ASSEMBLY, No. 1605

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblywoman PAMELA R. LAMPITT
District 6 (Burlington and Camden)
Assemblyman CRAIG J. COUGHLIN
District 19 (Middlesex)

SYNOPSIS

Limits certain payments for unused sick leave earned after effective date by public officers or 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.

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

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

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

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

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

(2) Notwithstanding the provisions of subsection a. of this section or any other law to the contrary, a board of education, or an agency or instrumentality thereof, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of a collective negotiations agreement with a relevant provision applicable to that officer or employee in effect on that date, except as provided in this subsection. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of a collective negotiations agreement with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of 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.

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

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

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

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

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

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

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

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

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

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

c. As used in this subsection, "officer or employee" means an officer or employee for whom there is no majority representative for collective negotiations purposes who was in service with the employer prior to the effective date of P.L.2010, c.3 and continuously thereafter or who commenced service on or after that effective date.

Notwithstanding the provisions of subsection a. of this section or any other law to the contrary, a board of education, or an agency or instrumentality thereof, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

All officers and employees in service on the effective date of P.L. , c. (pending before the Legislature as this bill) who have a contractual right to receive, if eligible, supplemental compensation for accumulated unused sick leave shall continue to have that contractual right, except as modified by agreement between the public employer and the public officer or employee after that effective date to reduce the supplemental compensation either by reducing the per diem value of the accumulated unused sick leave or by other means.

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

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

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

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

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

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

(2) Notwithstanding the provisions of subsection a. of this section or any other law to the contrary, a political subdivision of the State, or an agency, authority or instrumentality thereof, that has not adopted the provisions of Title 11A of the New Jersey Statutes, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of a collective negotiations agreement with a relevant provision applicable to that officer or employee in effect on that date, except as provided in this subsection. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of a collective

negotiations agreement with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

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

(3) Upon the retirement of an officer or employee who is eligible to receive after retirement health care benefits coverage that is fully or partly paid by the employer or a public entity, the employer shall calculate the dollar value of the number of days of unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of a collective negotiations agreement with a relevant provision applicable to that officer or employee in effect on that date, without the application of interest, which value shall not exceed the limit specified in paragraph (2) of this subsection. The dollar value shall be calculated using the number of such days that may be used for the calculation and the per diem or other rate, if any, that have been agreed upon through collective negotiations between the employer and the majority representative of the relevant officer or employee, if the agreement contains provisions regarding these items. Following the calculation of the total dollar value, the employer shall divide the total value by 60 in order to determine a monthly payment of equal amounts for a period of five years. In addition to any other contributions by the employer, contributions by that employer in the amount of such monthly payments, not to exceed the value limit in the aggregate, shall be

paid from appropriations and applied towards the contributions for health care benefits coverage required of such retired officer or employee, whether as a percentage of premium, percentage of the retirement allowance, or a specific amount, to the extent necessary to pay such contributions. The remaining amount, if any, necessary to pay such contributions shall be paid by such retired officer or employee. If the survivor of the public officer or employee is eligible to continue, after the death of the officer or employee, to receive health care benefits coverage that is fully or partly paid by the employer or a public entity, the monthly payments shall continue if provided for in a collective negotiations agreement, and shall be applied towards contributions required of that survivor, but only for the period of time remaining for such payments after the death of the officer or employee or for the period of time permitted by law or contract, whichever time period is shorter.

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

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

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

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

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

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

c. As used in this subsection, "officer or employee" means an officer or employee for whom there is no majority representative for collective negotiations purposes who was in service with the employer prior to the effective date of P.L.2010, c.3 and continuously thereafter or who commenced service on or after that effective date.

Notwithstanding the provisions of subsection a. of this section or any other law to the contrary, a political subdivision of the State, or an agency, authority or instrumentality thereof, that has not adopted the provisions of Title 11A of the New Jersey Statutes, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to

be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

All officers and employees in service on the effective date of P.L. , c. (pending before the Legislature as this bill) who have a contractual right to receive, if eligible, supplemental compensation for accumulated unused sick leave shall continue to have that contractual right, except as modified by agreement between the public employer and the public officer or employee after that effective date to reduce the supplemental compensation either by reducing the per diem value of the accumulated unused sick leave or by other means.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c. As used in this subsection, "officer or employee" means an officer or employee for whom there is no majority representative for collective negotiations purposes who was in service with the employer prior to the effective date of P.L.2010, c.3 and continuously thereafter or who commenced service on or after that effective date.

Notwithstanding the provisions of subsection a. or any other law to the contrary, a political subdivision of the State, or an agency,

authority or instrumentality thereof, that has adopted the provisions of Title 11A of the New Jersey Statutes, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

All officers and employees in service on the effective date of P.L. , c. (pending before the Legislature as this bill) who have a contractual right to receive, if eligible, supplemental compensation for accumulated unused sick leave shall continue to have that contractual right, except as modified by agreement between the public employer and the public officer or employee after that effective date to reduce the supplemental compensation either by reducing the per diem value of the accumulated unused sick leave or by other means.

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

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

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

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

11A:6-19. a. Supplemental compensation; computation; limitation. Supplemental compensation shall be computed at the rate of one-half of the eligible employee's daily rate of pay for each day of accumulated sick leave based upon the compensation received during the last year of employment prior to the effective date of retirement, but supplemental compensation shall not exceed $15,000.00. If an employee dies after the effective date of

retirement but before payment is made, payment shall be made to the employee's estate.

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

(2) Notwithstanding the provisions of N.J.S.11A:6-16 to the contrary, supplemental compensation shall not be paid to any State employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of a collective negotiations agreement with a relevant provision applicable to that employee in effect on that date, except as provided in this subsection. An employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of a collective negotiations agreement with a relevant provision applicable to that employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

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

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

employee in effect on that date, without the application of interest, which value shall not exceed the limit specified in paragraph (2) of this subsection. The dollar value shall be calculated in accordance with subsection a. of this section. Following the calculation of the total dollar value, the employer shall divide the total value by 60 in order to determine a monthly payment of equal amounts for a period of five years. In addition to any other contributions by the employer, contributions by that employer in the amount of such monthly payments, not to exceed the value limit in the aggregate, shall be paid from appropriations and applied towards the contributions for health care benefits coverage required of such retired officer or employee, whether as a percentage of premium, percentage of the retirement allowance, or a specific amount, to the extent necessary to pay such contributions. The remaining amount, if any, necessary to pay such contributions shall be paid by such retired employee. If the survivor of the public employee is eligible to continue, after the death of the employee, to receive health care benefits coverage that is fully or partly paid by the employer or a public entity, the monthly payments shall continue if provided for in a collective negotiations agreement, and shall be applied towards contributions required of that survivor, but only for the period of time remaining for such payments after the death of the employee or for the period of time permitted by law or contract, whichever time period is shorter.

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

(4) Upon the retirement of an employee who is not eligible to receive after retirement, or for whom the employer or a public entity does not provide, health care benefits coverage after retirement that is fully or partly paid by the employer or a public entity, the provisions of paragraph (3) of this subsection shall not apply and a Health Reimbursement Arrangement, or substantially similar account, shall be established by the employer and governed in accordance with the requirements of the Internal Revenue Service and the Internal Revenue Code. The purpose of the arrangement shall be to reimburse the retiree or eligible person for qualified medical expenses incurred up to the dollar value, in the aggregate, of the accumulated unused sick leave, if any, as computed under paragraph (3) in accordance with a collective negotiations agreement, but only up to one fifth of that value annually. The arrangement shall reimburse the retiree or eligible person for copayments, coinsurance, deductibles, and services as set forth in the plan document and permitted by the Internal Revenue Service and code. The plan document shall provide for the carry

forward of the total amount of the unused reimbursement from year to year for a period of five years. Unused reimbursement shall not be payable as cash to the retiree or the retiree's estate or beneficiaries. The arrangement shall be available to the survivor of the retiree, in accordance with the Internal Revenue Service or code, if permitted by law or a collective negotiations agreement but only for the period of time of the five years that remains at the death of the retiree or for the period of time permitted by law or contract, whichever time period is shorter.

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

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

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

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

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

6. (New section) The Attorney General shall develop guidelines or establish a procedure designed to provide a State agency as defined in section 2 of P.L.1971, c.182 (C.52:13D-13), a local government agency as defined in section 3 of P.L.1991, c.29 (C.40A:9-22.3), a local school district as defined in section 3 of P.L.1991, c.393 (C.18A:12-23) or other public employer, as appropriate, with notice of any indictment or conviction of any active or former officer or employee of such entity for a crime that involves or touches such office or employment as set forth in subsection b. of section 6 of P.L.2007, c.49 (C.2C:43-6.5) that will subject the officer or employee to sentencing under the provisions of section 6 of P.L.2007, c.49 (C.2C:43-6.5).

7. (New section) a. The provisions of sections 1 through 3 and 9 through 18, inclusive, of P.L. , c. (pending before the Legislature as this bill) regarding the suspension of payment of supplemental compensation for accumulated unused sick or vacation leave to an officer or employee who has been indicted for a crime that involves or touches such office or employment as defined in section 6 of P.L.2007, c.49 (C.2C:43-6.5) shall be prospective in application for any crime or offense committed after the effective date of P.L. , c. (pending before the Legislature as this bill).

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

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

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

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

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

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

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

b. As used in this subsection, “officer or employee” means an officer or employee as defined in subsection a. of this section for whom there is no majority representative for collective negotiations purposes.

Notwithstanding the provisions of subsection a. of this section to the contrary, a board of education, or an agency or instrumentality thereof, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered

retirement system based on the leave credited on the date of retirement.

All officers and employees in service on the effective date of P.L. , c. (pending before the Legislature as this bill) who have a contractual right to receive, if eligible, supplemental compensation for accumulated unused sick leave shall continue to have that contractual right, except as modified by agreement between the public employer and the public officer or employee after that effective date to reduce the supplemental compensation either by reducing the per diem value of the accumulated unused sick leave or by other means.

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

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

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

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

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

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

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

As used in this section, "officer or employee" means an elected official; or a person appointed by the Governor with the advice and

consent of the Senate, or appointed by the Governor to serve at the pleasure of the Governor only during his or her term of office; or a person appointed by an elected public official or elected governing body of the political subdivision, with the specific consent or approval of the elected governing body of the political subdivision that is substantially similar in nature to the advice and consent of the Senate for appointments by the Governor of the State as that similarity is determined by the elected governing body and set forth in an adopted resolution, pursuant to guidelines or policy that shall be established by the Department of Education, but not including a person who is employed or appointed in the regular or normal course of employment or appointment procedures and consented to or approved in a general or routine manner appropriate for and followed by the political subdivision, or the agency or instrumentality thereof.

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

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

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

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

5. a. Notwithstanding any law, rule or regulation to the contrary, an officer or employee of a board of education, or an agency or instrumentality thereof, who does not take vacation leave that accrues in a given year because of business demands shall be granted that accrued leave only during the next succeeding year. However, vacation leave not taken in a given year because of duties directly related to a state of emergency declared by the Governor may accumulate at the discretion of the appointing authority until, pursuant to a plan established by the officer or employee's appointing authority, the leave is used or the employee or officer is compensated for that leave, which shall not be subject to collective negotiation or collective bargaining. This provision shall apply only to officers and employees who commence service with the board of education, or the agency or instrumentality thereof, on or after the effective date of P.L.2010, c.3. This section shall not be construed to affect the terms in any collective negotiations agreement with a relevant provision in force on that effective date.

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

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

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

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

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

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

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

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

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

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

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

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

b. As used in this subsection, “officer or employee” means an officer or employee as defined in subsection a. of this section for whom there is no majority representative for collective negotiations purposes.

Notwithstanding the provisions of subsection a. of this section to the contrary, a political subdivision of the State, or an agency, authority or instrumentality thereof, that has not adopted the

provisions of Title 11A of the New Jersey Statutes, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

All officers and employees in service on the effective date of P.L. , c. (pending before the Legislature as this bill) who have a contractual right to receive, if eligible, supplemental compensation for accumulated unused sick leave shall continue to have that contractual right, except as modified by agreement between the public employer and the public officer or employee after that effective date to reduce the supplemental compensation either by reducing the per diem value of the accumulated unused sick leave or by other means.

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

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

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

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

42. a. Notwithstanding any law, rule or regulation to the contrary, a political subdivision of the State, or an agency, authority or instrumentality thereof, that has adopted the provisions of Title 11A of the New Jersey Statutes, shall not pay supplemental compensation to any officer or employee for accumulated unused

sick leave in an amount in excess of $15,000, except that an officer or employee who:

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

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

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

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

b. As used in this subsection, “officer or employee” means an officer or employee as defined in subsection a. of this section for whom there is no majority representative for collective negotiations purposes.

Notwithstanding the provisions of subsection a. of this section to the contrary, a political subdivision of the State, or an agency, authority or instrumentality thereof, that has adopted the provisions of Title 11A of the New Jersey Statutes, shall not pay supplemental compensation to any officer or employee for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

All officers and employees in service on the effective date of P.L. , c. (pending before the Legislature as this bill) who have a contractual right to receive, if eligible, supplemental compensation for accumulated unused sick leave shall continue to have that contractual right, except as modified by agreement between the public employer and the public officer or employee after that effective date to reduce the supplemental compensation either by reducing the per diem value of the accumulated unused sick leave or by other means.

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

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

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

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

45. a. Notwithstanding any law or any rule or regulation to the contrary, an officer or employee of a political subdivision of the State, or an agency, authority, or instrumentality of a subdivision, that has not adopted the provisions of Title 11A, Civil Service, of

the New Jersey Statutes, who does not take vacation leave that accrues on or after the effective date of P.L.2007, c.92 (C.43:15C-1 et al.), or on or after the date on which the person becomes an officer or employee, in a given year because of business demands shall be granted that accrued leave only during the next succeeding year.

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

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

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

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

Supplemental compensation for accumulated unused vacation leave shall be forfeited if an officer or employee is convicted of a

crime that subjects the officer or employee to the provisions of section 6 of P.L.2007, c.49, or for a substantially similar offense under the laws of another state or the United States which would have been such a crime under the laws of this State.

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

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

4. a. Notwithstanding any law, rule or regulation to the contrary, an officer or employee of a political subdivision of the State, or an agency, authority, or instrumentality thereof, that has not adopted the provisions of Title 11A of the New Jersey Statutes, who does not take vacation leave that accrues in a given year because of business demands shall be granted that accrued leave only during the next succeeding year. However, vacation leave not taken in a given year because of duties directly related to a state of emergency declared by the Governor may accumulate at the discretion of the appointing authority until, pursuant to a plan established by the officer or employee's appointing authority, the leave is used or the employee or officer is compensated for that leave, which shall not be subject to collective negotiation or collective bargaining. This provision shall apply only to officers and employees who commence service with the political subdivision of the State, or the agency, authority or instrumentality thereof, on or after the effective date of P.L.2010, c.3. This section shall not be construed to affect the terms in any collective negotiations agreement with a relevant provision in force on that effective date.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>18. (New section) As used in this section, "officer or employee" means an officer or employee for whom there is no majority representative for collective negotiations purposes.</u>

<u>Notwithstanding the provisions of N.J.S.11A:6-16, 17, and 19 to the contrary, supplemental compensation shall not be paid to State employees in the career service, and those in the senior executive and unclassified services who have been granted sick leave under</u>

terms and conditions similar to career service employees for accumulated unused sick leave earned after the effective date of P.L. , c. (pending before the Legislature as this bill) or after the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date. An officer or employee who on the effective date of P.L. , c. (pending before the Legislature as this bill), or upon the expiration of an individual contract of employment with a relevant provision applicable to that officer or employee in effect on that date, has accrued supplemental compensation based upon accumulated unused sick leave earned prior to the effective date shall continue to be eligible to receive the amount so accrued based on that sick leave that remains credited on the date of retirement. Supplemental compensation shall be payable only at the time of retirement from a State-administered or locally-administered retirement system based on the leave credited on the date of retirement.

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

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

All officers and employees in service on the effective date of P.L. , c. (pending before the Legislature as this bill) who have a contractual right to receive, if eligible, supplemental compensation for accumulated unused sick leave shall continue to have that contractual right, except as modified by agreement between the public employer and the public officer or employee after that effective date to reduce the supplemental compensation either by reducing the per diem value of the accumulated unused sick leave or by other means.

19. This act shall take effect on the first day of the second month following enactment.

STATEMENT

This bill prohibits the payment by a public employer of supplemental compensation for unused sick leave that is earned after the bill's effective date by a current or future State, local government, or board of education officer or employee whether or not the officer or

employee has a majority representative for collective negotiations purposes. Supplemental compensation for any time earned prior to that date will be payable as under current law.

Under the bill, for an officer or employee who has a majority representative, if the supplemental compensation based upon accumulated unused sick leave earned prior to the effective date is $7,500 or more at the time of retirement, accumulated unused sick leave earned after the effective date will have no monetary value. If the supplemental compensation based upon accumulated unused sick leave earned prior to the effective date is less than $7,500 at the time of retirement, upon the retirement of an officer or employee who is eligible to receive after retirement health care benefits coverage that is fully or partly paid by the employer or a public entity, the employer will determine the dollar value of the number of days of unused sick leave earned after the effective date of the bill or after the expiration of a collective negotiations agreement with a relevant provision applicable to that officer or employee in effect on that date, without interest, which cannot exceed $7,500 in the aggregate taking into account the value of the sick leave earned prior to the effective date. For local government and education officers and employees who have a majority representative, the dollar value will be calculated using the number of such days that may be used for the calculation and the per diem or other rate, if any, that have been agreed upon through collective negotiations between the employer and the majority representative of the relevant officer or employee, if the agreement contains provisions regarding these items. For State employees who have a majority representative, the value will be calculated in accordance with current law. In addition to any other contributions by the employer, the employer will make contributions in equal monthly payments for a period of five years, not to exceed $7,500 in the aggregate, from appropriations which will be applied toward the contributions for health care benefits coverage required of such retired officer or employee, whether as a percentage of premium, percentage of the retirement allowance, or a specific amount, to the extent necessary to pay such contributions. The remaining amount, if any, necessary to pay such contributions will be contributed by such retired officer or employee. This would also apply to the survivor of a deceased retired officer or employee if the survivor has been provided with health care benefits coverage, by law or contract, that is fully or partly paid by the employer or a public entity.

Upon the retirement of an officer or employee who has a majority representative, who is not eligible to receive, or for whom the employer or a public entity does not provide, health care benefits coverage after retirement that is fully or partly paid by the employer or a public entity, the provisions of the above paragraph will not apply and a Health Reimbursement Arrangement, or a substantially similar account, by the employer will be established and governed in accordance with the requirements of the Internal Revenue Service and

the Internal Revenue Code. The purpose of the arrangement will be for the employer to reimburse the retiree or eligible person for qualified medical expenses incurred by the retiree up to the dollar value of the accumulated unused sick leave, if any, as computed in accordance with a collective negotiations agreement in the aggregate, but only up to one fifth of that amount annually for five years. The arrangement will reimburse the retiree or eligible person for copayments, coinsurance, deductibles, and services as set forth in the plan document and permitted by the Internal Revenue Service and Code. The plan document will provide for the carry forward of the total amount of the unused reimbursement from year to year for five years. Unused reimbursement will not be payable as cash to the retiree or the retiree's estate or beneficiaries. The arrangement will be available to the survivor of the retiree, in accordance with the Internal Revenue Service or Code, if permitted by law or a collective negotiations agreement.

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

For an officer or employee who does not have a majority representative for collective negotiations purposes, supplemental compensation will not be permitted upon retirement in any amount for any accumulated unused sick leave time earned after the bill's effective date. Supplemental compensation for any time earned prior to that date will be payable as under current law.

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

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

Also, for current and future State, local government, or board of education officers and employees whether or not they have a majority representative for collective negotiations, a payment for accumulated unused sick leave or vacation leave will be suspended if such officer or employee is indicted for certain crimes that involve or touch the office or employment. The payment will be forfeited if such an officer or employee is convicted. The bill requires the Attorney General to develop guidelines or establish procedures to provide the appropriate

governmental agency or public employer with notice of any indictment or conviction of a current or former officer or employee.

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

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

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