

ASSEMBLY, No. 1461

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Co-Sponsored by:

Assemblyman Giblin

SYNOPSIS

Concerns compensation and benefits of officers, employees, and members of State and local authorities.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning limits on compensation and benefits of officers,
 2 employees, and members of independent State authorities and of
 3 local authorities, amending and supplementing P.L.1983, c.313
 4 and supplementing Title 52 of the Revised Statutes.

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

8
 9 1. Section 10 of P.L.1983, c.313 (C.40A:5A-10) is amended to
 10 read as follows:

11 10. a. Each authority shall submit a budget for each fiscal year
 12 to the director prior to its adoption thereof. The budget shall
 13 comply with the terms and provisions of any bond resolutions, and
 14 shall be in such form and detail as to items of revenue, expenditure
 15 and other content as shall be required by law or by rules and
 16 regulations of the Local Finance Board. Submission of each
 17 authority budget shall include a certification by the chairman of the
 18 authority that the compensation and benefits of the officers and
 19 employees of the local authority do not exceed the limits permitted
 20 pursuant to section 3 of P.L. , c. (C.) (pending before the
 21 Legislature as this bill).

22 b. The Local Finance Board shall prescribe by rule or
 23 regulation the procedure for the adoption of budgets by authorities.
 24 The rules and regulations may include or be similar to any
 25 provisions of the "Local Budget Law" (N.J.S.40A:4-1 et seq.) which
 26 the Local Finance Board shall deem to be practicable or necessary,
 27 and may further include any other provisions and requirements
 28 which the Local Finance Board shall deem appropriate or necessary.
 29 The rules and regulations shall provide for approval or disapproval
 30 of a budget within 45 days of the director's receipt thereof.

31 c. The Local Finance Board shall also prescribe by rule or
 32 regulation the procedures and requirements for execution of any
 33 budget after adoption, and for the administration of financial affairs
 34 of authorities. The rules and regulations may include, without
 35 limitation, any provisions of the "Local Budget Law" (N.J.S.
 36 40A:4-1 et seq.), and the "Local Fiscal Affairs Law" (N.J.S.40A:5-1
 37 et seq.), which the Local Finance Board shall deem to be practicable
 38 and necessary.

39 (cf: P.L.1987, c.319, s.5)

40
 41 2. Section 11 of P.L.1983, c.313 (C.40A:5A-11) is amended to
 42 read as follows:

43 11. No authority budget shall be finally adopted until the
 44 director shall have approved same. In granting the approval, the
 45 director shall consider whether or not:

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 a. All estimates of revenue are reasonable, accurate and
- 2 correctly stated;
- 3 b. Items of appropriation are properly set forth;
- 4 c. In itemization, form and content, the budget will permit the
- 5 exercise of the comptroller function within the authority;
- 6 d. The schedule of rates, fees and charges then in effect will
- 7 produce sufficient revenues, together with all other anticipated
- 8 revenues, to satisfy all obligations to the holders of bonds of the
- 9 authority, to meet operating expenses, capital outlays, debt service
- 10 requirements, and to provide for such reserves, all as may be
- 11 required by law, regulation or terms of contracts and agreements;
- 12 e. The compensation and benefits of the officers and
- 13 employees of the authority do not exceed the limits permitted
- 14 pursuant to section 3 of P.L. , c. (C.) (pending before the
- 15 Legislature as this bill).
- 16 The director may require such documentation, records and other
- 17 information, and undertake any audit or investigation, as he may
- 18 deem necessary in connection with his review.
- 19 If the director finds that all requirements of law and the rules and
- 20 regulations of the Local Finance Board have been met, he shall,
- 21 within 45 days of his receipt of the budget, approve it; otherwise he
- 22 shall within that time refuse to approve it. The director, in refusing
- 23 to approve the budget, shall not substitute his discretion with
- 24 respect to the amount of an appropriation when that amount is not
- 25 made mandatory by law or regulation.
- 26 Any decision of the director in the course of budget review under
- 27 this section may be appealed to the Local Finance Board in the
- 28 manner generally provided by law.
- 29 (cf: P.L.1983, c.313, s.11)
- 30
- 31 3. (New section) a. As used in this section:
- 32 "Compensation" means wages, salaries, commissions, or any
- 33 other form of remuneration paid to officers or employees for
- 34 personal services but shall not include supplemental compensation
- 35 for accumulated unused sick leave.
- 36 "Local authority" means an "authority" as defined under the
- 37 "Local Authorities Fiscal Control Law," P.L.1983, c.313
- 38 (C.40A:5A-1 et seq.).
- 39 b. No executive director or chief executive officer of a local
- 40 authority commencing service on and after the effective date of this
- 41 act shall be paid compensation higher than the salary of the
- 42 Governor of New Jersey without approval of the Local Finance
- 43 Board, for good cause shown.
- 44 c. No officer or employee of a local authority, except as
- 45 provided in subsection b. of this section, commencing service on
- 46 and after the effective date of this act shall be paid compensation
- 47 higher than the salary of an officer listed in section 1 of P.L.1974,
- 48 c.55 (C.52:14-15.107) or of the Governor, if the salary of such

1 officer shall be higher than that of the Governor, without approval
2 of the Local Finance Board, for good cause shown.

3 d. Nothing in this section shall be construed as extending or
4 increasing any maximum salary limit or requiring an increase in
5 salary heretofore established by a local authority for an officer or
6 employee of the local authority.

7 e. An officer or employee of a local authority who on the
8 effective date of P.L. , c. (C.) (pending before the
9 Legislature as this bill), or upon the expiration of a collective
10 negotiations agreement or contract of employment applicable to that
11 officer or employee in effect on that date, has accrued supplemental
12 compensation based upon accumulated unused sick leave shall,
13 upon retirement, be eligible to receive for any unused leave not
14 more than the amount so accumulated or not more than \$15,000,
15 whichever is greater.

16 f. A local authority shall not grant to its officers or employees
17 any paid holidays in excess of those granted to State employees, as
18 set forth in section 25 of P.L.2008, c.89 (C.11A:6-24.1). This
19 subsection shall take effect for a local authority in the calendar year
20 following the expiration of the collective bargaining agreements or
21 contracts covering a majority of the officers and employees of the
22 local authority in effect on the effective date of this act.

23 g. The local authority shall prohibit the use of six or more
24 consecutive days of accumulated sick leave by an officer or
25 employee commencing service on and after the effective date of this
26 act in the 12 months prior to retirement and in anticipation of that
27 retirement, without a medical necessity verified in writing by a
28 physician. The local authority may require the officer or employee
29 to submit to an examination by a physician selected by the
30 employer to verify the medical necessity. The local authority shall
31 (1) impose a fine and issue a reprimand against the employee found
32 to be in violation of this prohibition, with the fine to be an amount
33 equivalent to three times the daily rate of compensation for each
34 day of violation, or (2) for a second violation of the prohibition,
35 deduct all sick leave found to have been used in violation of this
36 prohibition from the number of days of unused accumulated sick
37 leave credited on the effective date of retirement upon which
38 supplemental compensation, if any, for the employee at the time of
39 retirement is calculated, or (3) both.

40
41 4. (New section) As used in this section and sections 5 and 6
42 of this act:

43 "Board" means the board of directors or governing board.

44 "Compensation" means wages, salaries, commissions, or any
45 other form of remuneration paid to officers, employees, or members
46 for personal services but shall not include supplemental
47 compensation for accumulated unused sick leave.

48 "Executive director" means the executive or administrative head.

1 “Independent State authority” means a public authority, board,
2 commission, corporation, or other agency or instrumentality of the
3 State allocated, in but not of, a principal department of State
4 government pursuant to Article V, Section IV, paragraph 1 of the
5 New Jersey Constitution, or which is not subject to supervision or
6 control by the department in which it is allocated, and a regional
7 authority, but shall not include a college or university.

8 “Member” means a member of an independent State authority or
9 board thereof.

10 “Regional authority” means and includes the Passaic Valley
11 sewerage commissioners and the North Jersey district water supply
12 commission.

13
14 5. (New section) The chairman of each independent State
15 authority or the chairman of the board of each independent State
16 authority shall annually certify to the State Treasurer that the
17 compensation and benefits of the officers, employees, and members
18 do not exceed the limits permitted pursuant to section 6 of this act.

19
20 6. (New section) a. No executive director of an independent
21 State authority commencing service on and after the effective date
22 of this act shall be paid compensation higher than the salary of the
23 Governor of New Jersey without approval of the State Treasurer,
24 for good cause shown.

25 b. No officer, employee, or member of an independent State
26 authority, except as provided in subsection a. of this section,
27 commencing service on and after the effective date of this act shall
28 be paid compensation higher than the salary of an officer listed in
29 section 1 of P.L.1974, c.55 (C.52:14-15.107) or of the Governor, if
30 the salary of such officer shall be higher than that of the Governor,
31 without approval of the State Treasurer, for good cause shown.

32 c. Nothing in this section shall be construed as extending or
33 increasing any maximum salary limit or requiring an increase in
34 salary heretofore established by an independent State authority for
35 an officer or employee of the authority.

36 d. An officer or employee of an independent State authority
37 who on the effective date of P.L. , c. (C.) (pending
38 before the Legislature as this bill), or upon the expiration of a
39 collective negotiations agreement or contract of employment
40 applicable to that officer or employee in effect on that date, has
41 accrued supplemental compensation based upon accumulated
42 unused sick leave shall, upon retirement, be eligible to receive for
43 any unused leave not more than the amount so accumulated or not
44 more than \$15,000, whichever is greater.

45 e. An independent State authority shall not grant to its officers
46 or employees any paid holidays in excess of those granted to State
47 employees, as set forth in section 25 of P.L.2008, c.89 (C.11A:6-
48 24.1). This subsection shall take effect for an independent State

1 authority in the calendar year following the expiration of the
2 collective bargaining agreements or contracts covering a majority of
3 the officers and employees of the independent State authority in
4 effect on the effective date of this act.

5 f. (1) The cost of health care benefits coverage provided by an
6 independent State authority that is not participating in the State
7 Health Benefits Program, and therefore not subject to section 7 of
8 P.L.1964, c.125 (C.52:14-17.38) and P.L.2010, c.2, pursuant to
9 another health care benefits plan or program shall be shared by the
10 officers and employees of the authority through the withholding of
11 a contribution in an amount in accordance with this paragraph.
12 Upon the expiration of any applicable binding collective
13 negotiations agreement in force on the effective date of this act, the
14 amount of the contribution required by the officers and employees
15 of an independent State authority for whom there is a majority
16 representative for collective negotiations purposes shall be 1.5
17 percent of base salary, notwithstanding any other amount that may
18 be required additionally for a share of the cost or a percentage of
19 the premium for such coverage by means of a binding collective
20 negotiations agreement, and the amount of the contribution required
21 by the officers and employees of an independent State authority for
22 whom there is no majority representative for collective negotiations
23 purposes shall be 1.5 percent of base salary, notwithstanding any
24 other amount that may be required additionally for a share of the
25 cost or a percentage of the premium for such coverage by means of
26 the application by the authority to such officers and employees of
27 the terms of a binding collective negotiations agreement or by other
28 means.

29 (2) The cost of health care benefits coverage provided by an
30 independent State authority that is not participating in the State
31 Health Benefits Program, and therefore not subject to section 7 of
32 P.L.1964, c.125 (C.52:14-17.38) and P.L.2010, c.2, pursuant to
33 another health care benefits plan or program shall be shared by the
34 officers and employees of the authority in retirement through the
35 withholding of a contribution in an amount in accordance with this
36 paragraph. The amount of contribution required in retirement as to
37 an officer or employee of an independent State authority who
38 becomes a member of a State-administered or locally-administered
39 retirement system on and after the effective date of this act, for
40 whom there is a majority representative for collective negotiations
41 purposes or for whom there is no such representative, shall be 1.5
42 percent of the retiree's monthly retirement allowance, including any
43 future cost-of-living adjustments, notwithstanding any other amount
44 that may be required additionally for a share of the cost or a
45 percentage of the premium for such coverage by means of a binding
46 collective negotiations agreement or by means of the application by
47 the authority to the officers or employees of the terms of such an
48 agreement or by other means. When an officer or employee is not

1 required to become a member of a State or locally-administered
2 retirement system, this paragraph shall apply to an officer or
3 employee who commences service with the independent State
4 authority on or after the effective date of this act.

5 g. An independent State authority shall prohibit the use of six
6 or more consecutive days of accumulated sick leave by an officer or
7 employee commencing service on and after the effective date of this
8 act in the 12 months prior to retirement and in anticipation of that
9 retirement, without a medical necessity verified in writing by a
10 physician. The independent State authority may require the officer
11 or employee to submit to an examination by a physician selected by
12 the employer to verify the medical necessity. The independent
13 State authority shall: (1) impose a fine and issue a reprimand
14 against the employee found to be in violation of this prohibition,
15 with the fine to be an amount equivalent to three times the daily rate
16 of compensation for each day of violation, or (2) for a second
17 violation of the prohibition, deduct all sick leave found to have been
18 used in violation of this prohibition from the number of days of
19 unused accumulated sick leave credited on the effective date of
20 retirement upon which supplemental compensation, if any, for the
21 employee at the time of retirement is calculated, or (3) both.

22
23 7. This act shall take effect on the 60th day following
24 enactment and shall be applicable to all agreements and contracts
25 entered into or renewed, and all salary resolutions adopted, after the
26 effective date.

27 28 29 STATEMENT

30
31 This bill would more closely align the salaries and benefits of
32 officers, employees, and members of independent State authorities
33 and local authorities (collectively, "authorities") with the salaries
34 and benefits of full-time State employees.

35 The bill requires the chairman of an authority to annually certify,
36 to the Local Finance Board in the case of a local authority or to the
37 State Treasurer in the case of an independent State authority, that
38 the salaries and benefits of its officers, employees, and members do
39 not exceed the limits set forth in the bill, which are as follows:

40 1) No new executive director of an authority may have
41 compensation higher than the salary of the Governor without the
42 approval of the Local Finance Board or the State Treasurer, as the
43 case may be;

44 2) No new officer, employee or member of an authority may
45 have compensation higher than the salary of a State Cabinet Officer
46 without the approval of the Local Finance Board or the State
47 Treasurer, as the case may be;

1 3) Payments by an authority for accumulated unused sick leave,
2 for all current and future officers and employees, may not exceed
3 the greater of \$15,000 or whatever they have already accrued on the
4 effective date of the bill, and shall be paid only at the time of
5 retirement. (P.L.2010, c.3 already imposes this limit on officers
6 and employees commencing service with local authorities on or
7 after May 21, 2010)

8 4) Officers and employees of an authority would have the same
9 paid holidays, 12 in number, as full-time State employees, when
10 current collective bargaining agreements expire;

11 5) Officers and employees of an authority, not already subject
12 to such statutory requirement, must contribute a minimum of 1.5
13 percent of base salary for the cost of health care benefits coverage
14 provided by the authority, and new officers and employees must
15 contribute in retirement a minimum of 1.5 percent of the monthly
16 retirement allowance for health care benefits coverage; and

17 6) An authority must prohibit the use of six or more
18 consecutive days of accumulated sick leave by any new officer or
19 employee in the year prior to that officer or employee's retirement
20 without a medical necessity verified in writing by a physician. The
21 bill provides for penalties to be imposed on those who violate this
22 prohibition.

23 The bill defines "compensation" as wages, salaries, commissions,
24 or any other form of remuneration paid to officers or employees for
25 personal services but shall not include supplemental compensation
26 for accumulated unused sick leave.

27 Also, in granting the approval of the budget of a local authority,
28 the bill requires the Director of the Division of Local Government
29 Services to consider whether the salaries and benefits of the officers
30 and employees of the local authority exceed the limits described
31 above.

32 This bill would become effective on the 60th day after enactment
33 and be applicable to agreements or contracts entered into or
34 renewed, and salary resolutions adopted, after the effective date.