

SENATE, No. 945

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 4, 2010

Sponsored by:

Senator CHRISTOPHER "KIP" BATEMAN

District 16 (Morris and Somerset)

Senator SEAN T. KEAN

District 11 (Monmouth)

SYNOPSIS

Places statutory restrictions on the type and amount of compensation provided to local employees.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the compensation of certain public employees
2 and amending and supplementing various parts of the statutory
3 law.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) The Legislature finds and declares:
9 Historically, the State's high property taxes have caused alarm
10 and frustration among New Jersey residents.

11 Over a 10-year period, from 1998 to 2008, the average
12 residential property tax in this State has almost doubled. In 1998,
13 the average residential property value was \$139,869, with a
14 property tax bill of \$4,119. In 2008, the average residential
15 property value was \$271,192, with a property tax bill of \$7,045.
16 The average residential property value increased by 193% between
17 1998 and 2008, and the average residential property tax bill
18 increased by 171% during that same time period. This large
19 increase in average residential property assessments and average
20 residential property tax bills has undoubtedly exceeded any salary
21 increases received by residential property taxpayers during that
22 same 10-year period.

23 In December, 2009 the State Commission of Investigation (SCI)
24 released an investigative report on local employee compensation
25 and benefits entitled "The Beat Goes On . . . Waste and Abuse in
26 Local Government Employee Compensation and Benefits" that
27 provides startling examples of the expenditure of local property tax
28 dollars on questionable benefits to local public employees. The SCI
29 concludes that the State's taxpayers would collectively save many
30 millions of dollars if these local public employers eliminated
31 "wasteful and excessive public employee benefits" such as cash
32 payouts for unused sick and vacation leave, bonuses and severance
33 payments, as well as paid time off for weddings, holiday shopping,
34 and other personal matters in addition to paid vacation leave, and
35 many other questionable practices designed to benefit employees while
36 saddling local property taxpayers with the costs.

37 For many years, local units of government have complained
38 loudly and firmly that property tax increases are the direct result of
39 actions of the Executive and Legislative branches of government,
40 and of mandates imposed on local units of government by the
41 federal government and the State. However, this SCI report clearly
42 and effectively demonstrates that many local governing bodies have
43 behaved in the past, and are currently behaving, very cavalierly in
44 granting their employees excessive compensation and benefits
45 funded by local property tax dollars. Their use of property tax

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 dollars in this manner demonstrates a stunning lack of respect for
2 the taxpayers they represent, and for the sacrifices many taxpayers
3 make in order to afford to pay their ever-increasing property tax
4 bills.

5 The SCI report offers clear and convincing evidence that in fact,
6 the benefits and compensation decisions made by local units of
7 government, and the costs of those decisions, are *directly*
8 responsible for the property tax increases about which they loudly
9 complain and blame the State. It is imperative that the State's
10 property taxpayers be protected from the ability of local units of
11 government to make decisions to provide such extravagant benefits
12 and compensation to local public employees by statutorily
13 restricting the type and range of benefits that local units of
14 government may offer their employees.

15

16 2. (New section) As used in P.L. , c. (C.) (pending
17 before the Legislature as this bill, "officer or employee" means any
18 full-time compensated person elected to, or employed by, any
19 municipality or county, or any board, commission, agency, or
20 instrumentality of, or created by, a municipality or county,
21 including a local authority and a fire district.

22

23 3. (New section) Within 45 days of the enactment of P.L. , c.
24 (C.) (pending before the Legislature as this bill), the Local
25 Finance Board shall, pursuant to section 33 of P.L.1947, c.151
26 (C.52:27BB-33), appoint a special advisory committee to conduct a
27 thorough review of local government employment, compensation,
28 and benefit practices. The special advisory committee shall
29 organize as soon as possible after the appointment of its members
30 and shall select a chair, from among its members, and a secretary,
31 who need not be a member of the committee.

32

33 4. (New section) With 120 days following its first meeting, the
34 special advisory committee appointed pursuant to section 3 of
35 P.L. , c. (C.) (pending before the Legislature as this bill) shall
36 report its findings and recommendations to the Local Finance
37 Board. Within 45 days of the receipt of the report of the special
38 advisory committee, the Local Finance Board shall transmit the
39 report and its comments regarding the findings and
40 recommendations of the special advisory committee to the
41 Governor and the Legislature.

42

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

45 42. Notwithstanding the provisions of any law, rule, or
46 regulation to the contrary, a full time-officer or a full-time
47 employee of a local unit of the State, or an agency, authority or
48 instrumentality thereof, that has adopted the provisions of Title

1 11A, Civil Service, of the New Jersey Statutes, shall receive sick
2 leave credit annually pursuant to the provisions of N.J.S.11A:6-5.

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

10 (1) on] . This section shall apply to payments made after the
11 effective date of [P.L.2007, c.92 (C.43:15C-1 et al.)] P.L. _____,
12 c. (C.) (pending before the Legislature as this bill), or upon the
13 expiration of a collective negotiations agreement or contract of
14 employment applicable to [that] an officer or employee in effect on
15 that date [has accrued] and providing otherwise for supplemental
16 compensation based upon accumulated unused sick leave [shall,
17 upon retirement, be eligible to receive for any unused leave not
18 more than the amount so accumulated or not more than \$15,000,
19 whichever is greater; or

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

26 Supplemental compensation shall be payable only at the time of
27 retirement from a State-administered or locally-administered
28 retirement system based on the leave credited on the date of
29 retirement and shall be calculated in the same manner as such
30 compensation is calculated for State employees pursuant to
31 N.J.S.11A:6-19.

32 [As used in this section, "officer or employee" means an elected
33 official; or a person appointed by the Governor with the advice and
34 consent of the Senate, or appointed by the Governor to serve at the
35 pleasure of the Governor only during his or her term of office; or a
36 person appointed by an elected public official or elected governing
37 body of a political subdivision of the State, with the specific
38 consent or approval of the elected governing body of the political
39 subdivision that is substantially similar in nature to the advice and
40 consent of the Senate for appointments by the Governor of the State
41 as that similarity is determined by the elected governing body and
42 set forth in an adopted ordinance or resolution, pursuant to
43 guidelines or policy that shall be established by the Local Finance
44 Board in the Department of Community Affairs, but not including a
45 person who is employed or appointed in the regular or normal
46 course of employment or appointment procedures and consented to
47 or approved in a general or routine manner appropriate for and

1 followed by the political subdivision, or the agency, authority or
2 instrumentality of a subdivision, or a person who holds a
3 professional license or certificate to perform and is performing as a
4 certified health officer, tax assessor, tax collector, municipal
5 planner, chief financial officer, registered municipal clerk,
6 construction code official, licensed uniform subcode inspector,
7 qualified purchasing agent, or certified public works manager.】

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

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

12 43. Notwithstanding the provisions of any law, rule, or
13 regulation to the contrary, a full time-officer or a full-time
14 employee of a local unit, or an agency, authority or instrumentality
15 thereof, that has not adopted the provisions of Title 11A, Civil
16 Service, of the New Jersey Statutes, shall receive sick leave credit
17 annually pursuant to the provisions of N.J.S.11A:6-5.

18 Notwithstanding any law, rule or regulation to the contrary, a
19 political subdivision of the State, or an agency, authority or
20 instrumentality thereof, that has not adopted the provisions of Title
21 11A of the New Jersey Statutes, shall not pay supplemental
22 compensation to any officer or employee for accumulated unused
23 sick leave in an amount in excess of \$15,000【, except that an
24 officer or employee who:

25 (1) on】 . This section shall apply to payments made after the
26 effective date of 【P.L.2007, c.92 (C.43:15C-1 et al.)】 P.L.____,
27 c. (C.) (pending before the Legislature as this bill), or upon the
28 expiration of a collective negotiations agreement or contract of
29 employment applicable to 【that】 an officer or employee in effect on
30 that date 【has accrued】 and providing otherwise for supplemental
31 compensation based upon accumulated unused sick leave 【shall,
32 upon retirement, be eligible to receive for any unused leave not
33 more than the amount so accumulated or not more than \$15,000,
34 whichever is greater; or

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

41 Supplemental compensation shall be payable only at the time of
42 retirement from a State-administered or locally-administered
43 retirement system based on the leave credited on the date of
44 retirement and shall be calculated in the same manner as such
45 compensation is calculated for State employees pursuant to
46 N.J.S.11A:6-19.

47 【As used in this section, "officer or employee" means an elected

1 official; or a person appointed by the Governor with the advice and
2 consent of the Senate, or appointed by the Governor to serve at the
3 pleasure of the Governor only during his or her term of office; or a
4 person appointed by an elected public official or elected governing
5 body of a political subdivision of the State, with the specific
6 consent or approval of the elected governing body of the political
7 subdivision that is substantially similar in nature to the advice and
8 consent of the Senate for appointments by the Governor of the State
9 as that similarity is determined by the elected governing body and
10 set forth in an adopted ordinance or resolution, pursuant to
11 guidelines or policy that shall be established by the Local Finance
12 Board in the Department of Community Affairs, but not including a
13 person who is employed or appointed in the regular or normal
14 course of employment or appointment procedures and consented to
15 or approved in a general or routine manner appropriate for and
16 followed by the political subdivision, or the agency, authority or
17 instrumentality of a subdivision, or a person who holds a
18 professional license or certificate to perform and is performing as a
19 certified health officer, tax assessor, tax collector, municipal
20 planner, chief financial officer, registered municipal clerk,
21 construction code official, licensed uniform subcode inspector,
22 qualified purchasing agent, or certified public works manager].
23 (cf: P.L.2007, c.92, s.43)
24

25 7. N.J.S.11A:6-3 is amended to read as follows:

26 11A:6-3. [Vacation leave; full-time political subdivision
27 employees.] Vacation leave for full-time political subdivision
28 employees shall not exceed:

29 a. Up to one year of service, one working day for each month
30 of service;

31 b. After one year and up to 10 years of continuous service, 12
32 working days;

33 c. After 10 years and up to 20 years of continuous service, 15
34 working days;

35 d. After 20 years of continuous service, 20 working days; and

36 e. Vacation not taken in a given year because of business
37 demands shall accumulate and be granted during the next
38 succeeding year only; except that vacation leave not taken in a
39 given year because of duties directly related to a state of emergency
40 declared by the Governor may accumulate at the discretion of the
41 appointing authority until, pursuant to a plan established by the
42 employee's appointing authority and approved by the commission,
43 the leave is used or the employee is compensated for that leave,
44 which shall not be subject to collective negotiation or collective
45 bargaining.

46 f. Notwithstanding any other law, rule, or regulation to the
47 contrary, full-time political subdivision employees shall receive
48 supplemental compensation for unused vacation leave only at the

1 time of retirement from a State-administered or locally-
2 administered retirement system, based on the vacation leave
3 credited on the date of retirement. No such payment shall exceed
4 the value of one-year's worth of accumulated vacation leave.
5 (cf: P.L.2008, c.29, s.53)

6
7 8. Section 45 of P.L.2007, c.92 (C.40A:9-10.3) is amended to
8 read as follows:

9 45. Vacation leave for a full-time officer or employee of a local
10 unit, or an agency, authority, or instrumentality of a subdivision,
11 that has not adopted the provisions of Title 11A, Civil Service, of
12 the New Jersey Statutes shall be not exceed:

13 a. Up to one year of service, one working day for each month
14 of service;

15 b. After one year and up to 10 years of continuous service, 12
16 working days;

17 c. After 10 years and up to 20 years of continuous service, 15
18 working days;

19 d. After 20 years of continuous service, 20 working days; and

20 e. Vacation not taken in a given year because of business
21 demands shall accumulate and be granted during the next
22 succeeding year only; except that vacation leave not taken in a
23 given year because of duties directly related to a state of emergency
24 declared by the Governor may accumulate at the discretion of the
25 appointing authority until, pursuant to a plan established by the
26 employee's appointing authority and the leave is used or the
27 employee is compensated for that leave, which shall not be subject
28 to collective negotiation or collective bargaining.

29 f. Notwithstanding any other law, rule, or regulation to the
30 contrary, full-time political subdivision employees shall receive
31 supplemental compensation for unused vacation leave only at the
32 time of retirement from a State-administered or locally-
33 administered retirement system, based on the vacation leave
34 credited on the date of retirement. No such payment shall exceed
35 the value of one-year's worth of accumulated vacation leave.

36 Notwithstanding any law or any rule or regulation to the
37 contrary, an officer or employee of a political subdivision of the
38 State, or an agency, authority, or instrumentality of a subdivision,
39 that has not adopted the provisions of Title 11A, Civil Service, of
40 the New Jersey Statutes, who does not take vacation leave that
41 accrues on or after the effective date of [P.L.2007, c.92 (C.43:15C-
42 1 et al.)] P.L. , c. (C.) (pending before the Legislature as
43 this bill), or on or after the date on which the person becomes an
44 officer or employee, in a given year because of business demands
45 shall be granted that accrued leave only during the next succeeding
46 year.

47 However, vacation leave not taken in a given year because of
48 duties directly related to a state of emergency declared by the

1 Governor may accumulate at the discretion of the appointing
2 authority until, pursuant to a plan established by the officer or
3 employee's appointing authority, the leave is used [or the employee
4 or officer is compensated for that leave, which shall not be subject
5 to collective negotiation or collective bargaining.

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

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

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

35

36 9. (New section) Notwithstanding the provisions of any law,
37 rule, or regulation to the contrary, a political subdivision of the
38 State, or an agency, authority, or instrumentality of a subdivision,
39 that has adopted the provisions of Title 11A, Civil Service, of the
40 New Jersey Statutes shall grant to its employees only those paid
41 holidays granted to State employees and set forth in section 25 of
42 P.L.2008, c.89 (C.11A:6-24.1).

43

44 10. (New section) Notwithstanding the provisions of any law,
45 rule or regulation to the contrary, a political subdivision of the
46 State, or an agency, authority, or instrumentality of a subdivision,
47 that has not adopted the provisions of Title 11A, Civil Service, of
48 the New Jersey Stautes shall grant to its employees only those paid

1 holidays granted to State employees and set forth in section 25 of
2 P.L.2008, c.89 (C.11A:6-24.1).

3
4 11. (New section) a. Notwithstanding the provisions of any
5 law, rule, or regulation to the contrary, a political subdivision of the
6 State, or an agency, authority, or instrumentality of a subdivision,
7 that has adopted the provisions of Title 11A, Civil Service, of the
8 New Jersey Statutes shall grant to its employees paid personal leave
9 only in the form of administrative leave, not to exceed three
10 working days per calendar year as is provided to State employees
11 pursuant to N.J.S.11A:6-6. As set forth in N.J.S.11A:6-6, such
12 leave shall not be cumulative and any such leave unused by an
13 employee at the end of any year shall be cancelled.

14 b. Notwithstanding the provisions of any law, rule, or
15 regulation to the contrary, a political subdivision of the State, or an
16 agency, authority, or instrumentality of a subdivision, that has
17 adopted the provisions of Title 11A, Civil Service, of the New
18 Jersey Statutes shall grant to its employees compensatory time
19 strictly based upon hours actually worked beyond the employee's
20 normally scheduled hours of employment as confirmed by daily
21 attendance records. Compensatory leave not taken in a given year
22 because of business demands shall accumulate and be granted
23 during the next succeeding year only. An employee shall not
24 exchange compensatory leave for a cash payment.

25
26 12. (New section) a. Notwithstanding the provisions of any
27 law, rule, or regulation to the contrary, a political subdivision of the
28 State, or an agency, authority, or instrumentality of a subdivision,
29 that has not adopted the provisions of Title 11A, Civil Service, of
30 the New Jersey Statutes shall grant to its employees paid personal
31 leave only in the form of administrative leave, not to exceed three
32 working days per calendar year as is provided to State employees
33 pursuant to N.J.S.11A:6-6. As set forth in N.J.S.11A:6-6 with
34 respect to State employees, such leave shall not be cumulative and
35 any such leave unused by an employee at the end of any year shall
36 be cancelled.

37 b. Notwithstanding the provisions of any law, rule, or
38 regulation to the contrary, a political subdivision of the State, or an
39 agency, authority, or instrumentality of a subdivision, that has not
40 adopted the provisions of Title 11A, Civil Service, of the New
41 Jersey Statutes, shall grant to its employees compensatory time
42 strictly based upon hours actually worked beyond the employee's
43 normally scheduled hours of employment as confirmed by daily
44 attendance records. Compensatory leave not taken in a given year
45 because of business demands shall accumulate and be granted
46 during the next succeeding year only. An employee shall not
47 exchange compensatory leave for a cash payment.

1 13. (New section) Notwithstanding the provisions of any law,
2 rule, or regulation to the contrary, for officers and employees of a
3 local unit of the State, or any agency, authority, or instrumentality
4 thereof, that has adopted the provisions of Title 11A, Civil Service,
5 of the New Jersey Statutes, the use of six or more consecutive days
6 of accumulated sick leave by an employee in the 12 months prior to
7 retirement and in anticipation of that retirement, without a medical
8 necessity verified in writing by a physician, is prohibited. The
9 commission shall promulgate rules and procedures to ensure that
10 verification of medical necessity is provided. The rules shall
11 provide that the employer may require the employee to submit to an
12 examination by a physician selected by the employer to verify the
13 medical necessity. The employer shall (1) impose a fine and issue a
14 reprimand against the employee found to be in violation of this
15 prohibition, with the fine to be an amount equivalent to three times
16 the daily rate of compensation for each day of violation, or (2) for a
17 second violation of the prohibition, deduct all sick leave found to
18 have been used in violation of this prohibition from the number of
19 unused accumulated sick leave credited on the effective date of
20 retirement upon which supplemental compensation, if any, for the
21 employee at the time of retirement is calculated, or (3) both.

22
23 14. (New section) Notwithstanding any law, rule or regulation to
24 the contrary, for officers or employees of a local unit of the State, or
25 any agency, authority or instrumentality thereof, that has not
26 adopted the provisions of Title 11A, Civil Service, of the New
27 Jersey Statutes, the use of six or more consecutive days of
28 accumulated sick leave by an officer or employee in the 12 months
29 prior to retirement and in anticipation of that retirement, without a
30 medical necessity verified in writing by a physician, is prohibited.
31 The governing body of the political subdivision shall promulgate
32 rules and procedures to ensure that verification of medical necessity
33 is provided. The rules shall provide that the employer may require
34 the officer or employee to submit to an examination by a physician
35 selected by the employer to verify the medical necessity. The
36 employer shall (1) impose a fine and issue a reprimand against the
37 officer or employee found to be in violation of this prohibition, with
38 the fine to be an amount equivalent to three times the daily rate of
39 compensation for each day of violation, or (2) for a second violation
40 of the prohibition, deduct all sick leave found to have been used in
41 violation of this prohibition from the number of unused
42 accumulated sick leave credited on the effective date of retirement
43 upon which supplemental compensation, if any, for the officer or
44 employee at the time of retirement is calculated, or (3) both.

45
46 15. N.J.S.40A:9-10 is amended to read as follows

47 40A:9-10. a. Except as otherwise provided by law, the board of
48 chosen freeholders of the county or the governing body of the

1 municipality shall fix the amount of salary, wages or other
2 compensation to be paid to county and municipal officers and
3 employees unless they are to serve without compensation.

4 b. Notwithstanding the provisions of any law, rule or regulation
5 to the contrary, the board of chosen freeholders of the county or the
6 governing body of the municipality may not authorize any
7 compensation for its officers and employees in the form of
8 severance pay or separation payouts.

9 (cf: P.L.1971, c.200, s. 1)

10

11 16. N.J.S.11A:6-23 is amended to read as follows:

12 N.J.S.11A:6-23. a. The Civil Service Commission shall adopt
13 rules for the implementation of supplemental compensation, which
14 shall include but need not be limited to application and eligibility
15 procedures.

16 b. The rules of the commission shall provide that no officer or
17 employee shall receive any compensation in the form of severance
18 pay or separation payouts.

19 (cf: P.L.2008, c.29, s.55)

20

21 17. N.J.S.40A:10-10 is amended to read as follows:

22 40A:10-10. The commissioners shall have the following powers
23 and authority:

24 a. Employ necessary clerical assistants, whose compensation
25 shall be fixed and paid by the governing body of the local unit in
26 the same manner as is that of other employees of the local unit;

27 b. Invest the fund and all additions and accretions thereto in
28 such securities as they shall deem best suited for the purposes of
29 this article;

30 c. Adopt rules and regulations for the control and investment of
31 the fund;

32 d. Keep on hand at all times sufficient money, or have the same
33 invested in such securities as can be immediately sold for cash, for
34 the payment of losses to any buildings or property of the local unit
35 or of a county college which participates in the fund pursuant to
36 P.L.1988, c.144 (C.18A:64A-25.40 et al.) or of a county vocational
37 school which participates in the fund pursuant to P.L.1988, c.143
38 (C.18A:18B-8 et al.), or liability resulting from the operation of
39 publicly owned motor vehicles, equipment or apparatus;

40 e. Fix reasonable rates of premium for all insurance carried by
41 the insurance fund, and shall effect all insurance in the insurance
42 fund or with any insurance company or companies authorized to do
43 business in this State, provided that the amount of any contribution
44 required as to employees and officers of a local unit shall be the
45 greater of either 1.5 percent of base salary, or a percentage of the
46 premium or periodic charges for health coverage, determined by a
47 binding collective negotiations agreement;

1 f. Premiums for insurance, whether carried in the insurance
2 fund or placed with insurance companies, shall be paid to the
3 commissioners by the board, commission, department, committee or
4 officer having charge or control of the property insured;

5 g. All insurance upon property owned or controlled by a local
6 unit or any of its departments, boards, agencies or commissions, or
7 by a board of education of a participating county vocational school
8 or by a board of trustees of a participating county college shall be
9 placed and effected by the commissioners;

10 h. If provided by the rules and regulations of the commission,
11 the secretary to the insurance fund commission shall be entrusted
12 with the daily operation of the insurance fund and shall submit a
13 report to the commissioners at least once a month.

14 (cf: P.L.1988, c.144, s.5)

15
16 18. N.J.S.40A:10-21 is amended to read as follows:

17 40A:10-21. Any employer entering into a contract pursuant to
18 this subarticle is hereby authorized to pay part or all of the
19 premiums or charges for the contracts and may appropriate out of
20 its general funds any money necessary to pay premiums or charges
21 or portions thereof. The contribution required of any employee
22 toward the cost of coverage may be deducted from the pay, salary
23 or other compensation of the employee upon an authorization in
24 writing made to the appropriate disbursing officer. The amount of
25 the contribution required pursuant to this section as to any
26 employees and officers of a political subdivision shall be the greater
27 of either 1.5 percent of base salary, or a percentage of the premium
28 or periodic charges for health care coverage, determined by a
29 binding collective negotiations agreement.

30 The employer may reimburse an active employee for his
31 premium charges under Part B of the Federal Medicare Program
32 covering the employee alone.

33 Nothing herein shall be construed as compelling an employer to
34 pay any portion of the premiums or charges attributable to the
35 contracts.

36 (cf: PL.1979, c.230, s.1)

37
38 19. Section 7 of P.L.1964, c.125 (C:52:14-17.38) is amended to
39 read as follows:

40 7. a. The Division of Pensions and Benefits shall certify to the
41 certifying agent of each employer electing participation under the
42 program the premium rates and periodic charges applicable to the
43 coverage provided for employees and dependents. The
44 participating employer shall remit to the division all contributions
45 to premiums and periodic charges in advance of their due dates,
46 subject to the rules and regulations of the commission.

47 Notwithstanding the provisions of any other law to the contrary,
48 the obligations of a participating employer other than the State to

1 pay the premium or periodic charges for health benefits coverage
2 provided under P.L.1961, c.49 (C.52:14-17.25 et seq.) may be
3 determined by means of a binding collective negotiations
4 agreement. With respect to employees for whom there is no
5 majority representative for collective negotiations purposes, the
6 employer may, in its sole discretion, modify the respective payment
7 obligations set forth in law for the employer and such employees in
8 a manner consistent with the terms of any collective negotiations
9 agreement binding on the employer.

10 b. (1) From funds allocated therefor, the employer other than
11 the State, upon the adoption and submission to the division of an
12 appropriate resolution prescribed by the commission, may pay the
13 premium or periodic charges for the benefits provided to a retired
14 employee and the employee's dependents covered under the
15 program, if the employee retired from a State or locally-
16 administered retirement system, excepting the employee who
17 elected deferred retirement, and may also reimburse the retired
18 employee for the employee's premium charges under Part B of
19 Medicare covering the retired employee and the employee's spouse
20 if the employee:

21 (a) retired on a disability pension; or

22 (b) retired after 25 or more years of nonconcurrent service credit
23 in one or more State or locally-administered retirement systems,
24 excluding service credited under the Defined Contribution
25 Retirement Program established pursuant to P.L.2007, c.92
26 (C.43:15C-1 et al.), and a period of service of up to 25 years with
27 the employer at the time of retirement, such period of service to be
28 determined by the employer and set forth in an ordinance or
29 resolution as appropriate; or

30 (c) retired and reached the age of 65 years or older with 25 years
31 or more of nonconcurrent service credit in one or more State or
32 locally-administered retirement systems, excluding service credited
33 under the Defined Contribution Retirement Program, and a period
34 of service of up to 25 years with the employer at the time of
35 retirement, such period of service to be determined by the employer
36 and set forth in an ordinance or resolution as appropriate; or

37 (d) retired and reached the age of 62 years or older with at least
38 15 years of service with the employer, excluding service credited
39 under the Defined Contribution Retirement Program.

40 "Retired employee and the employee's dependents" may, upon
41 adoption of an appropriate resolution therefor by the participating
42 employer, also include otherwise eligible employees, and their
43 dependents, who retired from one or more State or locally-
44 administered retirement systems prior to the date that the employer
45 became a participating employer in the New Jersey State Health
46 Benefits Program or who did not elect to continue coverage in the
47 program during such time after the employer became a participating
48 employer that the employer did not pay premium or periodic

1 charges for benefits to retired employees and their dependents
2 pursuant to this section. Eligibility and enrollment of such
3 employees and dependents shall be in accordance with such rules
4 and regulations as may be adopted by the State Health Benefits
5 Commission.

6 The employer other than the State may, by resolution, pay the
7 premium or periodic charges for the benefits provided to the
8 surviving spouse of a retired employee and the employee's
9 dependents covered under the program as provided in this section.

10 (2) Notwithstanding the provisions of any other law to the
11 contrary, the obligations of an employer other than the State, except
12 an independent State authority, board, commission, corporation,
13 agency, or organization deemed to be covered by section 6 of
14 P.L.1996, c.8 (C.52:14-17.28b) and except school boards whose
15 employees are covered by section 3 of P.L.1987, c.384 (C.52:14-
16 17.32f), section 2 of P.L.1992, c.126 (C.52:14-17.32f1) and section
17 1 of P.L.1995, c.357 (C.52:14-17.32f2), to pay the premium or
18 periodic charges for health benefits coverage under the provisions
19 of paragraph (1) may be determined by means of a binding
20 collective negotiations agreement, including any agreement in force
21 at the time of the adoption of this act, P.L.1999, c.48; provided
22 however that the amount of any contribution from an employee
23 required pursuant to a binding collective negotiations agreement
24 shall be not less than 1.5% of base salary. With respect to
25 employees for whom there is no majority representative for
26 collective negotiations purposes, the employer may, in its sole
27 discretion, determine the payment obligations for the employer and
28 the employees, except that if there are collective negotiations
29 agreements binding upon the employer for employees who are
30 within the same community of interest as employees in a collective
31 negotiations unit but are excluded from participation in the unit by
32 the "New Jersey Employer-Employee Relations Act," P.L.1941,
33 c.100 (C.34:13A-1 et seq.), the payment obligations shall be
34 determined in a manner consistent with the terms of any collective
35 negotiations agreement applicable to the collective negotiations
36 unit.

37 c. Notwithstanding the provisions of any other law to the
38 contrary, the payment obligations of an employee of an employer
39 other than the State, except an independent State authority, board,
40 commission, corporation, agency, or organization, for health
41 benefits coverage under subsection b. shall be the payment
42 obligations applicable to the employee on the date the employee
43 retires on a disability pension or the date the employee meets the
44 service credit and service requirements for the employer payment
45 for the coverage, as the case may be.
46 (cf: P.L.2007, c.92, s.30)

1 20. Section 40 of P.L.2007, c.63 (C.40A:5-49) is amended to
2 read as follows:

3 40. Whenever the governing body of a local unit proposes a
4 resolution, or other action that will establish or modify the salaries,
5 benefits, or other compensation of any individual employee or
6 group of its employees, that measure shall only be taken after the
7 local unit first holds a public meeting where the proposed action
8 shall be introduced and discussed by the governing body. Notice of
9 the date, time, place, and purpose of the public meeting, and of the
10 time and place at which a copy of the proposed measure, together
11 with the employee compensation disclosure form required to be
12 prepared pursuant to this section, shall be available to each person
13 requesting it, at no charge, during the week preceding such public
14 meeting. The public meeting shall be advertised in a newspaper
15 having substantial circulation in the local unit at least 10 days prior
16 to the meeting date. Salaries for local officers and employees that
17 are established, increased, or decreased by ordinance pursuant to the
18 provisions of N.J.S.40A:9-165 shall continue to be fixed and
19 determined in accordance with that section.

20 Prior to the publication of the newspaper notice required by this
21 section, the chief financial officer or other appropriate officer of the
22 local unit shall prepare an employee compensation disclosure form
23 pursuant to the requirements of this section. The employee
24 compensation disclosure form shall be made part of any formal
25 action taken by the local unit, but shall not be considered part of
26 any contract or agreement.

27 The chief financial officer of the local unit shall file the
28 employee compensation disclosure form with the clerk or the
29 secretary to the governing body of the local unit prior to a public
30 meeting when such measure shall be introduced and discussed. Any
31 such proposed measure shall be announced publicly at the meeting,
32 along with a declaration that an employee compensation disclosure
33 form has been provided to the governing body of the local unit
34 pursuant to the requirements of sections 38 through 41 of P.L.2007,
35 c.63 (C.40A:5-48 et al.). Any formal action by a governing body
36 approving or disapproving a measure establishing or modifying the
37 salaries, benefits, or other compensation of its employees shall
38 occur no earlier than the tenth calendar day immediately following
39 the meeting at which the measure was introduced and discussed.

40 The employee compensation disclosure form shall display the
41 estimated cost of salary, benefits or other compensation, for each
42 year of the contract for each individual employee or group of
43 employees, itemized by the specific form of compensation, the
44 estimated cost of the compensation at the time of the action, **[and]**
45 the incremental difference between each year, and the terms and
46 conditions of all special compensation and benefit arrangements
47 negotiated with and awarded to any individual employee or group

1 of employees upon retirement, resignation, or termination from
2 employment.

3 Governing body actions taken without compliance with this
4 section shall be null and void.

5 (cf: P.L.2007, c.63, s.40)

6

7 21. This act shall take effect immediately

8

9

10 STATEMENT

11

12 This bill would implement the seven recommendations for changes
13 to State laws recommended by the State Commission of
14 Investigation (SCI) in its report on abuses in local government
15 employment practices entitled “The Beat Goes On . . . Waste and
16 Abuse in Local Government Employee Compensation and
17 Benefits.” The report was released on December 1, 2009 following
18 an SCI examination of local government employment policies,
19 contracts, and agreements involving a comprehensive mix of police,
20 fire, and civilian personnel in 75 local government units, including
21 counties, municipalities, and quasi-independent local authorities. If
22 enacted, the provisions of the legislation would take effect
23 immediately. The bill defines “local government officer or
24 employee” as any full-time compensated person elected to, or
25 employed by, any municipality or county, or any board,
26 commission, agency or instrumentality of, or created by, a
27 municipality or county, including a local authority and a fire
28 district.

29 The Commission urged, in Recommendation 1 of the report, that
30 the Legislature establish uniformly applicable standards for the
31 employment of local government officers and employees. Sections
32 3 and 4 of this bill require the Local Finance Board to appoint a
33 special advisory committee to conduct a thorough review of local
34 government employment, compensation and benefit practices. The
35 special advisory committee would be required to submit its findings
36 to the Local Finance Board within 120 days of its first meeting.
37 The Local Finance Board would be required to transmit the review
38 and its comments to the Governor and the Legislature within 45
39 days of its receipt of the report.

40 Sections 5 through 12 of the bill would implement
41 Recommendations 2 and 5 of the SCI report through the
42 establishment of uniform limits on the amount of employee leave
43 time granted to local government officers and employees and the
44 amount of time they may redeem for additional compensation when
45 they retire or leave local government service. Under the bill, local
46 government officers and employees would be granted 15 working
47 days of sick leave per year, and supplemental compensation for
48 unused sick time may not exceed \$15,000. Supplemental

1 compensation for unused vacation time would be limited to the
2 value of one-year's worth of accumulated vacation.

3 Similarly, the bill also standardizes the amount of vacation time
4 that may be granted to local government officers and employees.
5 All local government employers would be permitted to grant to their
6 employees only those paid holidays granted to State employees.
7 Furthermore, local government employers would be required to
8 grant their employees up to three days of paid personal leave in the
9 form of administrative leave, but this leave time may not be
10 accumulated from year-to-year. Sections 11 and 12 of the bill also
11 would require local government employers to grant their officers
12 and employees compensatory time strictly based upon time actually
13 worked beyond the employee's normally scheduled hours of
14 employment, as confirmed by daily attendance records.
15 Compensatory time earned in any given year may accumulate in the
16 next succeeding year only and may not be exchanged for a cash
17 payment.

18 Sections 13 and 14 of the bill would implement
19 Recommendation 3 of the report and would eliminate terminal
20 leave. Terminal leave allows public employees to remain on the
21 public payroll at full salary and benefits immediately prior to their
22 retirement without coming to work by using up accumulated leave,
23 usually in the form of many sick days banked over the course of a
24 career. This bill would prohibit the use of six or more accumulated
25 sick days by an employee within the twelve month period
26 immediately prior to their anticipated retirement, unless a physician
27 verifies in writing the necessity of that medical leave. The local
28 government employer may require the employee to submit to a
29 examination selected by the employer to verify the medical
30 necessity. The bill requires the employer to impose a fine,
31 reprimand, and other penalties against the employee, depending on
32 the frequency of the employee's violation of this prohibition.

33 Sections 15 and 16 address Recommendation 4 of the report, and
34 prohibit local governments from providing their employees with
35 any supplemental compensation in addition to their base annual
36 salary. This restriction is intended to prevent the abuse of
37 severance packages and employment-separation agreements, which
38 have provided some local government officers and employees with
39 items such as incentive payments and lucrative severance packages
40 provided to employees who have voluntarily resigned their
41 employment. Sections 17 through 19 would implement
42 Recommendation 6 of the report and would require all local
43 government officers and employees to contribute toward the cost of
44 their health care coverage. The amount of the contribution would
45 be the greater of either 1.5% of an employee's base salary or a
46 percentage of the premium or periodic charges for health coverage.

47 Finally, section 20 of the bill would implement Recommendation
48 7 of the report and would require local government employers to

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- 1 disclose the terms and conditions of all special compensation and
- 2 benefit arrangements to any individual employee or employees
- 3 upon their retirement, resignation, or termination from government
- 4 service.