LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3945

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: MAY 21, 2020

SUMMARY

Synopsis: Extends eligibility for accidental disability and accidental death benefits to certain PFRS, SPRS, and PERS members who contract COVID-19.

Type of Impact: Expenditure increase to the State and local government funds.

Agencies Affected: Division of Pensions and Benefits in the Department of the Treasury; local government entities.

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
State Cost Increase		Indeterminate	
Local Cost Increase		Indeterminate	

- The Office of Legislative Services (OLS) notes that extending accidental disability and accidental death benefits to certain members of the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the State Police Retirement System (SPRS) due to coronavirus disease 2019 (COVID-19) will result in indeterminate increases in the unfunded liabilities of, normal costs of, and employer contributions to the three retirement systems.

- The cost increases to the PERS, PFRS, and SPRS arise from an acceleration of costs and an increase in the cost of benefits of members who become disabled or die from COVID-19.

- The cost increase in this bill is indeterminate because the number of those who may be affected by COVID-19 and the benefit factors, including but not limited to compensation, years of service, and age are not subject to accurate forecast.

- The Division of Pensions and Benefits in the Department of the Treasury and the Board of Trustees for PERS, PFRS, and SPRS may incur temporary increases in workload to

implement the notification procedures required by the bill and to adopt emergency regulations to implement the provisions of the bill, respectively.

BILL DESCRIPTION

This bill extends accidental disability and accidental death benefits to eligible law enforcement officers, firefighters, and emergency medical responders enrolled in the PFRS, PERS, and SPRS who contract COVID-19 during the public health emergency and state of emergency declared by the Governor beginning March 9, 2020 but prior to the termination date of either the public health emergency or state of emergency, whichever occurs later.

In order to qualify for accidental disability benefits, law enforcement officers, firefighters, and emergency medical responders enrolled in the systems must sustain a permanent and total disability as a result of a traumatic event occurring during and as a result of regular or assigned duties. This bill provides any law enforcement officer, firefighter, and emergency medical responder who contracts COVID-19 during the public health emergency and state of emergency declared because of the COVID-19 pandemic is considered a traumatic event occurring during and as a result of regular and assigned duties provided that (1) the law enforcement officer, firefighter, or emergency medical responder contracted COVID-19 during the period of the public health emergency and the state of emergency declared because of the COVID-19 pandemic; (2) the law enforcement officer, firefighter, or emergency medical responder is permanently and totally disabled as a result of the disease; and (3) the law enforcement officer, firefighter, or emergency medical responder's regular or assigned duties required the law enforcement officer, firefighter, or emergency medical responder to interact, and the law enforcement officer, firefighter, or emergency medical responder so interacted, with the public or to directly supervise other personnel so interacting with the public on any date after the declaration of the public health emergency and state of emergency and within 14 calendar days prior to the appearance of symptoms that shall have been confirmed by a licensed health care provider.

Upon the death of a law enforcement officer, firefighter, or emergency medical responder, eligible beneficiaries of those enrolled in the systems can obtain an accidental death benefit provided the accident occurred during the performance of duty at some definite time and place. Under this bill, the death of a law enforcement officer, firefighter, or emergency medical responder that is attributable to COVID-19, complications therefrom, or the aggravation or acceleration of a preexisting condition caused thereby will be deemed to have occurred as the result of an accident met in the actual performance of duty at some definite time and place if (1) the law enforcement officer, firefighter, or emergency medical responder contracted COVID-19 during the period of the public health emergency and the state of emergency declared because of the COVID-19 pandemic; (2) the law enforcement officer, firefighter, or emergency medical responder dies as a result of the disease; and (3) the law enforcement officer, firefighter, or emergency medical responder's regular or assigned duties required the law enforcement officer, firefighter, or emergency medical responder to interact, and the law enforcement officer, firefighter, or emergency medical responder so interacted, with the public or to directly supervise other personnel so interacting with the public on any date after the declaration of the public health emergency and state of emergency and within 14 calendar days prior to the appearance of symptoms that shall have been confirmed by a licensed health care provider.

This bill would apply to any law enforcement officer, firefighter, and emergency medical responder who was performing regular or assigned duties but not yet enrolled in either PFRS, PERS, or SPRS who would otherwise be eligible for benefits in this bill. Beneficiaries would similarly be able to apply for benefits under these circumstances as well.

Retired law enforcement officers, firefighters, and emergency medical responders who return to employment pursuant to Executive Order No. 115 of 2020 or any other executive order similarly permitting a retiree to return to work without reenrollment to assist during the public health emergency and the state of emergency are not eligible to convert their current retirement benefit to reflect the accidental disability and accidental death benefits provided in this bill.

The Division of Pension and Benefits will be required to notify all members of PFRS, PERS, and SPRS, those who have retired on or after March 9, 2020, and all those beneficiaries of members who have died on or after March 9, 2020 of the provisions of this bill within 30 days after the effective date.

The board of trustees for PFRS, PERS, and SPRS may adopt emergency regulations for purposes of expeditious and effective implementation of the provisions of this bill.

Finally, this bill is retroactive to March 9, 2020 to cover all law enforcement officers, firefighters, and emergency medical responders who have contracted COVID-19 from the time the public health emergency and state of emergency were first declared.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not submitted a formal fiscal note for this bill.

OFFICE OF LEGISLATIVE SERVICES

The OLS notes that extending accidental disability and accidental death benefits to certain members of the PERS, PFRS, and SPRS due to COVID-19 will result in indeterminate increases in the unfunded liabilities of, the normal costs of, and employer contributions to the three retirement systems. The cost increases to the PERS, PFRS, and SPRS arise from an acceleration of costs and an increase in the cost of benefits to members who are disabled or die from COVID-19. An acceleration of costs occurs when a member receives benefits earlier than they would have under a normal retirement and an increase in costs occurs when the benefits received are greater than the benefits a member would have received under a normal retirement. The cost increase in this bill is indeterminate because the number of those who may be affected by COVID-19 is not determinable at this time and the benefit factors, including but not limited to compensation, years of service, and age are not subject to accurate forecast.

Under current law generally, members of the PFRS and the SPRS who are eligible for accidental disability retirement benefits receive a pension in the amount of 66 percent of their final compensation and an amount that is equal to 3 1/2 times their final compensation is paid to the member's beneficiary upon death. Members of PERS who have not attained age 65 may retire if permanently and totally disabled on an accidental disability allowance.

Under current law generally, in the case of accidental death, eligible spouses or partners of PFRS and SPRS members are paid an annual pension equal to 70 percent of the member's final compensation and an amount that is equal to 3 ½ times the compensation paid in the last year of service. Eligible widows or widowers of PERS members are paid an annual pension of 50 percent of the compensation paid in the last year of service.

In addition to the cost increases to the three retirement systems, the Division of Pensions and Benefits and the Board of Trustees for PERS, PFRS, and SPRS may incur temporary increases in workload to implement the notification procedures required by the bill and to adopt emergency regulations to implement the provisions of the bill, respectively.

Section:	*State Government*
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This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.)