

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5576

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5576 (1R).

This bill this bill would permit a teacher or a professional staff member providing special services, including but not limited to a speech language specialist or a therapist, who retired from the Teachers' Pension and Annuity Fund (TPAF) to return to work full time with a board of education in a position of critical need, as determined by the State Commissioner of Education, without being reenrolled in the TPAF if reemployment commences during the remainder of the 2021-2022 school year and the entirety of the 2022-2023 school year. If the retired teacher or the retired professional staff member returns to work with the former employer, it must occur more than 180 days after the retirement. This bill will permit the teacher or professional staff member to receive the TPAF retirement allowance as well as a salary. The bill permits the return to work under a contract for one year, which may be renewed only for one additional year. The total period of reemployment with any individual board of education must not exceed a two-year period, unless so approved by the Commissioner of Education as being in the best interests of the school district. Under the bill, the former member's retirement must have been a bona fide retirement and any employment or reemployment under the bill must not be prearranged before retirement.

Under the bill, a school district or a board of education in a position of critical need seeking to reemploy a former member pursuant to the provisions of the bill is required to demonstrate to the board of education the need for reemploying such members prior to reemployment.

Current law has a substantially similar provision to permit certain TPAF retirees to return to work with a board of education in a TPAF position as a certificated superintendent or certificated administrator for a limited period of time, without reenrollment in the TPAF.

As reported by the committee, Assembly Bill No. 5576 (1R) is identical to Senate Bill No. 3685 (2R), which also was reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that if a teacher or professional staff member who provides special services returns to employment shortly after retirement without reenrolling in the Teachers' Pension and Annuity Fund (TPAF), the local school district may realize savings in health care costs for that employee because the employee may be receiving, if eligible, State-paid coverage under the School Employees' Health Benefits Program (SEHBP) in retirement based on the former employment. When a retiree is reenrolled in the TPAF as required by current law upon becoming employed again after retirement, the State avoids this expense because health care benefits then become the responsibility of the board of education until the person again retires.

Because each qualified retiree is not reenrolled in the TPAF and, thus, does not receive an increase in retirement benefits for the additional service, the TPAF does not incur additional costs. Consequently, the State does not have to make contributions to the TPAF, which it otherwise would have to make for an employee in a TPAF-covered position.

There is no information available to indicate the number of TPAF retirees who would be reemployed; thus, a specific estimate of the potential cost or savings for the State and local boards of education cannot be made at this time.