, health care benefits coverage after  
20 retirement that is fully or partly paid by the employer or a public  
21 entity, the provisions of paragraph (3) of this subsection shall not  
22 apply and a Health Reimbursement Arrangement, or substantially  
23 similar account, shall be established by the employer and governed  
24 in accordance with the requirements of the Internal Revenue  
25 Service and the Internal Revenue Code. The purpose of the  
26 arrangement shall be to reimburse the retiree or eligible person for  
27 qualified medical expenses incurred up to the dollar value, in the  
28 aggregate, of the accumulated unused sick leave, if any, as  
29 computed under paragraph (3) in accordance with a collective  
30 negotiations agreement, but only up to one fifth of that value  
31 annually. The arrangement shall reimburse the retiree or eligible  
32 person for copayments, coinsurance, deductibles, and services as set  
33 forth in the plan document and permitted by the Internal Revenue  
34 Service and code. The plan document shall provide for the carry  
35 forward of the total amount of the unused reimbursement from year  
36 to year for a period of five years. Unused reimbursement shall not  
37 be payable as cash to the retiree or the retiree's estate or  
38 beneficiaries. The arrangement shall be available to the survivor of  
39 the retiree, in accordance with the Internal Revenue Service or  
40 code, if permitted by law or a collective negotiations agreement but  
41 only for the period of time of the five years that remains at the  
42 death of the retiree or for the period of time permitted by law or  
43 contract, whichever time period is shorter.

44 If the officer or employee is a veteran of the Armed Forces of  
45 United States and been issue a certificate of such veteran status by  
46 the Adjutant of the Department of Military and Veterans' Affairs, in  
47 accordance with section 5 of P.L. , c. (pending before the  
48 Legislature as this bill), the veteran shall receive from the employer

1 supplemental compensation in an amount, if any, as computed  
2 under paragraph (3) in accordance with a collective negotiations  
3 agreement and shall not be eligible for an individual Health  
4 Reimbursement Arrangement as provided above.

5 (5) All officers and employees in service on the effective date of  
6 P.L. , c. (pending before the Legislature as this bill) who have a  
7 contractual right to receive, if eligible, supplemental compensation  
8 for accumulated unused sick leave shall continue to have that  
9 contractual right.

10 (6) The provisions of this subsection shall apply also to those  
11 officers and employees covered under section 44 of P.L.2007, c.92  
12 (C.18A:30-3.5) for whom there is a majority representative for  
13 collective negotiations purposes, if any.

14 c. Payment of supplemental compensation for accumulated  
15 unused sick leave shall be suspended if an officer or employee has  
16 been indicted for a crime that involves or touches such office or  
17 employment as defined in section 6 of P.L.2007, c.49 (C.2C:43-  
18 6.5).

19 Supplemental compensation for accumulated unused sick leave  
20 shall be forfeited if an officer or employee is convicted of a crime  
21 that subjects the officer or employee to the provisions of section 6  
22 of P.L.2007, c.49, or for a substantially similar offense under the  
23 laws of another state or the United States which would have been  
24 such a crime under the laws of this State.

25 (cf: P.L.2010, c.3, s.3)

26

27 2. Section 2 of P.L.2010, c.3 (C.40A:9-10.4) is amended to  
28 read as follows:

29 2. a. Notwithstanding any law, rule or regulation to the  
30 contrary, a political subdivision of the State, or an agency, authority  
31 or instrumentality thereof, that has not adopted the provisions of  
32 Title 11A of the New Jersey Statutes, shall not pay supplemental  
33 compensation to any officer or employee for accumulated unused  
34 sick leave in an amount in excess of \$15,000. Supplemental  
35 compensation shall be payable only at the time of retirement from a  
36 State-administered or locally-administered retirement system based  
37 on the leave credited on the date of retirement. This provision shall  
38 apply only to officers and employees who commence service with  
39 the political subdivision of the State, or the agency, authority or  
40 instrumentality thereof, on or after the effective date of P.L.2010,  
41 c.3. This section shall not be construed to affect the terms in any  
42 collective negotiations agreement with a relevant provision in force  
43 on that effective date.

44 b. (1) As used in this subsection, "officer or employee" means  
45 an officer or employee for whom there is a majority representative  
46 for collective negotiations purposes who was in service with the  
47 employer prior to the effective date of P.L.2010, c.3 and

1 continuously thereafter or who commenced service on or after that  
2 effective date.

3 (2) Notwithstanding the provisions of subsection a. of this  
4 section or any other law to the contrary, a political subdivision of  
5 the State, or an agency, authority or instrumentality thereof, that has  
6 not adopted the provisions of Title 11A of the New Jersey Statutes,  
7 shall not pay supplemental compensation to any officer or employee  
8 for accumulated unused sick leave earned after the effective date of  
9 P.L. , c. (pending before the Legislature as this bill) or after the  
10 expiration of a collective negotiations agreement with a relevant  
11 provision applicable to that officer or employee in effect on that  
12 date, except as provided in this subsection. An officer or employee  
13 who on the effective date of P.L. , c. (pending before the  
14 Legislature as this bill), or upon the expiration of a collective  
15 negotiations agreement with a relevant provision applicable to that  
16 officer or employee in effect on that date, has accrued supplemental  
17 compensation based upon accumulated unused sick leave earned  
18 prior to the effective date shall continue to be eligible to receive the  
19 amount so accrued based on that sick leave that remains credited on  
20 the date of retirement. Supplemental compensation shall be payable  
21 only at the time of retirement from a State-administered or locally-  
22 administered retirement system based on the leave credited on the  
23 date of retirement.

24 If the accrued supplemental compensation based upon  
25 accumulated unused sick leave earned prior to the effective date is  
26 \$7,500 or more at the time of retirement based on that sick leave  
27 that remains credited on the date of retirement, accumulated unused  
28 sick leave earned after the effective date shall have no monetary  
29 value and shall not be paid for the purpose of supplemental  
30 compensation or for the purposes set forth in paragraphs (3) and (4)  
31 of this subsection. If the accrued supplemental compensation based  
32 upon accumulated unused sick leave earned prior to the effective  
33 date is less than \$7,500 at the time of retirement based on that sick  
34 leave that remains credited on the date of retirement, accumulated  
35 unused sick leave earned after the effective date shall have no  
36 monetary value except for the purposes set forth in paragraphs (3)  
37 and (4) of this subsection, but only to a maximum amount equal to  
38 the difference between \$7,500 and the accrued supplemental  
39 compensation based upon accumulated unused sick leave earned  
40 prior to the effective date that remains credited on the date of  
41 retirement.

42 (3) Upon the retirement of an officer or employee who is  
43 eligible to receive after retirement health care benefits coverage that  
44 is fully or partly paid by the employer or a public entity, the  
45 employer shall calculate the dollar value of the number of days of  
46 unused sick leave earned after the effective date of P.L. ,  
47 c. (pending before the Legislature as this bill) or after the  
48 expiration of a collective negotiations agreement with a relevant

1 provision applicable to that officer or employee in effect on that  
2 date, without the application of interest, which value shall not  
3 exceed the limit specified in paragraph (2) of this subsection. The  
4 dollar value shall be calculated using the number of such days that  
5 may be used for the calculation and the per diem or other rate, if  
6 any, that have been agreed upon through collective negotiations  
7 between the employer and the majority representative of the  
8 relevant officer or employee, if the agreement contains provisions  
9 regarding these items. Following the calculation of the total dollar  
10 value, the employer shall divide the total value by 60 in order to  
11 determine a monthly payment of equal amounts for a period of five  
12 years. In addition to any other contributions by the employer,  
13 contributions by that employer in the amount of such monthly  
14 payments, not to exceed the value limit in the aggregate, shall be  
15 paid from appropriations and applied towards the contributions for  
16 health care benefits coverage required of such retired officer or  
17 employee, whether as a percentage of premium, percentage of the  
18 retirement allowance, or a specific amount, to the extent necessary  
19 to pay such contributions. The remaining amount, if any, necessary  
20 to pay such contributions shall be paid by such retired officer or  
21 employee. If the survivor of the public officer or employee is  
22 eligible to continue, after the death of the officer or employee, to  
23 receive health care benefits coverage that is fully or partly paid by  
24 the employer or a public entity, the monthly payments shall  
25 continue if provided for in a collective negotiations agreement, and  
26 shall be applied towards contributions required of that survivor, but  
27 only for the period of time remaining for such payments after the  
28 death of the officer or employee or for the period of time permitted  
29 by law or contract, whichever time period is shorter.

30 The employer shall notify the public entity responsible for the  
31 payments for the health care benefits coverage provided to such  
32 officers and employees if other than the employer. The employer,  
33 public entity, Division of Pensions and Benefits in the Department  
34 of the Treasury, and health care benefits program administrator  
35 shall cooperate to develop procedures to implement the provisions  
36 of this paragraph.

37 (4) Upon the retirement of an officer or employee who is not  
38 eligible to receive after retirement, or for whom the employer or a  
39 public entity does not provide, health care benefits coverage after  
40 retirement that is fully or partly paid by the employer or a public  
41 entity, the provisions of paragraph (3) of this subsection shall not  
42 apply and a Health Reimbursement Arrangement, or substantially  
43 similar account, shall be established by the employer and governed  
44 in accordance with the requirements of the Internal Revenue  
45 Service and the Internal Revenue Code. The purpose of the  
46 arrangement shall be to reimburse the retiree or eligible person for  
47 qualified medical expenses incurred up to the dollar value, in the  
48 aggregate, of the accumulated unused sick leave, if any, as

1 computed under paragraph (3) in accordance with a collective  
2 negotiations agreement, but only up to one fifth of that value  
3 annually. The arrangement shall reimburse the retiree or eligible  
4 person for copayments, coinsurance, deductibles, and services as set  
5 forth in the plan document and permitted by the Internal Revenue  
6 Service and code. The plan document shall provide for the carry  
7 forward of the total amount of the unused reimbursement from year  
8 to year for a period of five years. Unused reimbursement shall not  
9 be payable as cash to the retiree or the retiree's estate or  
10 beneficiaries. The arrangement shall be available to the survivor of  
11 the retiree, in accordance with the Internal Revenue Service or  
12 code, if permitted by law or a collective negotiations agreement but  
13 only for the period of time of the five years that remains at the  
14 death of the retiree or for the period of time permitted by law or  
15 contract, whichever time period is shorter.

16 If the officer or employee is a veteran of the Armed Forces of  
17 United States and been issue a certificate of such veteran status by  
18 the Adjutant of the Department of Military and Veterans' Affairs, in  
19 accordance with section 5 of P.L. , c. (pending before the  
20 Legislature as this bill), the veteran shall receive from the employer  
21 supplemental compensation in an amount, if any, as computed  
22 under paragraph (3) in accordance with a collective negotiations  
23 agreement and shall not be eligible for an individual Health  
24 Reimbursement Arrangement as provided above.

25 (5) All officers and employees in service on the effective date of  
26 P.L. , c. (pending before the Legislature as this bill) who have a  
27 contractual right to receive, if eligible, supplemental compensation  
28 for accumulated unused sick leave shall continue to have that  
29 contractual right.

30 (6) The provisions of this subsection shall apply also to those  
31 officers and employees covered under section 43 of P.L.2007, c.92  
32 (C.40A:9-10.2) for whom there is a majority representative for  
33 collective negotiations purposes, if any. For officers or employees  
34 who elect health care benefits coverage in retirement under the  
35 State Health Benefits Program in accordance with section 1 of  
36 P.L.1997, c.330 (C.52:14-17.32i), paragraph (3) of this subsection  
37 shall apply. For officers or employees who do not elect health care  
38 benefits coverage in retirement under the State Health Benefits  
39 Program in accordance with section 1 of P.L.1997, c.330 (C.52:14-  
40 17.32i), paragraph (4) of this subsection shall apply.

41 c. Payment of supplemental compensation for accumulated  
42 unused sick leave shall be suspended if an officer or employee has  
43 been indicted for a crime that involves or touches such office or  
44 employment as defined in section 6 of P.L.2007, c.49 (C.2C:43-  
45 6.5).

46 Supplemental compensation for accumulated unused sick leave  
47 shall be forfeited if an officer or employee is convicted of a crime  
48 that subjects the officer or employee to the provisions of section 6



1 of P.L.2007, c.49, or for a substantially similar offense under the  
2 laws of another state or the United States which would have been  
3 such a crime under the laws of this State.

4 (cf: P.L.2010, c.3, s.2)

5

6 3. Section 1 of P.L.2010, c.3 (C.11A:6-19.2) is amended to  
7 read as follows:

8 1. a. Notwithstanding any law, rule or regulation to the  
9 contrary, a political subdivision of the State, or an agency, authority  
10 or instrumentality thereof, that has adopted the provisions of Title  
11 11A of the New Jersey Statutes, shall not pay supplemental  
12 compensation to any officer or employee for accumulated unused  
13 sick leave in an amount in excess of \$15,000. Supplemental  
14 compensation shall be payable only at the time of retirement from a  
15 State-administered or locally-administered retirement system based  
16 on the leave credited on the date of retirement. This provision shall  
17 apply only to officers and employees who commence service with  
18 the political subdivision of the State, or the agency, authority or  
19 instrumentality thereof, on or after the effective date of P.L.2010,  
20 c.3. This section shall not be construed to affect the terms in any  
21 collective negotiations agreement with a relevant provision in force  
22 on that effective date.

23 b. (1) As used in this subsection, "officer or employee" means  
24 an officer or employee for whom there is a majority representative  
25 for collective negotiations purposes who was in service with the  
26 employer prior to the effective date of P.L.2010, c.3 and  
27 continuously thereafter or who commenced service on or after that  
28 effective date.

29 (2) Notwithstanding the provisions of subsection a. of this  
30 section or any other law to the contrary, a political subdivision of  
31 the State, or an agency, authority or instrumentality thereof, that has  
32 adopted the provisions of Title 11A of the New Jersey Statutes,  
33 shall not pay supplemental compensation to any officer or employee  
34 for accumulated unused sick leave earned after the effective date of  
35 P.L. , c. (pending before the Legislature as this bill) or after the  
36 expiration of a collective negotiations agreement with a relevant  
37 provision applicable to that officer or employee in effect on that  
38 date, except as provided in this subsection. An officer or employee  
39 who on the effective date of P.L. , c. (pending before the  
40 Legislature as this bill), or upon the expiration of a collective  
41 negotiations agreement with a relevant provision applicable to that  
42 officer or employee in effect on that date, has accrued supplemental  
43 compensation based upon accumulated unused sick leave earned  
44 prior to the effective date shall continue to be eligible to receive the  
45 amount so accrued based on that sick leave that remains credited on  
46 the date of retirement. Supplemental compensation shall be payable  
47 only at the time of retirement from a State-administered or locally-

1 administered retirement system based on the leave credited on the  
2 date of retirement.

3 If the accrued supplemental compensation based upon  
4 accumulated unused sick leave earned prior to the effective date is  
5 \$7,500 or more at the time of retirement based on that sick leave  
6 that remains credited on the date of retirement, accumulated unused  
7 sick leave earned after the effective date shall have no monetary  
8 value and shall not be paid for the purpose of supplemental  
9 compensation or for the purposes set forth in paragraphs (3) and (4)  
10 of this subsection. If the accrued supplemental compensation based  
11 upon accumulated unused sick leave earned prior to the effective  
12 date is less than \$7,500 at the time of retirement based on that sick  
13 leave that remains credited on the date of retirement, accumulated  
14 unused sick leave earned after the effective date shall have no  
15 monetary value except for the purposes set forth in paragraphs (3)  
16 and (4) of this subsection, but only to a maximum amount equal to  
17 the difference between \$7,500 and the accrued supplemental  
18 compensation based upon accumulated unused sick leave earned  
19 prior to the effective date that remains credited on the date of  
20 retirement.

21 (3) Upon the retirement of an officer or employee who is  
22 eligible to receive after retirement health care benefits coverage that  
23 is fully or partly paid by the employer or a public entity, the  
24 employer shall calculate the dollar value of the number of days of  
25 unused sick leave earned after the effective date of P.L. \_\_\_\_\_,  
26 c. (pending before the Legislature as this bill) or after the  
27 expiration of a collective negotiations agreement with a relevant  
28 provision applicable to that officer or employee in effect on that  
29 date, without the application of interest, which value shall not  
30 exceed the limit specified in paragraph (2) of this subsection. The  
31 dollar value shall be calculated using the number of such days that  
32 may be used for the calculation and the per diem or other rate, if  
33 any, that have been agreed upon through collective negotiations  
34 between the employer and the majority representative of the  
35 relevant officer or employee, if the agreement contains provisions  
36 regarding these items. Following the calculation of the total dollar  
37 value, the employer shall divide the total value by 60 in order to  
38 determine a monthly payment of equal amounts for a period of five  
39 years. In addition to any other contributions by the employer,  
40 contributions by that employer in the amount of such monthly  
41 payments, not to exceed the value limit in the aggregate, shall be  
42 paid from appropriations and applied towards the contributions for  
43 health care benefits coverage required of such retired officer or  
44 employee, whether as a percentage of premium, percentage of the  
45 retirement allowance, or a specific amount, to the extent necessary  
46 to pay such contributions. The remaining amount, if any, necessary  
47 to pay such contributions shall be paid by such retired officer or  
48 employee. If the survivor of the public officer or employee is

1 eligible to continue, after the death of the officer or employee, to  
2 receive health care benefits coverage that is fully or partly paid by  
3 the employer or a public entity, the monthly payments shall  
4 continue if provided for in a collective negotiations agreement, and  
5 shall be applied towards contributions required of that survivor, but  
6 only for the period of time remaining for such payments after the  
7 death of the officer or employee or for the period of time permitted  
8 by law or contract, whichever time period is shorter.

9 The employer shall notify the public entity responsible for the  
10 payments for the health care benefits coverage provided to such  
11 officers and employees if other than the employer. The employer,  
12 public entity, Division of Pensions and Benefits in the Department  
13 of the Treasury, and health care benefits program administrator  
14 shall cooperate to develop procedures to implement the provisions  
15 of this paragraph.

16 (4) Upon the retirement of an officer or employee who is not  
17 eligible to receive after retirement, or for whom the employer or a  
18 public entity does not provide, health care benefits coverage after  
19 retirement that is fully or partly paid by the employer or a public  
20 entity, the provisions of paragraph (3) of this subsection shall not  
21 apply and a Health Reimbursement Arrangement, or substantially  
22 similar account, shall be established by the employer and governed  
23 in accordance with the requirements of the Internal Revenue  
24 Service and the Internal Revenue Code. The purpose of the  
25 arrangement shall be to reimburse the retiree or eligible person for  
26 qualified medical expenses incurred up to the dollar value, in the  
27 aggregate, of the accumulated unused sick leave, if any, as  
28 computed under paragraph (3) in accordance with a collective  
29 negotiations agreement, but only up to one fifth of that value  
30 annually. The arrangement shall reimburse the retiree or eligible  
31 person for copayments, coinsurance, deductibles, and services as set  
32 forth in the plan document and permitted by the Internal Revenue  
33 Service and code. The plan document shall provide for the carry  
34 forward of the total amount of the unused reimbursement from year  
35 to year for a period of five years. Unused reimbursement shall not  
36 be payable as cash to the retiree or the retiree's estate or  
37 beneficiaries. The arrangement shall be available to the survivor of  
38 the retiree, in accordance with the Internal Revenue Service or  
39 code, if permitted by law or a collective negotiations agreement but  
40 only for the period of time of the five years that remains at the  
41 death of the retiree or for the period of time permitted by law or  
42 contract, whichever time period is shorter.

43 If the officer or employee is a veteran of the Armed Forces of  
44 United States and been issue a certificate of such veteran status by  
45 the Adjutant of the Department of Military and Veterans' Affairs, in  
46 accordance with section 5 of P.L. , c. (pending before the  
47 Legislature as this bill), the veteran shall receive from the employer  
48 supplemental compensation in an amount, if any, as computed

1 under paragraph (3) in accordance with a collective negotiations  
2 agreement and shall not be eligible for an individual Health  
3 Reimbursement Arrangement as provided above.

4 (5) All officers and employees in service on the effective date of  
5 P.L. , c. (pending before the Legislature as this bill) who have a  
6 contractual right to receive, if eligible, supplemental compensation  
7 for accumulated unused sick leave shall continue to have that  
8 contractual right.

9 (6) The provisions of this subsection shall apply also to those  
10 officers and employees covered under section 42 of P.L.2007, c.92  
11 (C.11A:6-19.1) for whom there is a majority representative for  
12 collective negotiations purposes, if any. For officers or employees  
13 who elect health care benefits coverage in retirement under the  
14 State Health Benefits Program in accordance with section 1 of  
15 P.L.1997, c.330 (C.52:14-17.32i), paragraph (3) of this subsection  
16 shall apply. For officers or employees who do not elect health care  
17 benefits coverage in retirement under the State Health Benefits  
18 Program in accordance with section 1 of P.L.1997, c.330 (C.52:14-  
19 17.32i), paragraph (4) of this subsection shall apply.

20 c. Payment of supplemental compensation for accumulated  
21 unused sick leave shall be suspended if an officer or employee has  
22 been indicted for a crime that involves or touches such office or  
23 employment as defined in section 6 of P.L.2007, c.49 (C.2C:43-  
24 6.5).

25 Supplemental compensation for accumulated unused sick leave  
26 shall be forfeited if an officer or employee is convicted of a crime  
27 that subjects the officer or employee to the provisions of section 6  
28 of P.L.2007, c.49, or for a substantially similar offense under the  
29 laws of another state or the United States which would have been  
30 such a crime under the laws of this State.

31 (cf: P.L.2010, c.3, s.1)

32

33 4. N.J.S.11A:6-19 is amended to read as follows:

34 11A:6-19. a. Supplemental compensation; computation;  
35 limitation. Supplemental compensation shall be computed at the  
36 rate of one-half of the eligible employee's daily rate of pay for each  
37 day of accumulated sick leave based upon the compensation  
38 received during the last year of employment prior to the effective  
39 date of retirement, but supplemental compensation shall not exceed  
40 \$15,000.00. If an employee dies after the effective date of  
41 retirement but before payment is made, payment shall be made to  
42 the employee's estate.

43 b. (1) As used in this subsection, "employee" means an  
44 employee for whom there is a majority representative for collective  
45 negotiations purposes.

46 (2) Notwithstanding the provisions of N.J.S.11A:6-16 to the  
47 contrary, supplemental compensation shall not be paid to any State  
48 employee for accumulated unused sick leave earned after the

1 effective date of P.L. , c. (pending before the Legislature as this  
2 bill) or after the expiration of a collective negotiations agreement  
3 with a relevant provision applicable to that employee in effect on  
4 that date, except as provided in this subsection. An employee who  
5 on the effective date of P.L. , c. (pending before the Legislature  
6 as this bill), or upon the expiration of a collective negotiations  
7 agreement with a relevant provision applicable to that employee in  
8 effect on that date, has accrued supplemental compensation based  
9 upon accumulated unused sick leave earned prior to the effective  
10 date shall continue to be eligible to receive the amount so accrued  
11 based on that sick leave that remains credited on the date of  
12 retirement. Supplemental compensation shall be payable only at the  
13 time of retirement from a State-administered or locally-  
14 administered retirement system based on the leave credited on the  
15 date of retirement.

16 If the accrued supplemental compensation based upon  
17 accumulated unused sick leave earned prior to the effective date is  
18 \$7,500 or more at the time of retirement based on that sick leave  
19 that remains credited on the date of retirement, accumulated unused  
20 sick leave earned after the effective date shall have no monetary  
21 value and shall not be paid for the purpose of supplemental  
22 compensation or for the purposes set forth in paragraphs (3) and (4)  
23 of this subsection. If the accrued supplemental compensation based  
24 upon accumulated unused sick leave earned prior to the effective  
25 date is less than \$7,500 at the time of retirement based on that sick  
26 leave that remains credited on the date of retirement, accumulated  
27 unused sick leave earned after the effective date shall have no  
28 monetary value except for the purposes set forth in paragraphs (3)  
29 and (4) of this subsection, but only to a maximum amount equal to  
30 the difference between \$7,500 and the accrued supplemental  
31 compensation based upon accumulated unused sick leave earned  
32 prior to the effective date that remains credited on the date of  
33 retirement.

34 (3) Upon the retirement of an employee who is eligible to  
35 receive after retirement health care benefits coverage that is fully or  
36 partly paid by the employer or a public entity, the employer shall  
37 calculate the dollar value of the number of days of unused sick  
38 leave earned after the effective date of P.L. , c. (pending before  
39 the Legislature as this bill) or after the expiration of a collective  
40 negotiations agreement with a relevant provision applicable to that  
41 employee in effect on that date, without the application of interest,  
42 which value shall not exceed the limit specified in paragraph (2) of  
43 this subsection. The dollar value shall be calculated in accordance  
44 with subsection a. of this section. Following the calculation of the  
45 total dollar value, the employer shall divide the total value by 60 in  
46 order to determine a monthly payment of equal amounts for a  
47 period of five years. In addition to any other contributions by the  
48 employer, contributions by that employer in the amount of such

1 monthly payments, not to exceed the value limit in the aggregate,  
2 shall be paid from appropriations and applied towards the  
3 contributions for health care benefits coverage required of such  
4 retired officer or employee, whether as a percentage of premium,  
5 percentage of the retirement allowance, or a specific amount, to the  
6 extent necessary to pay such contributions. The remaining amount,  
7 if any, necessary to pay such contributions shall be paid by such  
8 retired employee. If the survivor of the public employee is eligible  
9 to continue, after the death of the employee, to receive health care  
10 benefits coverage that is fully or partly paid by the employer or a  
11 public entity, the monthly payments shall continue if provided for  
12 in a collective negotiations agreement, and shall be applied towards  
13 contributions required of that survivor, but only for the period of  
14 time remaining for such payments after the death of the employee  
15 or for the period of time permitted by law or contract, whichever  
16 time period is shorter.

17 The employer shall notify the public entity responsible for the  
18 payments for the health care benefits coverage provided to such  
19 employees if other than the employer. The employer, Division of  
20 Pensions and Benefits in the Department of the Treasury, and health  
21 care benefits program administrator shall cooperate to develop  
22 procedures to implement the provisions of this paragraph.

23 (4) Upon the retirement of an employee who is not eligible to  
24 receive after retirement, or for whom the employer or a public  
25 entity does not provide, health care benefits coverage after  
26 retirement that is fully or partly paid by the employer or a public  
27 entity, the provisions of paragraph (3) of this subsection shall not  
28 apply and a Health Reimbursement Arrangement, or substantially  
29 similar account, shall be established by the employer and governed  
30 in accordance with the requirements of the Internal Revenue  
31 Service and the Internal Revenue Code. The purpose of the  
32 arrangement shall be to reimburse the retiree or eligible person for  
33 qualified medical expenses incurred up to the dollar value, in the  
34 aggregate, of the accumulated unused sick leave, if any, as  
35 computed under paragraph (3) in accordance with a collective  
36 negotiations agreement, but only up to one fifth of that value  
37 annually. The arrangement shall reimburse the retiree or eligible  
38 person for copayments, coinsurance, deductibles, and services as set  
39 forth in the plan document and permitted by the Internal Revenue  
40 Service and code. The plan document shall provide for the carry  
41 forward of the total amount of the unused reimbursement from year  
42 to year for a period of five years. Unused reimbursement shall not  
43 be payable as cash to the retiree or the retiree's estate or  
44 beneficiaries. The arrangement shall be available to the survivor of  
45 the retiree, in accordance with the Internal Revenue Service or  
46 code, if permitted by law or a collective negotiations agreement but  
47 only for the period of time of the five years that remains at the

1 death of the retiree or for the period of time permitted by law or  
2 contract, whichever time period is shorter.

3 If the employee is a veteran of the Armed Forces of United  
4 States and been issue a certificate of such veteran status by the  
5 Adjutant of the Department of Military and Veterans' Affairs, in  
6 accordance with section 5 of P.L. , c. (pending before the  
7 Legislature as this bill), the veteran shall receive from the employer  
8 supplemental compensation in an amount, if any, as computed  
9 under paragraph (3) in accordance with a collective negotiations  
10 agreement and shall not be eligible for an individual Health  
11 Reimbursement Arrangement as provided above.

12 (5) The provisions of this subsection shall apply also to those  
13 officers and employees who are provided supplemental  
14 compensation for sick leave under N.J.S.11A:6-17 for whom, if  
15 any, there is a majority representative for collective negotiations  
16 purposes.

17 (6) All employees in service on the effective date of P.L. ,  
18 c. (pending before the Legislature as this bill) who have a  
19 contractual right to receive, if eligible, supplemental compensation  
20 for accumulated unused sick leave shall continue to have that  
21 contractual right.

22 (cf: N.J.S.11A:6-19)

23

24 5. (New section) The Adjutant General of the Department of  
25 Military and Veterans' Affairs shall be responsible for determining  
26 whether any person seeking to be considered a veteran for the  
27 purpose of receiving supplemental compensation for accumulated  
28 unused sick leave at the time of retirement, under paragraphs (4) of  
29 subsections b. of section 3 of P.L.2010, c.3 (C.18A:30-3.6), section  
30 2 of P.L.2010, c.3 (C.40A:9-10.4), section 1 of P.L.2010, c.3  
31 (C.11A:6-19.2), or N.J.S.11A:6-19, meets the definition set forth  
32 herein and adjudicating an appeal from any person disputing this  
33 determination. The Adjutant General shall determine what  
34 evidence of the record of service shall be sufficient for a  
35 determination. The determination of the Adjutant General shall  
36 apply only prospectively from the date of initial determination or  
37 date of determination from an appeal, as appropriate, and shall be  
38 binding upon a public employer. For the purpose of this section,  
39 "veteran" means any person who has been honorably discharged or  
40 released under honorable circumstances from active service in any  
41 branch of the Armed Forces of the United States.

42

43 6. (New section) The Attorney General shall develop  
44 guidelines or establish a procedure designed to provide a State  
45 agency as defined in section 2 of P.L.1971, c.182 (C.52:13D-13), a  
46 local government agency as defined in section 3 of P.L.1991, c.29  
47 (C.40A:9-22.3), a local school district as defined in section 3 of  
48 P.L.1991, c.393 (C.18A:12-23) or other public employer, as

1 appropriate, with notice of any indictment or conviction of any  
2 active or former officer or employee of such entity for a crime that  
3 involves or touches such office or employment as set forth in  
4 subsection b. of section 6 of P.L.2007, c.49 (C.2C:43-6.5) that will  
5 subject the officer or employee to sentencing under the provisions  
6 of section 6 of P.L.2007, c.49 (C.2C:43-6.5).

7  
8 7. (New section) a. The provisions of sections 1 through 3 and  
9 9 through 17, inclusive, of P.L. , c. (pending before the  
10 Legislature as this bill) regarding the suspension of payment of  
11 supplemental compensation for accumulated unused sick or  
12 vacation leave to an officer or employee who has been indicted for  
13 a crime that involves or touches such office or employment as  
14 defined in section 6 of P.L.2007, c.49 (C.2C:43-6.5) shall be  
15 prospective in application for any crime or offense committed after  
16 the effective date of P.L. , c. (pending before the Legislature as  
17 this bill).

18 b. The provisions of sections 1 through 3 and 9 through 17,  
19 inclusive, of P.L. , c. (pending before the Legislature as this  
20 bill) providing for the forfeiture of supplemental compensation for  
21 accumulated unused sick or vacation leave of an officer or  
22 employee who has been convicted of a crime that subjects an officer  
23 or employee to the provisions of section 6 of P.L.2007, c.49  
24 (C.2C:43-6.5) shall be prospective in application for any crime or  
25 offense committed after the effective date of P.L. , c. (pending  
26 before the Legislature as this bill).

27  
28 8. Section 44 of P.L.2007, c.92 (C.18A:30-3.5) is amended to  
29 read as follows:

30 44. a. Notwithstanding any law, rule or regulation to the  
31 contrary, a board of education, or an agency or instrumentality  
32 thereof, shall not pay supplemental compensation to any officer or  
33 employee for accumulated unused sick leave in an amount in excess  
34 of \$15,000, except that an officer or employee who:

35 (1) on the effective date of P.L.2007, c.92 (C.43:15C-1 et al.),  
36 or upon the expiration of a collective negotiations agreement or  
37 contract of employment applicable to that officer or employee in  
38 effect on that date has accrued supplemental compensation based  
39 upon accumulated unused sick leave shall, upon retirement, be  
40 eligible to receive for any unused leave not more than the amount  
41 so accumulated or not more than \$15,000, whichever is greater; or

42 (2) becomes an officer or employee after the effective date of  
43 P.L.2007, c.92 (C.43:15C-1 et al.) and has previously accrued  
44 supplemental compensation based upon accumulated unused sick  
45 leave shall, upon retirement, be eligible to receive for any unused  
46 leave not more than the amount so previously accumulated or not  
47 more than \$15,000, whichever is greater.



1 Supplemental compensation shall be payable only at the time of  
2 retirement from a State-administered or locally-administered  
3 retirement system based on the leave credited on the date of  
4 retirement.

5 As used in this section, "officer or employee" means an elected  
6 official; or a person appointed by the Governor with the advice and  
7 consent of the Senate, or appointed by the Governor to serve at the  
8 pleasure of the Governor only during his or her term of office; or a  
9 person appointed by an elected public official or elected governing  
10 body of the political subdivision, with the specific consent or  
11 approval of the elected governing body of the political subdivision  
12 that is substantially similar in nature to the advice and consent of  
13 the Senate for appointments by the Governor of the State as that  
14 similarity is determined by the elected governing body and set forth  
15 in an adopted resolution, pursuant to guidelines or policy that shall  
16 be established by the Department of Education, but not including a  
17 person who is employed or appointed in the regular or normal  
18 course of employment or appointment procedures and consented to  
19 or approved in a general or routine manner appropriate for and  
20 followed by the political subdivision, or the agency or  
21 instrumentality thereof.

22 b. Payment of supplemental compensation for accumulated  
23 unused sick leave shall be suspended if an officer or employee has  
24 been indicted for a crime that involves or touches such office or  
25 employment as defined in section 6 of P.L.2007, c.49 (C.2C:43-  
26 6.5).

27 Supplemental compensation for accumulated unused sick leave  
28 shall be forfeited if an officer or employee is convicted of a crime  
29 that subjects the officer or employee to the provisions of section 6  
30 of P.L.2007, c.49, or for a substantially similar offense under the  
31 laws of another state or the United States which would have been  
32 such a crime under the laws of this State.

33 (cf: P.L.2007, c.92, s.44)

34

35 9. Section 46 of P.L.2007, c.92 (C.18A:30-9) is amended to  
36 read as follows:

37 46. a. Notwithstanding any law, rule or regulation to the  
38 contrary, an officer or employee of a board of education, or an  
39 agency or instrumentality thereof, who does not take vacation leave  
40 that accrues on or after the effective date of P.L.2007, c.92  
41 (C.43:15C-1 et al.), or on or after the date on which the person  
42 becomes an officer or employee, in a given year because of business  
43 demands shall be granted that accrued leave only during the next  
44 succeeding year.

45 However, vacation leave not taken in a given year because of  
46 duties directly related to a state of emergency declared by the  
47 Governor may accumulate at the discretion of the appointing  
48 authority until, pursuant to a plan established by the officer or

1 employee's appointing authority, the leave is used or the employee  
2 or officer is compensated for that leave, which shall not be subject  
3 to collective negotiation or collective bargaining.

4 A person who (1) is an officer or employee on the effective date  
5 of P.L.2007, c.92 (C.43:15C-1 et al.), or (2) becomes an officer or  
6 employee after that effective date, and has previously accrued  
7 vacation leave shall be eligible and shall be permitted to retain and  
8 use that accrued vacation leave.

9 As used in this section, "officer or employee" means an elected  
10 official; or a person appointed by the Governor with the advice and  
11 consent of the Senate, or appointed by the Governor to serve at the  
12 pleasure of the Governor only during his or her term of office; or a  
13 person appointed by an elected public official or elected governing  
14 body of the political subdivision, with the specific consent or  
15 approval of the elected governing body of the political subdivision  
16 that is substantially similar in nature to the advice and consent of  
17 the Senate for appointments by the Governor of the State as that  
18 similarity is determined by the elected governing body and set forth  
19 in an adopted resolution, pursuant to guidelines or policy that shall  
20 be established by the Department of Education, but not including a  
21 person who is employed or appointed in the regular or normal  
22 course of employment or appointment procedures and consented to  
23 or approved in a general or routine manner appropriate for and  
24 followed by the political subdivision, or the agency or  
25 instrumentality thereof.

26 b. Payment of supplemental compensation to any officer or  
27 employee a board of education, or an agency or instrumentality  
28 thereof, for accumulated unused vacation leave shall be suspended  
29 if an officer or employee has been indicted for a crime that involves  
30 or touches such office or employment as defined in section 6 of  
31 P.L.2007, c.49 (C.2C:43-6.5).

32 Supplemental compensation for accumulated unused vacation  
33 leave shall be forfeited if an officer or employee is convicted of a  
34 crime that subjects the officer or employee to the provisions of  
35 section 6 of P.L.2007, c.49, or for a substantially similar offense  
36 under the laws of another state or the United States which would  
37 have been such a crime under the laws of this State.

38 (cf: P.L.2007, c.92, s.46)

39

40 10. Section 5 of P.L.2010, c.3 (C.18A:30-9.1) is amended to  
41 read as follows:

42 5. a. Notwithstanding any law, rule or regulation to the  
43 contrary, an officer or employee of a board of education, or an  
44 agency or instrumentality thereof, who does not take vacation leave  
45 that accrues in a given year because of business demands shall be  
46 granted that accrued leave only during the next succeeding year.  
47 However, vacation leave not taken in a given year because of duties  
48 directly related to a state of emergency declared by the Governor

1 may accumulate at the discretion of the appointing authority until,  
2 pursuant to a plan established by the officer or employee's  
3 appointing authority, the leave is used or the employee or officer is  
4 compensated for that leave, which shall not be subject to collective  
5 negotiation or collective bargaining. This provision shall apply  
6 only to officers and employees who commence service with the  
7 board of education, or the agency or instrumentality thereof, on or  
8 after the effective date of P.L.2010, c.3. This section shall not be  
9 construed to affect the terms in any collective negotiations  
10 agreement with a relevant provision in force on that effective date.

11 b. As used in this subsection, "officer or employee" means an  
12 officer or employee who was in service with the employer prior to  
13 the effective date of P.L.2010, c.3 and continuously thereafter.

14 An officer or employee of a board of education, or an agency or  
15 instrumentality thereof, who does not take vacation leave in a given  
16 year that accrues after the effective date of P.L. , c. (pending  
17 before the Legislature as this bill) or after the expiration of a  
18 collective negotiations agreement or an individual contract of  
19 employment with a relevant provision applicable to that officer or  
20 employee in effect on that date, because of business demands shall  
21 be granted that accrued leave only during the next succeeding year.  
22 However, vacation leave not taken in a given year because of duties  
23 directly related to a state of emergency declared by the Governor  
24 may accumulate at the discretion of the appointing authority until,  
25 pursuant to a plan established by the officer or employee's  
26 appointing authority, the leave is used or the employee or officer is  
27 compensated for that leave, which shall not be subject to collective  
28 negotiation or collective bargaining.

29 An officer or employee who on the effective date of P.L. ,  
30 c. (pending before the Legislature as this bill), or upon the  
31 expiration of a collective negotiations agreement or individual  
32 contract of employment with a relevant provision applicable to that  
33 officer or employee in effect on that date, has accrued vacation  
34 leave shall be eligible and shall be permitted to retain and use that  
35 accrued vacation leave.

36 c. Payment of supplemental compensation to any officer or  
37 employee for accumulated unused vacation leave shall be  
38 suspended if an officer or employee has been indicted for a crime  
39 that involves or touches such office or employment as defined in  
40 section 6 of P.L.2007, c.49 (C.2C:43-6.5).

41 Supplemental compensation for accumulated unused vacation  
42 leave shall be forfeited if an officer or employee is convicted of a  
43 crime that subjects the officer or employee to the provisions of  
44 section 6 of P.L.2007, c.49, or for a substantially similar offense  
45 under the laws of another state or the United States which would  
46 have been such a crime under the laws of this State.

47 (cf: P.L.2010, c.3, s.5)

1       11. Section 43 of P.L.2007, c.92 (C.40A:9-10.2) is amended to  
2 read as follows:

3       43. a. Notwithstanding any law, rule or regulation to the  
4 contrary, a political subdivision of the State, or an agency, authority  
5 or instrumentality thereof, that has not adopted the provisions of  
6 Title 11A of the New Jersey Statutes, shall not pay supplemental  
7 compensation to any officer or employee for accumulated unused  
8 sick leave in an amount in excess of \$15,000, except that an officer  
9 or employee who:

10       (1) on the effective date of P.L.2007, c.92 (C.43:15C-1 et al.),  
11 or upon the expiration of a collective negotiations agreement or  
12 contract of employment applicable to that officer or employee in  
13 effect on that date has accrued supplemental compensation based  
14 upon accumulated unused sick leave shall, upon retirement, be  
15 eligible to receive for any unused leave not more than the amount  
16 so accumulated or not more than \$15,000, whichever is greater; or

17       (2) becomes an officer or employee after the effective date of  
18 P.L.2007, c.92 (C.43:15C-1 et al.) and has previously accrued  
19 supplemental compensation based upon accumulated unused sick  
20 leave shall, upon retirement, be eligible to receive for any unused  
21 leave not more than the amount so previously accumulated or not  
22 more than \$15,000, whichever is greater.

23       Supplemental compensation shall be payable only at the time of  
24 retirement from a State-administered or locally-administered  
25 retirement system based on the leave credited on the date of  
26 retirement.

27       As used in this section, "officer or employee" means an elected  
28 official; or a person appointed by the Governor with the advice and  
29 consent of the Senate, or appointed by the Governor to serve at the  
30 pleasure of the Governor only during his or her term of office; or a  
31 person appointed by an elected public official or elected governing  
32 body of a political subdivision of the State, with the specific  
33 consent or approval of the elected governing body of the political  
34 subdivision that is substantially similar in nature to the advice and  
35 consent of the Senate for appointments by the Governor of the State  
36 as that similarity is determined by the elected governing body and  
37 set forth in an adopted ordinance or resolution, pursuant to  
38 guidelines or policy that shall be established by the Local Finance  
39 Board in the Department of Community Affairs, but not including a  
40 person who is employed or appointed in the regular or normal  
41 course of employment or appointment procedures and consented to  
42 or approved in a general or routine manner appropriate for and  
43 followed by the political subdivision, or the agency, authority or  
44 instrumentality of a subdivision, or a person who holds a  
45 professional license or certificate to perform and is performing as a  
46 certified health officer, tax assessor, tax collector, municipal  
47 planner, chief financial officer, registered municipal clerk,

1 construction code official, licensed uniform subcode inspector,  
2 qualified purchasing agent, or certified public works manager.

3 b. Payment of supplemental compensation to any officer or  
4 employee for accumulated unused sick leave shall be suspended if  
5 an officer or employee has been indicted for a crime that involves  
6 or touches such office or employment as defined in section 6 of  
7 P.L.2007, c.49 (C.2C:43-6.5).

8 Supplemental compensation for accumulated unused sick leave  
9 shall be forfeited if an officer or employee is convicted of a crime  
10 that subjects the officer or employee to the provisions of section 6  
11 of P.L.2007, c.49, or for a substantially similar offense under the  
12 laws of another state or the United States which would have been  
13 such a crime under the laws of this State.

14 (cf: P.L.2007, c.92, s.43)

15

16 12. Section 42 of P.L.2007, c.92 (C.11A:6-19.1) is amended to  
17 read as follows:

18 42. a. Notwithstanding any law, rule or regulation to the  
19 contrary, a political subdivision of the State, or an agency, authority  
20 or instrumentality thereof, that has adopted the provisions of Title  
21 11A of the New Jersey Statutes, shall not pay supplemental  
22 compensation to any officer or employee for accumulated unused  
23 sick leave in an amount in excess of \$15,000, except that an officer  
24 or employee who:

25 (1) on the effective date of P.L.2007, c.92 (C.43:15C-1 et al.),  
26 or upon the expiration of a collective negotiations agreement or  
27 contract of employment applicable to that officer or employee in  
28 effect on that date has accrued supplemental compensation based  
29 upon accumulated unused sick leave shall, upon retirement, be  
30 eligible to receive for any unused leave not more than the amount  
31 so accumulated or not more than \$15,000, whichever is greater; or

32 (2) becomes an officer or employee after the effective date of  
33 P.L.2007, c.92 (C.43:15C-1 et al.) and has previously accrued  
34 supplemental compensation based upon accumulated unused sick  
35 leave shall, upon retirement, be eligible to receive for any unused  
36 leave not more than the amount so previously accumulated or not  
37 more than \$15,000, whichever is greater.

38 Supplemental compensation shall be payable only at the time of  
39 retirement from a State-administered or locally-administered  
40 retirement system based on the leave credited on the date of  
41 retirement.

42 As used in this section, "officer or employee" means an elected  
43 official; or a person appointed by the Governor with the advice and  
44 consent of the Senate, or appointed by the Governor to serve at the  
45 pleasure of the Governor only during his or her term of office; or a  
46 person appointed by an elected public official or elected governing  
47 body of a political subdivision of the State, with the specific  
48 consent or approval of the elected governing body of the political

1 subdivision that is substantially similar in nature to the advice and  
2 consent of the Senate for appointments by the Governor of the State  
3 as that similarity is determined by the elected governing body and  
4 set forth in an adopted ordinance or resolution, pursuant to  
5 guidelines or policy that shall be established by the Local Finance  
6 Board in the Department of Community Affairs, but not including a  
7 person who is employed or appointed in the regular or normal  
8 course of employment or appointment procedures and consented to  
9 or approved in a general or routine manner appropriate for and  
10 followed by the political subdivision, or the agency, authority or  
11 instrumentality of a subdivision, or a person who holds a  
12 professional license or certificate to perform and is performing as a  
13 certified health officer, tax assessor, tax collector, municipal  
14 planner, chief financial officer, registered municipal clerk,  
15 construction code official, licensed uniform subcode inspector,  
16 qualified purchasing agent, or certified public works manager.

17 b. Payment of supplemental compensation to any officer or  
18 employee for accumulated unused sick leave shall be suspended if  
19 an officer or employee has been indicted for a crime that involves  
20 or touches such office or employment as defined in section 6 of  
21 P.L.2007, c.49 (C.2C:43-6.5).

22 Supplemental compensation for accumulated unused sick leave  
23 shall be forfeited if an officer or employee is convicted of a crime  
24 that subjects the officer or employee to the provisions of section 6  
25 of P.L.2007, c.49, or for a substantially similar offense under the  
26 laws of another state or the United States which would have been  
27 such a crime under the laws of this State.

28 (cf: P.L.2007, c.92, s.42)

29

30 13. Section 45 of P.L.2007, c.92 (C.40A:9-10.3) is amended to  
31 read as follows:

32 45. a. Notwithstanding any law or any rule or regulation to the  
33 contrary, an officer or employee of a political subdivision of the  
34 State, or an agency, authority, or instrumentality of a subdivision,  
35 that has not adopted the provisions of Title 11A, Civil Service, of  
36 the New Jersey Statutes, who does not take vacation leave that  
37 accrues on or after the effective date of P.L.2007, c.92 (C.43:15C-1  
38 et al.), or on or after the date on which the person becomes an  
39 officer or employee, in a given year because of business demands  
40 shall be granted that accrued leave only during the next succeeding  
41 year.

42 However, vacation leave not taken in a given year because of  
43 duties directly related to a state of emergency declared by the  
44 Governor may accumulate at the discretion of the appointing  
45 authority until, pursuant to a plan established by the officer or  
46 employee's appointing authority, the leave is used or the employee  
47 or officer is compensated for that leave, which shall not be subject  
48 to collective negotiation or collective bargaining.

1 A person who (1) is an officer or employee on the effective date  
2 of P.L.2007, c.92 (C.43:15C-1 et al.), or (2) becomes an officer or  
3 employee after that effective date, and has previously accrued  
4 vacation leave shall be eligible and shall be permitted to retain and  
5 use that accrued vacation leave.

6 As used in this section, "officer or employee" means an elected  
7 official; or a person appointed by the Governor with the advice and  
8 consent of the Senate, or appointed by the Governor to serve at the  
9 pleasure of the Governor only during his or her term of office; or a  
10 person appointed by an elected public official or elected governing  
11 body of a political subdivision of the State, with the specific  
12 consent or approval of the elected governing body of the political  
13 subdivision that is substantially similar in nature to the advice and  
14 consent of the Senate for appointments by the Governor of the State  
15 as that similarity is determined by the elected governing body and  
16 set forth in an adopted ordinance or resolution, pursuant to  
17 guidelines or policy that shall be established by the Local Finance  
18 Board in the Department of Community Affairs, but not including a  
19 person who is employed or appointed in the regular or normal  
20 course of employment or appointment procedures and consented to  
21 or approved in a general or routine manner appropriate for and  
22 followed by the political subdivision, or the agency, authority or  
23 instrumentality of a subdivision, or a person who holds a  
24 professional license or certificate to perform and is performing as a  
25 certified health officer, tax assessor, tax collector, municipal  
26 planner, chief financial officer, registered municipal clerk,  
27 construction code official, licensed uniform subcode inspector,  
28 qualified purchasing agent, or certified public works manager.

29 b. Payment of supplemental compensation to any officer or  
30 employee for accumulated unused vacation leave shall be  
31 suspended if an officer or employee has been indicted for a crime  
32 that involves or touches such office or employment as defined in  
33 section 6 of P.L.2007, c.49 (C.2C:43-6.5).

34 Supplemental compensation for accumulated unused vacation  
35 leave shall be forfeited if an officer or employee is convicted of a  
36 crime that subjects the officer or employee to the provisions of  
37 section 6 of P.L.2007, c.49, or for a substantially similar offense  
38 under the laws of another state or the United States which would  
39 have been such a crime under the laws of this State.

40 (cf: P.L.2007, c.92, s.45)

41

42 14. Section 4 of P.L.2010, c.3 (C.40A:9-10.5) is amended to  
43 read as follows:

44 4. a. Notwithstanding any law, rule or regulation to the  
45 contrary, an officer or employee of a political subdivision of the  
46 State, or an agency, authority, or instrumentality thereof, that has  
47 not adopted the provisions of Title 11A of the New Jersey Statutes,  
48 who does not take vacation leave that accrues in a given year

1 because of business demands shall be granted that accrued leave  
2 only during the next succeeding year. However, vacation leave not  
3 taken in a given year because of duties directly related to a state of  
4 emergency declared by the Governor may accumulate at the  
5 discretion of the appointing authority until, pursuant to a plan  
6 established by the officer or employee's appointing authority, the  
7 leave is used or the employee or officer is compensated for that  
8 leave, which shall not be subject to collective negotiation or  
9 collective bargaining. This provision shall apply only to officers  
10 and employees who commence service with the political  
11 subdivision of the State, or the agency, authority or instrumentality  
12 thereof, on or after the effective date of P.L.2010, c.3. This section  
13 shall not be construed to affect the terms in any collective  
14 negotiations agreement with a relevant provision in force on that  
15 effective date.

16 b. As used in this subsection, "officer or employee" means an  
17 officer or employee who was in service with the employer prior to  
18 the effective date of P.L.2010, c.3 and continuously thereafter.

19 An officer or employee of a political subdivision of the State, or  
20 an agency, authority, or instrumentality thereof, that has not  
21 adopted the provisions of Title 11A of the New Jersey Statutes,  
22 who does not take vacation leave in a given year that accrues after  
23 the effective date of P.L. , c. (pending before the Legislature as  
24 this bill) or after the expiration of a collective negotiations  
25 agreement or an individual contract of employment with a relevant  
26 provision applicable to that officer or employee in effect on that  
27 date, because of business demands shall be granted that accrued  
28 leave only during the next succeeding year. However, vacation  
29 leave not taken in a given year because of duties directly related to  
30 a state of emergency declared by the Governor may accumulate at  
31 the discretion of the appointing authority until, pursuant to a plan  
32 established by the officer or employee's appointing authority, the  
33 leave is used or the employee or officer is compensated for that  
34 leave, which shall not be subject to collective negotiations or  
35 collective bargaining.

36 An officer or employee who on the effective date of P.L. ,  
37 c. (pending before the Legislature as this bill), or upon the  
38 expiration of a collective negotiations agreement or an individual  
39 contract of employment with a relevant provision applicable to that  
40 officer or employee in effect on that date, has accrued vacation  
41 leave shall be eligible and shall be permitted to retain and use that  
42 accrued vacation leave.

43 c. Payment of supplemental compensation to any officer or  
44 employee for accumulated unused vacation leave shall be  
45 suspended if an officer or employee has been indicted for a crime  
46 that involves or touches such office or employment as defined in  
47 section 6 of P.L.2007, c.49 (C.2C:43-6.5).



1 Supplemental compensation for accumulated unused vacation  
2 leave shall be forfeited if an officer or employee is convicted of a  
3 crime that subjects the officer or employee to the provisions of  
4 section 6 of P.L.2007, c.49, or for a substantially similar offense  
5 under the laws of another state or the United States which would  
6 have been such a crime under the laws of this State.

7 (cf: P.L.2010, c.3, s.4)

8

9 15. N.J.S.11A:6-16 is amended to read as follows:

10 11A:6-16. a. Supplemental compensation upon retirement in  
11 State employment. State employees in the career service, and those  
12 in the senior executive and unclassified services who have been  
13 granted sick leave under terms and conditions similar to career  
14 service employees, shall be entitled upon retirement from a State-  
15 administered retirement system to receive a lump sum payment as  
16 supplemental compensation for each full day of accumulated sick  
17 leave which is credited on the effective date of retirement.

18 b. Payment of supplemental compensation for accumulated  
19 unused sick leave shall be suspended if an officer or employee has  
20 been indicted for a crime that involves or touches such office or  
21 employment as defined in section 6 of P.L.2007, c.49 (C.2C:43-  
22 6.5).

23 Supplemental compensation for accumulated unused sick leave  
24 shall be forfeited if an officer or employee is convicted of a crime  
25 that subjects the officer or employee to the provisions of section 6  
26 of P.L.2007, c.49, or for a substantially similar offense under the  
27 laws of another state or the United States which would have been  
28 such a crime under the laws of this State.

29 This subsection shall apply to employees described in  
30 N.J.S.11A:6-17.

31 (cf: N.J.S.11A:6-16)

32

33 16. (New section) As used in this section, “officer or employee”  
34 means an officer or employee of the State or a political subdivision  
35 of the State covered by N.J.S.11A:6-2 or 11A:6-3.

36 Payment of supplemental compensation to any officer or  
37 employee for accumulated unused vacation leave shall be  
38 suspended if an officer or employee has been indicted for a crime  
39 that involves or touches such office or employment as defined in  
40 section 6 of P.L.2007, c.49 (C.2C:43-6.5).

41 Supplemental compensation for accumulated unused vacation  
42 leave shall be forfeited if an officer or employee is convicted of a  
43 crime that subjects the officer or employee to the provisions of  
44 section 6 of P.L.2007, c.49, or for a substantially similar offense  
45 under the laws of another state or the United States which would  
46 have been such a crime under the laws of this State.

1 17. (New section) Notwithstanding the provision of any other  
2 law to the contrary, the provisions of subsections b. of N.J.S.11A:6-  
3 19 and of N.J.S.11A:6-16, as amended by P.L. ,  
4 c. (C. )(pending before the legislature as this bill), and the  
5 provisions of sections 5, 7, and 16 of P.L. , c. (C. )(pending  
6 before the legislature as this bill), and the provisions of  
7 N.J.S.11A:6-2 regarding the carry forward of vacation leave not  
8 taken in a given year, shall be applicable to all officers and  
9 employees of any independent authority of the State and of any  
10 public institution of higher education in this State, not otherwise  
11 covered under those provisions, to the same extent and under the  
12 same conditions. As used in this section, "independent State  
13 authority" means a public authority, board, commission,  
14 corporation, or other agency or instrumentality of the State  
15 allocated, in but not of, a principal department of State government  
16 pursuant to Article V, Section IV, paragraph 1 of the New Jersey  
17 Constitution, or which is not subject to supervision or control by the  
18 department in which it is allocated, and a regional authority; and  
19 "public institution of higher education" means any public university  
20 or college, including Rutgers, The State University, New Jersey  
21 Institute of Technology and the University of Medicine and  
22 Dentistry of New Jersey.

23 An officer or employee who on the effective date of P.L. ,  
24 c. (pending before the Legislature as this bill), or upon the  
25 expiration of a collective negotiations agreement or an individual  
26 contract of employment with a relevant provision applicable to that  
27 officer or employee in effect on that date, has accrued vacation  
28 leave shall be eligible and shall be permitted to retain and use that  
29 accrued vacation leave.

30  
31 18. This act shall take effect on the first day of the second month  
32 following enactment.

33  
34

35 STATEMENT

36

37 This bill prohibits the payment by a public employer of  
38 supplemental compensation for unused sick leave that is earned  
39 after the bill's effective date by a current or future State, local  
40 government, or board of education officer or employee who has a  
41 majority representative for collective negotiations purposes.  
42 Supplemental compensation for any time earned prior to that date  
43 will be payable as under current law.

44 Under the bill, if the supplemental compensation based upon  
45 accumulated unused sick leave earned prior to the effective date is  
46 \$7,500 or more at the time of retirement, accumulated unused sick  
47 leave earned after the effective date will have no monetary value. If  
48 the supplemental compensation based upon accumulated unused

1 sick leave earned prior to the effective date is less than \$7,500 at  
2 the time of retirement, upon the retirement of an officer or  
3 employee who is eligible to receive after retirement health care  
4 benefits coverage that is fully or partly paid by the employer or a  
5 public entity, the employer will determine the dollar value of the  
6 number of days of unused sick leave earned after the effective date  
7 of the bill or after the expiration of a collective negotiations  
8 agreement with a relevant provision applicable to that officer or  
9 employee in effect on that date, without interest, which cannot  
10 exceed \$7,500 in the aggregate taking into account the value of the  
11 sick leave earned prior to the effective date. For local government  
12 and education officers and employees, the dollar value will be  
13 calculated using the number of such days that may be used for the  
14 calculation and the per diem or other rate, if any, that have been  
15 agreed upon through collective negotiations between the employer  
16 and the majority representative of the relevant officer or employee,  
17 if the agreement contains provisions regarding these items. For  
18 State employees, the value will be calculated in accordance with  
19 current law. In addition to any other contributions by the employer,  
20 the employer will make contributions in equal monthly payments  
21 for a period of five years, not to exceed \$7,500 in the aggregate,  
22 from appropriations which will be applied toward the contributions  
23 for health care benefits coverage required of such retired officer or  
24 employee, whether as a percentage of premium, percentage of the  
25 retirement allowance, or a specific amount, to the extent necessary  
26 to pay such contributions. The remaining amount, if any, necessary  
27 to pay such contributions will be contributed by such retired officer  
28 or employee. This would also apply to the survivor of a deceased  
29 retired officer or employee if the survivor has been provided with  
30 health care benefits coverage, by law or contract, that is fully or  
31 partly paid by the employer or a public entity.

32 Upon the retirement of an officer or employee who is not eligible  
33 to receive, or for whom the employer or a public entity does not  
34 provide, health care benefits coverage after retirement that is fully  
35 or partly paid by the employer or a public entity, the provisions of  
36 the above paragraph will not apply and a Health Reimbursement  
37 Arrangement, or a substantially similar account, by the employer  
38 will be established and governed in accordance with the  
39 requirements of the Internal Revenue Service and the Internal  
40 Revenue Code. The purpose of the arrangement will be for the  
41 employer to reimburse the retiree or eligible person for qualified  
42 medical expenses incurred by the retiree up to the dollar value of  
43 the accumulated unused sick leave, if any, as computed in  
44 accordance with a collective negotiations agreement in the  
45 aggregate, but only up to one fifth of that amount annually for five  
46 years. The arrangement will reimburse the retiree or eligible person  
47 for copayments, coinsurance, deductibles, and services as set forth  
48 in the plan document and permitted by the Internal Revenue Service

1 and Code. The plan document will provide for the carry forward of  
2 the total amount of the unused reimbursement from year to year for  
3 five years. Unused reimbursement will not be payable as cash to  
4 the retiree or the retiree's estate or beneficiaries. The arrangement  
5 will be available to the survivor of the retiree, in accordance with  
6 the Internal Revenue Service or Code, if permitted by law or a  
7 collective negotiations agreement.

8 If the officer or employee is a veteran of the Armed Forces of  
9 United States and has been issue a certificate of such veteran status  
10 by the Adjutant General of the Department of Military and  
11 Veterans' Affairs, the veteran will receive from the employer  
12 supplemental compensation in an amount, if any, as computed in  
13 accordance with a collective negotiations agreement and as limited  
14 as described above and will not be eligible for an individual Health  
15 Reimbursement Arrangement.

16 All officers and employees in service on the effective date of the  
17 bill who have a contractual right to receive, if eligible,  
18 supplemental compensation for accumulated unused sick leave will  
19 continue to have that contractual right.

20 In addition, this bill limits the carry-forward of unused vacation  
21 leave to one successive year only for current State, local  
22 government, or board of education officers and employees whether  
23 they have a majority representative for collective negotiations  
24 purposes or do not have such a representative.

25 Also, for current and future State, local government, or board of  
26 education officers and employees whether they have a majority  
27 representative for collective negotiations purposes or do not have  
28 such a representative, a payment for accumulated unused sick leave  
29 or vacation leave will be suspended if such officer or employee is  
30 indicted for certain crimes that involve or touch the office or  
31 employment. The payment will be forfeited if such an officer or  
32 employee is convicted. The bill requires the Attorney General to  
33 develop guidelines or establish procedures to provide the  
34 appropriate governmental agency or public employer with notice of  
35 any indictment or conviction of a current or former officer or  
36 employee.

37 Certain provisions of the bill would apply on the effective date  
38 or upon the expiration of a collective negotiations agreement or an  
39 individual contract of employment with a relevant provision in  
40 effect on the bill's effective date.

41 The bill clarifies that its provisions with regard to accumulated  
42 unused sick leave earned after the effective date, the suspension or  
43 forfeiture of payments for unused sick leave or vacation leave, and  
44 the carry forward of vacation leave will apply to all officers and  
45 employees of independent State authorities and of public  
46 institutions of higher education in this State.

47 The bill will take effect the first day of the second month after  
48 enactment.