

ASSEMBLY, No. 1761

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman NANCY F. MUNOZ

District 21 (Morris, Somerset and Union)

Assemblyman HAROLD "HAL" J. WIRTHS

District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

Assemblymen Webber, Space and S.Kean

SYNOPSIS

Bars certain employees of certain public agencies from participating in PERS; repeals law permitting PERS and TPAF members on leave who work for labor organization to purchase pension credit.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning the participation in the Teacher's Pension and
2 Annuity Fund and Public Employees' Retirement System,
3 amending various parts of the statutory law and repealing section
4 3 of P.L.2005, c.368 and section 2 of P.L.1989, c.198.

5

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

8

9 1. N.J.S.18A:6-48 is amended to read as follows:

10 18A:6-48. a. The association may select such officers as may be
11 necessary for the transaction of its business.

12 b. A person commencing service on or after the effective date
13 of P.L. , c. (pending before the Legislature as this bill) as an
14 officer or employee of the association shall not be eligible on the
15 basis of that service to enroll in a State-administered retirement
16 system. The enrollment of an officer or employee with less than 10
17 years of service credit in the retirement system as of that effective
18 date shall be terminated as of that effective date. An officer or
19 employee with 10 or more years of service credit in the retirement
20 system as of that effective date shall be eligible to continue in the
21 retirement system under the terms and conditions of the person's
22 enrollment if the person continues the service without a break.

23 (cf: P.L.1970, c.104, s.4)

24

25 2. Section 3 of P.L.1983, c.108 (C.18A:18B-3) is amended to
26 read as follows:

27 3. a. Any two or more boards of education may form and
28 become members of a school board insurance group. A board of
29 education may take this action by resolution of the board. Through
30 membership in a school board insurance group, a board of
31 education may participate in any joint self-insurance fund or funds,
32 risk management programs or related services offered or provided
33 by the group. The group shall have the power to establish a fund or
34 funds for coverages authorized in section 2 of this act and to jointly
35 purchase insurance or coverages under a master policy or contract
36 of insurance for participating members. The group shall have the
37 power to take other actions necessary to developing, administering,
38 and providing risk management programs, joint self-insurance
39 funds, joint insurance purchases, and related services.

40 b. The bylaws of the school board insurance group shall
41 provide that any board of education may join the group, provided it
42 agrees to comply with the standards for membership, including risk
43 management programs, which shall be established by the group, and
44 may be a member as long as it complies with the standards for
45 membership.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c. A school board insurance group may sue or be sued and
2 shall appoint a natural person residing in this State or a corporation
3 authorized to do business in this State as its agent for service of
4 process. The group shall notify the commissioner of the
5 appointment.

6 d. A school board insurance group is not an insurance company
7 or an insurer under the laws of this State and the development,
8 administration or provision by a group of joint self-insurance fund
9 or funds, risk management programs and related services does not
10 constitute the transaction of insurance nor doing an insurance
11 business. A group shall not be subject to the provisions of Title 17,
12 Subtitle 3, Insurance, of the Revised Statutes.

13 e. A person commencing service on or after the effective date
14 of P.L. , c. (pending before the Legislature as this bill) as an
15 officer or employee of a school board insurance group shall not be
16 eligible on the basis of that service to enroll in a State-administered
17 retirement system. The enrollment of an officer or employee with
18 less than 10 years of service credit in the retirement system as of
19 that effective date shall be terminated as of that effective date. An
20 officer or employee with 10 or more years of service credit in the
21 retirement system as of that effective date shall be eligible to
22 continue in the retirement system under the terms and conditions of
23 the person's enrollment if the person continues the service without a
24 break.

25 (cf: P.L.1983, c.108, s.3)

26

27 3. Section 3 of P.L.1985, c.204 (C.18A:64A-25.35) is amended
28 to read as follows:

29 3. a. Any two or more county colleges may form and become
30 members of a county college insurance group. A county college
31 may take this action by resolution of the board of trustees of the
32 county college. Through membership in a county college insurance
33 group, a county college may participate in any joint self-insurance
34 fund or funds, risk management programs or related services
35 offered or provided by the group. The group shall have the power
36 to establish a fund or funds for coverages authorized in section 2 of
37 this act and to jointly purchase insurance or coverages under a
38 master policy or contract of insurance for participating members.
39 The group shall have the power to take other actions necessary to
40 developing, administering, and providing risk management
41 programs, joint self-insurance funds, joint insurance purchases, and
42 related services.

43 b. The bylaws of the county college insurance group shall
44 provide that any county college may join the group; provided it
45 agrees to comply with the standards for membership, including risk
46 management programs, which shall be established by the group, and

1 may be a member as long as it complies with the standards for
2 membership.

3 c. A county college insurance group may sue or be sued and
4 shall appoint a natural person residing in this State or a corporation
5 authorized to do business in this State as its agent for service of
6 process. The group shall notify the commissioner of the
7 appointment.

8 A county college insurance group is not an insurance company or
9 an insurer under the laws of this State and the development,
10 administration or provision by a group of joint self-insurance fund
11 or funds, risk management programs and related services does not
12 constitute the transaction of insurance or doing an insurance
13 business. A group shall not be subject to the provisions of Title 17,
14 Subtitle 3 of the Revised Statutes.

15 e. A person commencing service on or after the effective date
16 of P.L. , c. (pending before the Legislature as this bill) as an
17 officer or employee of a county college insurance group shall not be
18 eligible on the basis of that service to enroll in a State-administered
19 retirement system. The enrollment of an officer or employee with
20 less than 10 years of service credit in the retirement system as of
21 that effective date shall be terminated as of that effective date. An
22 officer or employee with 10 or more years of service credit in the
23 retirement system as of that effective date shall be eligible to
24 continue in the retirement system under the terms and conditions of
25 the person's enrollment if the person continues the service without a
26 break.

27 (cf: P.L.1985, c.204, s.3)

28

29 4. Section 3 of P.L.1983, c.372 (C.40A:10-38) is amended to
30 read as follows:

31 3. a. The commissioners of a joint insurance fund shall have
32 the powers and authority granted to commissioners of individual
33 local insurance funds under the provisions of subsections a., b., c.,
34 and e. of N.J.S.40A:10-10.

35 b. The commissioners may invest and reinvest the funds,
36 including workers' compensation funds, as authorized under the
37 provisions of subsection b. of N.J.S.40A:10-10. The commissioners
38 may, subject to the cash management plan of the joint insurance
39 fund adopted pursuant to N.J.S.40A:5-14, delegate any of the
40 functions, powers and duties relating to the investment and
41 reinvestment of these funds, including the purchase, sale or
42 exchange of any investments, securities or funds to an investment or
43 asset manager. Any transfer of investment power and duties made
44 pursuant to this subsection shall be detailed in a written contract for
45 services between the joint insurance fund and an investment or asset
46 manager. The contract shall be filed with the Commissioner of
47 Insurance and the Commissioner of Community Affairs.

1 Compensation under such an arrangement shall not be based upon
2 commissions related to the purchase, sale or exchange of any
3 investments, securities or funds.

4 c. The commissioners may transfer moneys held in the fund to
5 the Director of the Division of Investment in the Department of the
6 Treasury for investment on behalf of the fund, pursuant to the
7 written directions of the commissioners, signed by an authorized
8 officer of the joint insurance fund, or any investment or asset
9 manager designated by them. The commissioners shall provide a
10 written notice to the director detailing the extent of the authority
11 delegated to the investment or asset manager so designated to act on
12 behalf of the joint insurance fund. Moneys transferred to the
13 director for investment shall be invested subject to section 8 of
14 P.L.1977, c.396 (C.40A:5-15.1), and in accordance with the
15 standards governing the investment of other funds which are
16 managed under the rules and regulations of the State Investment
17 Council. In addition to the types of securities in which the joint
18 insurance fund may invest pursuant to section 8 of P.L.1977, c.396
19 (C.40A:5-15.1), a joint insurance fund may invest in debt
20 obligations of federal agencies or government corporations with
21 maturities not to exceed 10 years from the date of purchase,
22 excluding mortgage backed or derivative obligations, provided that
23 the investments are purchased through the Division of Investment
24 and are invested consistent with the rules and regulations of the
25 State Investment Council.

26 d. Moneys transferred to the director for investment may not
27 thereafter be withdrawn except: (1) pursuant to the written
28 directions of the commissioners signed by an authorized officer of
29 the joint insurance fund, or any investment or asset manager
30 designated by them; (2) upon withdrawal or expulsion of a member
31 local unit from the fund; (3) termination of the fund; or (4) in
32 specific amounts in payment of specific claims, administrative
33 expenses or member dividends upon affidavit of the director or
34 other chief executive officer of the joint insurance fund.

35 e. The commissioners or the executive board, as the case may
36 be, of any joint insurance fund established pursuant to the
37 provisions of this act shall be subject to and operate in compliance
38 with the provisions of the "Local Fiscal Affairs Law" (N.J.S.40A:5-
39 1 et seq.), the "Local Public Contracts Law," P.L.1971, c.198
40 (C.40A:11-1 et seq.) and such other rules and regulations as govern
41 the custody, investment and expenditure of public funds by local
42 units.

43 f. A person commencing service on or after the effective date
44 of P.L. , c. (pending before the Legislature as this bill) as an
45 officer or employee of a joint insurance fund shall not be eligible on
46 the basis of that service to enroll in a State-administered retirement
47 system. The enrollment of an officer or employee with less than 10

1 years of service credit in the retirement system as of that effective
2 date shall be terminated as of that effective date. An officer or
3 employee with 10 or more years of service credit in the retirement
4 system as of that effective date shall be eligible to continue in the
5 retirement system under the terms and conditions of the person's
6 enrollment if the person continues the service without a break.
7 (cf: P.L.1995, c.374, s.1)

8
9 5. R.S.40:23-6 is amended to read as follows:

10 40:23-6. a. A county may agree to contribute and expend in any
11 1 year, for membership in and the service of the New Jersey
12 Association of Counties and the County Officers Association of
13 New Jersey, such sums as said county may determine.

14 b. A person commencing service on or after the effective date
15 of P.L. , c. (pending before the Legislature as this bill) as an
16 officer or employee of the New Jersey Association of Counties shall
17 not be eligible on the basis of that service to enroll in a State-
18 administered retirement system. The enrollment of an officer or
19 employee with less than 10 years of service credit in the retirement
20 system as of that effective date shall be terminated as of that
21 effective date. An officer or employee with 10 or more years of
22 service credit in the retirement system as of that effective date shall
23 be eligible to continue in the retirement system under the terms and
24 conditions of the person's enrollment if the person continues the
25 service without a break.

26 (cf: P.L.1979, c.159, s.1)

27
28 6. R.S.40:48-22 is amended to read as follows:

29 40:48-22. a. Any municipality, by resolution of its governing
30 body, may join with any other municipality or municipalities in the
31 formation of an organization of municipalities, for the purpose of
32 securing concerted action in behalf of such measures as the
33 organization shall determine to be in the common interest of the
34 organizing municipalities. The organization may meet at such times
35 and places as it may determine for the discussion of measures
36 deemed to affect the welfare of the several municipalities members
37 thereof; maintain an office, in charge of a secretary or other officer
38 or agent appointed by the organization; circulate literature and
39 information among the municipal officers of this state, and may
40 generally take such action as the organization in meeting shall
41 determine to be wise in support of such measures as it deems to be
42 in the interest of the several municipalities members thereof.

43 b. A person commencing service on or after the effective date
44 of P.L. , c. (pending before the Legislature as this bill) as an
45 officer or employee of an organization of municipalities shall not be
46 eligible on the basis of that service to enroll in a State-administered
47 retirement system. The enrollment of an officer or employee with

1 less than 10 years of service credit in the retirement system as of
2 that effective date shall be terminated as of that effective date. An
3 officer or employee with 10 or more years of service credit in the
4 retirement system as of that effective date shall be eligible to
5 continue in the retirement system under the terms and conditions of
6 the person's enrollment if the person continues the service without a
7 break.

8 (cf: R.S.40:48-22)

9
10 7. Section 4 of P.L.1972, c.134 (C.40:56-68) is amended to
11 read as follows:

12 4. a. A pedestrian mall ordinance may be adopted if the
13 governing body of any municipality finds: (1) a street or part
14 thereof is not a part of any State highway, is located primarily in a
15 business district, is improved to its maximum feasible width with
16 regard to adjoining buildings and improvements, (2) reasonably
17 convenient alternate routes to other parts of the municipality and
18 State exist for private vehicles, (3) continued unlimited use of the
19 street or part thereof by private vehicles may constitute a hazard to
20 the health and safety of pedestrians, (4) abutting properties can
21 reasonably and adequately be provided with emergency vehicular
22 services and receive and deliver merchandise and materials from
23 other streets and alleys or by provisions for limited use of the
24 streets by emergency vehicles and carriers of such merchandise and
25 materials, and (5) it is in the best interests of the municipality and
26 the public and of benefit to adjacent properties to use such street
27 primarily for pedestrian purposes, and that pedestrian use is
28 determined to be the highest and best use of such street or part
29 thereof.

30 b. A special improvement district ordinance may be adopted if
31 the governing body of a municipality finds: (1) that an area within
32 the municipality, as described by lot and block numbers and by
33 street addresses in the enabling ordinance, would benefit from being
34 designated as a special improvement district; (2) that a district
35 management corporation would provide administrative and other
36 services to benefit the businesses, employees, residents and
37 consumers in the special improvement district; (3) that a special
38 assessment shall be imposed and collected by the municipality with
39 the regular property tax payment or payment in lieu of taxes or
40 otherwise, and that all or a portion of these payments shall be
41 transferred to the district management corporation to effectuate the
42 purposes of this amendatory and supplementary act and to exercise
43 the powers given to it by municipal ordinance; and (4) that it is in
44 the best interests of the municipality and the public to create a
45 special improvement district and to designate a district
46 management corporation; except that no district management
47 corporation shall be designated to receive any funds or to exercise

1 any powers pursuant to the provisions of this amendatory and
2 supplementary act, unless the board of directors of that corporation
3 shall include at least one member of the governing body of the
4 municipality.

5 c. A person commencing service on or after the effective date
6 of P.L. , c. (pending before the Legislature as this bill) as an
7 officer or employee of a district management corporation shall not
8 be eligible on the basis of that service to enroll in a State-
9 administered retirement system. The enrollment of an officer or
10 employee with less than 10 years of service credit in the retirement
11 system as of that effective date shall be terminated as of that
12 effective date. An officer or employee with 10 or more years of
13 service credit in the retirement system as of that effective date shall
14 be eligible to continue in the retirement system under the terms and
15 conditions of the person's enrollment if the person continues the
16 service without a break.

17 (cf: P.L.1984, c.151, s.5)

18

19 8. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
20 as follows:

21 7. There is hereby established the Public Employees'
22 Retirement System of New Jersey in the Division of Pensions and
23 Benefits of the Department of the Treasury. The membership of the
24 retirement system shall include:

25 a. The members of the former "State Employees' Retirement
26 System of New Jersey" enrolled as such as of December 30, 1954,
27 who shall not have claimed for refund their accumulated deductions
28 in said system as provided in this section;

29 b. Any person becoming an employee of the State or other
30 employer after January 2, 1955 and every veteran, other than a
31 retired member who returns to service pursuant to subsection b. of
32 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
33 whose appointments are seasonal, becoming an employee of the
34 State or other employer after such date, including a temporary
35 employee with at least one year's continuous service. The
36 membership of the retirement system shall not include those
37 persons appointed to serve as described in paragraphs (2) and (3) of
38 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a
39 person who was a member of the retirement system prior to the
40 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-
41 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and
42 C.43:15A-135) and continuously thereafter; and

43 c. Every employee veteran in the employ of the State or other
44 employer on January 2, 1955, who is not a member of any
45 retirement system supported wholly or partly by the State.

46 d. Membership in the retirement system shall be optional for
47 elected officials other than veterans, and for school crossing guards,

1 who having become eligible for benefits under other pension
2 systems are so employed on a part-time basis. Elected officials
3 commencing service on or after the effective date of sections 1
4 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
5 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
6 be eligible for membership in the retirement system based on
7 service in the elective public office, except that an elected official
8 enrolled in the retirement system as of that effective date who
9 continues to hold that elective public office without a break in
10 service shall be eligible to continue membership in the retirement
11 system under the terms and conditions of enrollment. Service in the
12 Legislature shall be considered a single elective public office. Any
13 part-time school crossing guard who is eligible for benefits under
14 any other pension system and who was hired as a part-time school
15 crossing guard prior to March 4, 1976, may at any time terminate
16 his membership in the retirement system by making an application
17 in writing to the board of trustees of the retirement system. Upon
18 receiving such application, the board of trustees shall terminate his
19 enrollment in the system and direct the employer to cease accepting
20 contributions from the member or deducting from the compensation
21 paid to the member. State employees who become members of any
22 other retirement system supported wholly or partly by the State as a
23 condition of employment shall not be eligible for membership in
24 this retirement system. Notwithstanding any other law to the
25 contrary, all other persons accepting employment in the service of
26 the State shall be required to enroll in the retirement system as a
27 condition of their employment, regardless of age.

28 (1) Before or on November 1, 2008, no person in employment,
29 office or position, for which the annual salary or remuneration is
30 fixed at less than \$1,500.00, shall be eligible to become a member
31 of the retirement system.

32 (2) After November 1, 2008, a person who was a member of the
33 retirement system on that date and continuously thereafter shall be
34 eligible to be a member of the retirement system in employment,
35 office or position, for which the annual salary or remuneration is
36 fixed at \$1,500 or more.

37 (3) After November 1, 2008 and before or on the effective date
38 of P.L.2010, c.1, a person who was not a member of the retirement
39 system on November 1, 2008, or who was a member of the
40 retirement system on that date but not continuously thereafter, and
41 who is in employment, office or position, for which the annual
42 salary or remuneration is certified by the applicable public entity at
43 \$7,500 or more, shall be eligible to become a member of the
44 retirement system. The \$7,500 minimum annual salary or
45 remuneration amount shall be adjusted annually by the Director of
46 the Division of Pensions and Benefits, by regulation, in accordance
47 with changes in the Consumer Price Index but by no more than 4

1 percent. "Consumer Price Index" means the average of the annual
2 increase, expressed as a percentage, in the consumer price index for
3 all urban consumers in the New York City and Philadelphia
4 metropolitan statistical areas during the preceding calendar year as
5 reported by the United States Department of Labor.

6 (4) After the effective date of P.L.2010, c.1, no person in an
7 employment, office or position of the State, or an agency, board,
8 commission, authority or instrumentality of the State, for which the
9 hours of work are fixed at fewer than 35 per week shall be eligible
10 to become a member of the retirement system; and no person in
11 employment, office or position with a political subdivision of the
12 State, or an agency, board, commission, authority or instrumentality
13 of a political subdivision of the State, for which the hours of work
14 are fixed by an ordinance or resolution of the political subdivision,
15 or agency, board, commission, authority or instrumentality thereof,
16 at fewer than 32 per week shall be eligible to become a member of
17 the retirement system. Any hour or part thereof, during which the
18 person does not work due to the person's participation in a
19 voluntary or mandatory furlough program shall not be deducted in
20 determining if a person's hours of work are fixed at fewer than 35 or
21 32 per week, as appropriate, for the purpose of eligibility.

22 e. Membership of any person in the retirement system shall
23 cease if he shall discontinue his service for more than two
24 consecutive years.

25 f. The accumulated deductions of the members of the former
26 "State Employees' Retirement System" which have been set aside in
27 a trust fund designated as Fund A as provided in section 5 of this
28 act and which have not been claimed for refund prior to February 1,
29 1955 shall be transferred from said Fund A to the Annuity Savings
30 Fund of the Retirement System, provided for in section 25 of this
31 act. Each member whose accumulated deductions are so transferred
32 shall receive the same prior service credit, pension credit, and
33 membership credit in the retirement system as he previously had in
34 the former "State Employees' Retirement System" and shall have
35 such accumulated deductions credited to his individual account in
36 the Annuity Savings Fund. Any outstanding obligations of such
37 member shall be continued.

38 g. Any school crossing guard electing to terminate his
39 membership in the retirement system pursuant to subsection d. of
40 this section shall, upon his request, receive a refund of his
41 accumulated deductions as of the date of his appointment to the
42 position of school crossing guard. Such refund of contributions
43 shall serve as a waiver of all benefits payable to the employee, to
44 his dependent or dependents, or to any of his beneficiaries under the
45 retirement system.

46 h. A temporary employee who is employed under the federal
47 Workforce Investment Act shall not be eligible for membership in

1 the system. Membership for temporary employees employed under
2 the federal Job Training Partnership Act, Pub.L.97-300 (29
3 U.S.C.s.1501) who are in the system on September 19, 1986 shall
4 be terminated, and affected employees shall receive a refund of
5 their accumulated deductions as of the date of commencement of
6 employment in a federal Job Training Partnership Act program.
7 Such refund of contributions shall serve as a waiver of all benefits
8 payable to the employee, to his dependent or dependents, or to any
9 of his beneficiaries under the retirement system.

10 i. Membership in the retirement system shall be optional for a
11 special service employee who is employed under the federal Older
12 American Community Service Employment Act, Pub.L.94-135 (42
13 U.S.C.s.3056). Any special service employee employed under the
14 federal Older American Community Service Employment Act,
15 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on
16 the effective date of P.L.1996, c.139 may terminate membership in
17 the retirement system by making an application in writing to the
18 board of trustees of the retirement system. Upon receiving the
19 application, the board shall terminate enrollment in the system and
20 the member shall receive a refund of accumulated deductions as of
21 the date of commencement of employment in a federal Older
22 American Community Service Employment Act program. This
23 refund of contributions shall serve as a waiver of all benefits
24 payable to the employee, to any dependent or dependents, or to any
25 beneficiary under the retirement system.

26 j. An employee of the South Jersey Port Corporation who was
27 employed by the South Jersey Port Corporation as of the effective
28 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-
29 employed within 365 days of such effective date by a subsidiary
30 corporation or other corporation, which has been established by the
31 Delaware River Port Authority pursuant to subdivision (m) of
32 Article I of the compact creating the Delaware River Port Authority
33 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-
34 146), shall be eligible to continue membership while an employee
35 of such subsidiary or other corporation.

36 k. An officer or employee of a nonprofit organization that is an
37 educational foundation, or substantially similar entity, created by or
38 on behalf of an institution of higher education in this State for the
39 purpose of receiving donations shall not be eligible for membership
40 in the system on the basis of that employment.

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

42
43 9. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to
44 read as follows:

45 65. (a) All employees of any public agency or organization of
46 this State, which employs persons engaged in service to the public,
47 shall be eligible to participate in the Public Employees' Retirement

1 System; provided the employer consents thereto by resolution and
2 files a certified copy of such resolution with the board of trustees of
3 the Public Employees' Retirement System and the board of trustees
4 approves thereof by resolution. Such organization shall be referred
5 to in this act as the employer. If the participation of such
6 employees is so approved then the employer shall contribute to the
7 contingent reserve fund on account of its members at the same rate
8 per centum as would be paid by employers other than the State.

9 (b) Notwithstanding the provisions of subsection (a) of this
10 section, every person becoming an employee of a public agency or
11 organization of this State, which employs persons engaged in
12 service to the public, after June 30, 1966, who is not eligible to
13 become a member of any other retirement system, shall be required
14 to participate in the Public Employees' Retirement System.
15 Notwithstanding the provisions of subsection (a) of this section,
16 membership in the Public Employees' Retirement System shall be
17 optional with any person in the employ of any such public agency
18 or organization on June 30, 1966, provided such person is not
19 required to be a member pursuant to another provision of this act,
20 and provided further that such person is not eligible to be a member
21 of any other retirement system. The provisions of this subsection
22 shall not apply to any person whose position is temporary or
23 seasonal, nor to any person in office, position or employment for
24 which the annual salary or remuneration, of the number of hours or
25 work, is fixed at less than that which is required for membership
26 pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable
27 to the member, nor to any person whose position is not covered by
28 the old-age and survivors' insurance provisions of the federal Social
29 Security Act. After the effective date of P.L.2010, c.1, the
30 provisions of this subsection shall not apply to any person in office,
31 position or employment for which the hours of work are fewer per
32 week than those required for membership pursuant to subsection d.
33 of section 7 of P.L.1954, c.84 (C.43:15A-7), unless the person shall
34 have been a member since that effective date continuously. The
35 public agency or organization employing any such person who
36 becomes a member of the retirement system pursuant to this
37 subsection shall contribute to the contingent reserve fund on
38 account of such employees at the same rate per centum as would be
39 paid by employers other than the State.

40 (c) A person commencing service on or after the effective date
41 of P.L. , c. (pending before the Legislature as this bill) as an
42 officer or employee of an organization or association of counties or
43 municipalities, such as the New Jersey State League of
44 Municipalities and the New Jersey Association of Counties, or a
45 substantially similar successor organization or association, or a joint
46 insurance group or fund for political subdivisions of this State, shall
47 not be eligible for membership in the retirement system based on

1 that service. The enrollment of an officer or employee with less
2 than 10 years of service credit in the retirement system as of that
3 effective date shall be terminated as of that effective date. An
4 officer or employee with 10 or more years of service credit in the
5 retirement system as of that effective date shall be eligible to
6 continue in the retirement system under the terms and conditions of
7 the person's enrollment if the person continues the service without a
8 break.

9 (cf: P.L.2010, c.1, s.5)

10
11 10. Section 71 of P.L.1954, c.84 (C.43:15A-71) is amended to
12 read as follows:

13 71. The words "public agency or organization" as used in this
14 act shall be construed to mean and include any agency or
15 organization which operates public works or is engaged in service
16 to the public for 1 or more municipalities, local boards of health, or
17 counties, and whose revenue is derived from other than State funds,
18 but shall not be construed to include any subdivision of any county,
19 municipality, school district, privately owned public utility or
20 service or any religious, educational or charitable organization.

21 An organization or association of counties or municipalities,
22 such as the New Jersey State League of Municipalities and the New
23 Jersey Association of Counties, and a substantially similar
24 successor organization or association, and a joint insurance group or
25 fund for political subdivisions of this State shall not be considered a
26 public agency or organization with regard to its officers and
27 employees commencing service on or after the effective date of
28 P.L. , c. (pending before the Legislature as this bill) or with
29 regard to its officers or employees with less than 10 years of service
30 credit in the retirement system as of that effective date.

31 (cf: P.L.1954, c.84, s.71)

32
33 11. N.J.S.18A:66-2 is amended to read as follows:

34 18A:66-2. As used in this article:

35 a. "Accumulated deductions" means the sum of all the
36 amounts, deducted from the compensation of a member or
37 contributed by or in behalf of the member, including interest
38 credited to January 1, 1956, standing to the credit of the member's
39 individual account in the annuity savings fund.

40 b. "Annuity" means payments for life derived from the
41 accumulated deductions of a member as provided in this article.

42 c. "Beneficiary" means any person receiving a retirement
43 allowance or other benefit as provided in this article.

44 d. (1) "Compensation" means the contractual salary, for
45 services as a teacher as defined in this article, which is in
46 accordance with established salary policies of the member's
47 employer for all employees in the same position but shall not

1 include individual salary adjustments which are granted primarily in
2 anticipation of the member's retirement or additional remuneration
3 for performing temporary or extracurricular duties beyond the
4 regular school day or the regular school year.

5 (2) In the case of a person who becomes a member of the
6 retirement system on or after July 1, 2007, "compensation" means
7 the amount of the contractual salary equivalent to the annual
8 maximum wage contribution base for Social Security, pursuant to
9 the Federal Insurance Contributions Act, for services as a teacher as
10 defined in this article, which is in accordance with established
11 salary policies of the member's employer for all employees in the
12 same position but shall not include individual salary adjustments
13 which are granted primarily in anticipation of the member's
14 retirement or additional remuneration for performing temporary or
15 extracurricular duties beyond the regular school day or the regular
16 school year. This paragraph shall not apply to a person who at the
17 time of enrollment in the retirement system on or after July 1, 2007
18 transfers service credit from another State-administered retirement
19 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
20 member of the retirement system who has been granted a retirement
21 allowance and is reenrolled in the retirement system on or after July
22 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
23 again in a position that makes the person eligible to be a member of
24 the retirement system.

25 For the period of July 1, 2009 through June 30, 2011,
26 "contractual salary" for State employees shall include wage
27 increases under a collective negotiations agreement notwithstanding
28 that, by amendment to that collective negotiations agreement, the
29 effective date of the contractual increase has been deferred. For the
30 purpose of this paragraph, "State employee" means an employee in
31 the Executive Branch of State government of New Jersey.

32 e. "Employer" means the State, the board of education or any
33 educational institution or agency of or within the State by which a
34 teacher is paid.

35 f. (1) "Final compensation" means the average annual
36 compensation for which contributions are made for the three years
37 of creditable service in New Jersey immediately preceding the
38 member's retirement or death, or it shall mean the average annual
39 compensation for New Jersey service for which contributions are
40 made during any three fiscal years of his or her membership
41 providing the largest possible benefit to the member or the
42 member's beneficiary.

43 (2) In the case of a person who becomes a member of the
44 retirement system on or after the effective date of P.L.2010, c.1,
45 "final compensation" means the average annual compensation for
46 which contributions are made for the five years of creditable service
47 in New Jersey immediately preceding the member's retirement or

- 1 death, or it shall mean the average annual compensation for New
- 2 Jersey service for which contributions are made during any five
- 3 fiscal years of his or her membership providing the largest possible
- 4 benefit to the member or the member's beneficiary.
- 5 g. "Fiscal year" means any year commencing with July 1, and
- 6 ending with June 30, next following.
- 7 h. "Pension" means payments for life derived from
- 8 appropriations made by the State or employers to the Teachers'
- 9 Pension and Annuity Fund.
- 10 i. "Annuity reserve" means the present value of all payments
- 11 to be made on account of any annuity or benefit in lieu of an
- 12 annuity, granted under the provisions of this article, computed on
- 13 the basis of such mortality tables recommended by the actuary as
- 14 the board of trustees adopts, with regular interest.
- 15 j. "Pension reserve" means the present value of all payments to
- 16 be made on account of any pension or benefit in lieu of a pension
- 17 granted to a member from the Teachers' Pension and Annuity Fund,
- 18 computed on the basis of such mortality tables recommended by the
- 19 actuary as the board of trustees adopts, with regular interest.
- 20 k. "Present-entrant" means any member of the Teachers'
- 21 Pension and Annuity Fund who had established status as a "present-
- 22 entrant member" of said fund prior to January 1, 1956.
- 23 l. "Rate of contribution initially certified" means the rate of
- 24 contribution certified by the retirement system in accordance with
- 25 N.J.S.18A:66-29.
- 26 m. "Regular interest" shall mean interest as determined by the
- 27 State Treasurer, after consultation with the Directors of the
- 28 Divisions of Investment and Pensions, the board of trustees and the
- 29 actuary. It shall bear a reasonable relationship to the percentage rate
- 30 of earnings on investments based on the market value of assets but
- 31 shall not exceed the assumed percentage rate of increase applied to
- 32 salaries plus 3%, provided however that the board of trustees shall
- 33 not set the average percentage rate of increase applied to salaries
- 34 below 6%.
- 35 n. "Retirement allowance" means the pension plus the annuity.
- 36 o. "School service" means any service as a "teacher" as defined
- 37 in this section.
- 38 p. "Teacher" means any regular teacher, special teacher,
- 39 helping teacher, teacher clerk, principal, vice-principal, supervisor,
- 40 supervising principal, director, superintendent, city superintendent,
- 41 assistant city superintendent, county superintendent, State
- 42 Commissioner or Assistant Commissioner of Education, members
- 43 of the State Department of Education who are certificated,
- 44 unclassified professional staff and other members of the teaching or
- 45 professional staff of any class, public school, high school, normal
- 46 school, model school, training school, vocational school, truant
- 47 reformatory school, or parental school, and of any and all classes or

1 schools within the State conducted under the order and
2 superintendence, and wholly or partly at the expense of the State
3 Board of Education, of a duly elected or appointed board of
4 education, board of school directors, or board of trustees of the
5 State or of any school district or normal school district thereof, and
6 any persons under contract or engagement to perform one or more
7 of these functions. [It shall also mean any person who serves, while
8 on an approved leave of absence from regular duties as a teacher, as
9 an officer of a local, county or State labor organization which
10 represents, or is affiliated with an organization which represents,
11 teachers as defined in this subsection.] No person shall be deemed a
12 teacher within the meaning of this article who is a substitute
13 teacher. In all cases of doubt the board of trustees shall determine
14 whether any person is a teacher as defined in this article.

15 q. "Teachers' Pension and Annuity Fund," hereinafter referred
16 to as the "retirement system" or "system," is the corporate name of
17 the arrangement for the payment of retirement allowances and other
18 benefits under the provisions of this article, including the several
19 funds placed under said system. By that name all its business shall
20 be transacted, its funds invested, warrants for money drawn, and
21 payments made and all of its cash and securities and other property
22 held.

23 r. "Veteran" means any honorably discharged officer, soldier,
24 sailor, airman, marine or nurse who served in any Army, Air Force
25 or Navy of the Allies of the United States in World War I between
26 July 14, 1914, and November 11, 1918, or who served in any Army,
27 Air Force or Navy of the Allies of the United States in World War
28 II, between September 1, 1939, and September 2, 1945, and who
29 was inducted into such service through voluntary enlistment, and
30 was a citizen of the United States at the time of such enlistment, and
31 who did not, during or by reason of such service, renounce or lose
32 United States citizenship, and any officer, soldier, sailor, marine,
33 airman, nurse or army field clerk who has served in the active
34 military or naval service of the United States and has or shall be
35 discharged or released therefrom under conditions other than
36 dishonorable, in any of the following wars, uprisings, insurrections,
37 expeditions or emergencies, and who has presented to the retirement
38 system evidence of such record of service in form and content
39 satisfactory to said retirement system:

40 (1) The Indian wars and uprisings during any of the periods
41 recognized by the War Department of the United States as periods
42 of active hostility;

43 (2) The Spanish-American War between April 20, 1898, and
44 April 11, 1899;

45 (3) The Philippine insurrections and expeditions during the
46 periods recognized by the War Department of the United States as
47 of active hostility from February 4, 1899, to the end of 1913;

- 1 (4) The Peking relief expedition between June 20, 1900, and
2 May 27, 1902;
- 3 (5) The army of Cuban occupation between July 18, 1898, and
4 May 20, 1902;
- 5 (6) The army of Cuban pacification between October 6, 1906,
6 and April 1, 1909;
- 7 (7) The Mexican punitive expedition between March 14, 1916,
8 and February 7, 1917;
- 9 (8) The Mexican border patrol, having actually participated in
10 engagements against Mexicans between April 12, 1911, and June
11 16, 1919;
- 12 (9) World War I, between April 6, 1917, and November 11,
13 1918;
- 14 (10) World War II, between September 16, 1940, and December
15 31, 1946, who shall have served at least 90 days in such active
16 service, exclusive of any period of assignment (1) for a course of
17 education or training under the Army Specialized Training Program
18 or the Navy College Training Program, which course was a
19 continuation of a civilian course and was pursued to completion, or
20 (2) as a cadet or midshipman at one of the service academies, any
21 part of which 90 days was served between said dates; provided that
22 any person receiving an actual service-incurred injury or disability
23 shall be classed as a veteran, whether or not that person has
24 completed the 90-day service as herein provided;
- 25 (11) Korean conflict on or after June 23, 1950, and on or prior
26 to January 31, 1955, who shall have served at least 90 days in such
27 active service, exclusive of any period of assignment (1) for a
28 course of education or training under the Army Specialized
29 Training Program or the Navy College Training Program, which
30 course was a continuation of a civilian course and was pursued to
31 completion, or (2) as a cadet or midshipman at one of the service
32 academies, any part of which 90 days was served between said
33 dates; provided that any person receiving an actual service-incurred
34 injury or disability shall be classed as a veteran, whether or not that
35 person has completed the 90-day service as herein provided; and
36 provided further that any member classed as a veteran pursuant to
37 this subsection prior to August 1, 1966, shall continue to be classed
38 as a veteran, whether or not that person completed the 90-day
39 service between said dates as herein provided;
- 40 (12) Lebanon crisis, on or after July 1, 1958, who has served in
41 Lebanon or on board any ship actively engaged in patrolling the
42 territorial waters of that nation for a period, continuous or in the
43 aggregate, of at least 14 days commencing on or before November
44 1, 1958 or the date of termination of that conflict, as proclaimed by
45 the President of the United States or Congress, whichever date of
46 termination is the latest, in such active service; provided, that any
47 person receiving an actual service-incurred injury or disability shall

1 be classed as a veteran whether or not that person has completed the
2 14 days' service as herein provided;

3 (13) Vietnam conflict, on or after December 31, 1960, and on or
4 prior to May 7, 1975, who shall have served at least 90 days in such
5 active service, exclusive of any period of assignment (1) for a
6 course of education or training under the Army Specialized
7 Training Program or the Navy College Training Program, which
8 course was a continuation of a civilian course and was pursued to
9 completion, or (2) as a cadet or midshipman at one of the service
10 academies, any part of which 90 days was served between said
11 dates; and exclusive of any service performed pursuant to the
12 provisions of section 511(d) of Title 10, United States Code,
13 pursuant to an enlistment in the Army National Guard or as a
14 reserve for service in the Army Reserve, Naval Reserve, Air Force
15 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
16 that any person receiving an actual service-incurred injury or
17 disability shall be classed as a veteran, whether or not that person
18 has completed the 90-day service as herein provided;

19 (14) Lebanon peacekeeping mission, on or after September 26,
20 1982, who has served in Lebanon or on board any ship actively
21 engaged in patrolling the territorial waters of that nation for a
22 period, continuous or in the aggregate, of at least 14 days
23 commencing on or before December 1, 1987 or the date of
24 termination of that mission, as proclaimed by the President of the
25 United States or Congress, whichever date of termination is the
26 latest, in such active service; provided, that any person receiving an
27 actual service-incurred injury or disability shall be classed as a
28 veteran whether or not that person has completed the 14 days'
29 service as herein provided;

30 (15) Grenada peacekeeping mission, on or after October 23,
31 1983, who has served in Grenada or on board any ship actively
32 engaged in patrolling the territorial waters of that nation for a
33 period, continuous or in the aggregate, of at least 14 days
34 commencing on or before November 21, 1983 or the date of
35 termination of that mission, as proclaimed by the President of the
36 United States or Congress, whichever date of termination is the
37 latest, in such active service; provided, that any person receiving an
38 actual service-incurred injury or disability shall be classed as a
39 veteran whether or not that person has completed the 14 days'
40 service as herein provided;

41 (16) Panama peacekeeping mission, on or after December 20,
42 1989 or the date of inception of that mission, as proclaimed by the
43 President of the United States or Congress, whichever date of
44 inception is earliest, who has served in Panama or on board any ship
45 actively engaged in patrolling the territorial waters of that nation for
46 a period, continuous or in the aggregate, of at least 14 days
47 commencing on or before January 31, 1990 or the date of

1 termination of that mission, as proclaimed by the President of the
2 United States or Congress, whichever date of termination is the
3 latest, in such active service; provided, that any person receiving an
4 actual service-incurred injury or disability shall be classed as a
5 veteran whether or not that person has completed the 14 days'
6 service as herein provided;

7 (17) Operation "Desert Shield/Desert Storm" mission in the
8 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
9 or the date of inception of that operation, as proclaimed by the
10 President of the United States or Congress, whichever date of
11 inception is earliest, who has served in the Arabian peninsula or on
12 board any ship actively engaged in patrolling the Persian Gulf for a
13 period, continuous or in the aggregate, of at least 14 days
14 commencing on or before the date of termination of that mission, as
15 proclaimed by the President of the United States or Congress,
16 whichever date of termination is the latest, in such active service;
17 provided, that any person receiving an actual service-incurred injury
18 or disability shall be classed as a veteran whether or not that person
19 has completed the 14 days' service as herein provided;

20 (18) Operation Northern Watch and Operation Southern Watch,
21 on or after August 27, 1992, or the date of inception of that
22 operation, as proclaimed by the President of the United States,
23 Congress or United States Secretary of Defense, whichever date of
24 inception is earliest, who served in the theater of operation,
25 including in the Arabian peninsula and the Persian Gulf, and in
26 direct support of that operation for a period, continuously or in the
27 aggregate, of at least 14 days in such active service, commencing on
28 or before the date of termination of the operation, as proclaimed by
29 the President of the United States, Congress or United States
30 Secretary of Defense, whichever date of termination is latest;
31 provided, that any person receiving an actual service-incurred injury
32 or disability while engaged in such service shall be classed as a
33 veteran whether or not that person has completed the 14 days'
34 service as herein provided;

35 (19) Operation "Restore Hope" in Somalia, on or after
36 December 5, 1992, or the date of inception of that operation as
37 proclaimed by the President of the United States or Congress,
38 whichever date is earliest, who has served in Somalia or on board
39 any ship actively engaged in patrolling the territorial waters of that
40 nation for a period, continuously or in the aggregate, of at least 14
41 days in such active service commencing on or before March 31,
42 1994; provided that any person receiving an actual service-incurred
43 injury or disability shall be classed as a veteran whether or not that
44 person has completed the 14-day service as herein provided;

45 (20) Operations "Joint Endeavor" and "Joint Guard" in the
46 Republic of Bosnia and Herzegovina, on or after November 20,
47 1995, who served in such active service in direct support of one or

1 both of the operations for at least 14 days, continuously or in the
2 aggregate, commencing on or before June 20, 1998, and (1) was
3 deployed in that nation or in another area in the region, or (2) was
4 on board a United States naval vessel operating in the Adriatic Sea,
5 or (3) operated in airspace above the Republic of Bosnia and
6 Herzegovina; provided that any person receiving an actual service-
7 incurred injury or disability shall be classed as a veteran whether or
8 not that person completed the 14-day service requirement;

9 (21) Operation "Enduring Freedom", on or after September 11,
10 2001, who served in a theater of operation and in direct support of
11 that operation for a period, continuously or in the aggregate, of at
12 least 14 days in such active service commencing on or before the
13 date the President of the United States or the United States
14 Secretary of Defense designates as the termination date of that
15 operation; provided, that any person receiving an actual service-
16 incurred injury or disability while engaged in such service shall be
17 classed as a veteran whether or not that person has completed the 14
18 days' service as herein provided; and

19 (22) Operation "Iraqi Freedom", on or after the date the
20 President of the United States or the United States Secretary of
21 Defense designates as the inception date of that operation, who
22 served in Iraq or in another area in the region in direct support of
23 that operation for a period, continuously or in the aggregate, of at
24 least 14 days in such active service commencing on or before the
25 date the President of the United States or the United States
26 Secretary of Defense designates as the termination date of that
27 operation; provided, that any person receiving an actual service-
28 incurred injury or disability while engaged in such service shall be
29 classed as a veteran whether or not that person has completed the 14
30 days' service as herein provided.

31 "Veteran" also means any honorably discharged member of the
32 American Merchant Marine who served during World War II and is
33 declared by the United States Department of Defense to be eligible
34 for federal veterans' benefits.

35 s. "Child" means a deceased member's unmarried child either
36 (a) under the age of 18 or (b) of any age who, at the time of the
37 member's death, is disabled because of mental retardation or
38 physical incapacity, is unable to do any substantial, gainful work
39 because of the impairment and the impairment has lasted or can be
40 expected to last for a continuous period of not less than 12 months,
41 as affirmed by the medical board.

42 t. (1) "Widower," for employees of the State, means the man
43 to whom a member was married, or a domestic partner as defined in
44 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
45 the date of her death and to whom she continued to be married or a
46 domestic partner until the date of her death and who was receiving
47 at least one-half of his support from the member in the 12-month

1 period immediately preceding the member's death or the accident
2 which was the direct cause of the member's death. The dependency
3 of such a widower will be considered terminated by marriage of, or
4 establishment of a domestic partnership by, the widower subsequent
5 to the death of the member. In the event of the payment of an
6 accidental death benefit, the five-year qualification shall be waived.

7 (2) Subject to the provisions of paragraph (3) of this subsection,
8 "widower," for employees of public employers other than the State,
9 means the man to whom a member was married at least five years
10 before the date of her death and to whom she continued to be
11 married until the date of her death and who was receiving at least
12 one-half of his support from the member in the 12-month period
13 immediately preceding the member's death or the accident which
14 was the direct cause of the member's death. The dependency of such
15 a widower shall be considered terminated by marriage of the
16 widower subsequent to the death of the member. In the event of the
17 payment of an accidental death benefit, the five-year qualification
18 shall be waived.

19 (3) A public employer other than the State may adopt a
20 resolution providing that the term "widower" as defined in
21 paragraph (2) of this subsection shall include domestic partners as
22 provided in paragraph (1) of this subsection.

23 u. (1) "Widow," for employees of the State, means the woman
24 to whom a member was married, or a domestic partner as defined in
25 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
26 the date of his death and to whom he continued to be married or a
27 domestic partner until the date of his death and who was receiving
28 at least one-half of her support from the member in the 12-month
29 period immediately preceding the member's death or the accident
30 which was the direct cause of the member's death. The dependency
31 of such a widow will be considered terminated by the marriage of,
32 or establishment of a domestic partnership by, the widow
33 subsequent to the member's death. In the event of the payment of an
34 accidental death benefit, the five-year qualification shall be waived.

35 (2) Subject to the provisions of paragraph (3) of this subsection,
36 "widow," for employees of public employers other than the State,
37 means the woman to whom a member was married at least five
38 years before the date of his death and to whom he continued to be
39 married until the date of his death and who was receiving at least
40 one-half of her support from the member in the 12-month period
41 immediately preceding the member's death or the accident which
42 was the direct cause of the member's death. The dependency of such
43 a widow shall be considered terminated by the marriage of the
44 widow subsequent to the member's death. In the event of the
45 payment of an accidental death benefit, the five-year qualification
46 shall be waived.

1 (3) A public employer other than the State may adopt a
2 resolution providing that the term "widower" as defined in
3 paragraph (2) of this subsection shall include domestic partners as
4 provided in paragraph (1) of this subsection.

5 v. "Parent" means the parent of a member who was receiving at
6 least one-half of the parent's support from the member in the 12-
7 month period immediately preceding the member's death or the
8 accident which was the direct cause of the member's death. The
9 dependency of such a parent will be considered terminated by
10 marriage of the parent subsequent to the death of the member.

11 w. "Medical board" means the board of physicians provided for
12 in N.J.S.18A:66-56.

13 x. (1) "Spouse," for employees of the State, means the husband
14 or wife, or domestic partner as defined in section 3 of P.L.2003,
15 c.246 (C.26:8A-3), of a member.

16 (2) Subject to the provisions of paragraph (1) of this subsection,
17 "spouse," for employees of public employers other than the State,
18 means the husband or wife of a member.

19 (3) A public employer other than the State may adopt a
20 resolution providing that the term "spouse" as defined in paragraph
21 (2) of this subsection shall include domestic partners as provided in
22 paragraph (1) of this subsection.

23 (cf: P.L.2010, c.1, s.20)

24
25 12. The following statutes are repealed:

26 Section 3 of P.L.2005, c.368 (C.43:15A-39.1); and

27 Section 2 of P.L.1989, c.198 (C.18A:66-14.2).

28
29 13. This act shall take effect July 1, 2014, or if enacted after that
30 date, this act shall take effect immediately upon enactment.

31 32 33 STATEMENT

34
35 The purpose of this bill is to eliminate the eligibility for
36 enrollment in any State-administered retirement system, such as the
37 Public Employees' Retirement System (PERS), for newly hired
38 officers and employees, and for the continued enrollment of those
39 who have less than 10 years of service credit in the retirement
40 system, of the New Jersey State League of Municipalities
41 (N.J.S.A.40:48-22), the New Jersey Association of Counties, the
42 New Jersey School Boards Association (N.J.S.A.18A:6-48), any
43 school board insurance group (N.J.S.A.18A:18B-3), any county
44 college joint insurance group (N.J.S.A.18A:64A-25.35), any county
45 or municipal joint insurance fund (N.J.S.A.40A:10-38), and any
46 corporation designated to manage a special improvement district
47 established by municipal ordinance (N.J.S.A.40:56-68).

1 Officers or employees who are enrolled in a retirement system
2 before the bill's effective date, have 10 or more years of service
3 credit in the retirement system on that effective date, and who
4 continue to serve that particular organization, association, group,
5 fund or corporation without a break would not be affected by the
6 bill. As a result of this bill, the entities noted above will not be
7 considered public agencies with regard to their new officers and
8 employees and current officers and employees with less than 10
9 years of pension service credit and, thus, these officers and
10 employees will no longer be eligible for health care coverage under
11 the State Health Benefits Program.

12 In addition, the bill amends the PERS law (N.J.S.A.43:15A-7) to
13 prohibit any officer or employee of a nonprofit organization that is
14 an educational foundation, or substantially similar entity, created by
15 or on behalf of an institution of higher education in this State for the
16 purpose of receiving donations from becoming a member of the
17 PERS on the basis of that employment.

18 In addition, the bill repeals two sections of law that permit
19 members of the Teachers' Pension and Annuity Fund and the Public
20 Employees' Retirement System to continue to make contributions
21 for service credit while on an approved leave of absence as an
22 officer or representative of a local, county, or State labor
23 organization which represents, or is affiliated with an organization
24 which represents, public employees. The contributions are based
25 upon the compensation that would have been received by the
26 member under the negotiated salary guide of the employer granting
27 the leave had that member remained in service with that employer,
28 including applicable normal increments and negotiated wage
29 increases occurring during the period of the leave. The TPAF law
30 was enacted in 1989; the PERS law was enacted in 2005.