

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 4313**

STATE OF NEW JERSEY

DATED: MAY 18, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4313 ACS.

Administrative Law Judges of the Office of Administrative Law currently participate in the Defined Contribution Retirement Program (DCRP). This committee substitute provides for the enrollment of Administrative Law Judges in the Public Employees Retirement System (PERS), with the rights and benefits of members of the Judicial Retirement System. The bill also provides for the transfer into PERS of all Administrative Law Judges currently participating in the DCRP.

Notwithstanding the enrollment in the Public Employees' Retirement System required by this substitute, the laws and regulations governing the Public Employees' Retirement System would not apply to Administrative Law Judges. They would be subject to and governed by the laws and regulations of the Judicial Retirement System, in the same manner as a judge enrolled in the Judicial Retirement System. For all purposes, Administrative Law Judges would be deemed members of the Judicial Retirement System but for enrollment in the Public Employees' Retirement System.

FISCAL IMPACT:

The Office of Legislative Services cannot determine the extent of the cost increase of this bill, but higher expenditures will result from additional employer contributions on the increased pension costs resulting from the unfunded liability created by the transfer of Administrative Law Judges to the Public Employees' Retirement System as well as any unfunded liability created by the difference in employee contributions required by the Defined Contribution Retirement Program at 5.5 percent of base salary and the employee contribution required by the Judicial Retirement System at 12 percent of base salary.

The transfer of the service may make Administrative Law Judges eligible for some special benefits at retirement; for example, State health care benefits when retired with 25 or more years of service credit, the cost of which is borne primarily by the employer. The average annual cost per member to the State employer participating in

the State Health Benefits Program, not taking into account future inflation, is approximately \$31,453 for a Horizon Early Retiree subscriber and spouse and \$8,644 for an Aetna Medicare Retiree and spouse. Years of service, age, and the service retirement option that would apply to and be chosen by an Administrative Law Judge upon retiring is not available to make an estimate of the costs of the transfer.