ASSEMBLY, No. 856

STATE OF NEW JERSEY
218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:
Assemblywoman NANCY F. MUNOZ
District 21 (Morris, Somerset and Union)
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Co-Sponsored by:
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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.

(Sponsorship Updated As Of: 1/9/2018)
AN ACT concerning the participation in the Teacher’s Pension and
Annuity Fund and Public Employees’ Retirement System,
amending various parts of the statutory law and repealing section

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

1. N.J.S.18A:6-48 is amended to read as follows:
18A:6-48. a. The association may select such officers as may be
necessary for the transaction of its business.
b. A person commencing service on or after the effective date
of P.L. , c. (pending before the Legislature as this bill) as an
officer or employee of the association shall not be eligible on the
basis of that service to enroll in a State-administered retirement
system. The enrollment of an officer or employee with less than 10
years of service credit in the retirement system as of that effective
date shall be terminated as of that effective date. An officer or
employee with 10 or more years of service credit in the retirement
system as of that effective date shall be eligible to continue in the
retirement system under the terms and conditions of the person’s
enrollment if the person continues the service without a break.
(cf: P.L.1970, c.104, s.4)

2. Section 3 of P.L.1983, c.108 (C.18A:18B-3) is amended to
read as follows:
3. a. Any two or more boards of education may form and
become members of a school board insurance group. A board of
education may take this action by resolution of the board. Through
membership in a school board insurance group, a board of
education may participate in any joint self-insurance fund or funds,
risk management programs or related services offered or provided
by the group. The group shall have the power to establish a fund or
funds for coverages authorized in section 2 of this act and to jointly
purchase insurance or coverages under a master policy or contract
of insurance for participating members. The group shall have the
power to take other actions necessary to developing, administering,
and providing risk management programs, joint self-insurance
funds, joint insurance purchases, and related services.
b. The bylaws of the school board insurance group shall
provide that any board of education may join the group, provided it
agrees to comply with the standards for membership, including risk
management programs, which shall be established by the group, and
may be a member as long as it complies with the standards for
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.
c. A school board insurance group may sue or be sued and shall appoint a natural person residing in this State or a corporation authorized to do business in this State as its agent for service of process. The group shall notify the commissioner of the appointment.

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

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

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

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

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

b. The bylaws of the county college insurance group shall provide that any county college may join the group; provided it agrees to comply with the standards for membership, including risk management programs, which shall be established by the group, and may be a member as long as it complies with the standards for membership.
c. A county college insurance group may sue or be sued and shall appoint a natural person residing in this State or a corporation authorized to do business in this State as its agent for service of process. The group shall notify the commissioner of the appointment.

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

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

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

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

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

b. The commissioners may invest and reinvest the funds, including workers’ compensation funds, as authorized under the provisions of subsection b. of N.J.S.40A:10-10. The commissioners may, subject to the cash management plan of the joint insurance fund adopted pursuant to N.J.S.40A:5-14, delegate any of the functions, powers and duties relating to the investment and reinvestment of these funds, including the purchase, sale or exchange of any investments, securities or funds to an investment or asset manager. Any transfer of investment power and duties made pursuant to this subsection shall be detailed in a written contract for services between the joint insurance fund and an investment or asset manager. The contract shall be filed with the Commissioner of Insurance and the Commissioner of Community Affairs. Compensation under such an arrangement shall not be based upon commissions related to the purchase, sale or exchange of any investments, securities or funds.
c. The commissioners may transfer moneys held in the fund to
the Director of the Division of Investment in the Department of the
Treasury for investment on behalf of the fund, pursuant to the
written directions of the commissioners, signed by an authorized
officer of the joint insurance fund, or any investment or asset
manager designated by them. The commissioners shall provide a
written notice to the director detailing the extent of the authority
delegated to the investment or asset manager so designated to act on
behalf of the joint insurance fund. Moneys transferred to the
director for investment shall be invested subject to section 8 of
P.L.1977, c.396 (C.40A:5-15.1), and in accordance with the
standards governing the investment of other funds which are
managed under the rules and regulations of the State Investment
Council. In addition to the types of securities in which the joint
insurance fund may invest pursuant to section 8 of P.L.1977, c.396
(C.40A:5-15.1), a joint insurance fund may invest in debt
obligations of federal agencies or government corporations with
maturities not to exceed 10 years from the date of purchase,
excluding mortgage backed or derivative obligations, provided that
the investments are purchased through the Division of Investment
and are invested consistent with the rules and regulations of the
State Investment Council.

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

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

f. A person commencing service on or after the effective date
of P.L. , c. (pending before the Legislature as this bill) as an
officer or employee of a joint insurance fund shall not be eligible on
the basis of that service to enroll in a State-administered retirement
system. The enrollment of an officer or employee with less than 10
years of service credit in the retirement system as of that effective
date shall be terminated as of that effective date. An officer or
employee with 10 or more years of service credit in the retirement
system as of that effective date shall be eligible to continue in the
retirement system under the terms and conditions of the person’s enrollment if the person continues the service without a break.

(cf: P.L.1995, c.374, s.1)

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

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

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

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

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

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

b. A person commencing service on or after the effective date of P.L. , c. (pending before the Legislature as this bill) as an officer or employee of an organization of municipalities shall not be eligible on the basis of that service to enroll in a State-administered retirement system. The enrollment of an officer or employee with less than 10 years of service credit in the retirement system as of that effective date shall be terminated as of that effective date. An officer or employee with 10 or more years of service credit in the retirement system as of that effective date shall be eligible to continue in the retirement system under the terms and conditions of
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the person’s enrollment if the person continues the service without a
break.
(cf: R.S.40:48-22)

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

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

b. A special improvement district ordinance may be adopted if
the governing body of a municipality finds: (1) that an area within
the municipality, as described by lot and block numbers and by
street addresses in the enabling ordinance, would benefit from being
designated as a special improvement district; (2) that a district
management corporation would provide administrative and other
services to benefit the businesses, employees, residents and
consumers in the special improvement district; (3) that a special
assessment shall be imposed and collected by the municipality with
the regular property tax payment or payment in lieu of taxes or
otherwise, and that all or a portion of these payments shall be
transferred to the district management corporation to effectuate the
purposes of this amendatory and supplementary act and to exercise
the powers given to it by municipal ordinance; and (4) that it is in
the best interests of the municipality and the public to create a
special improvement district and to designate a district
management corporation; except that no district management
corporation shall be designated to receive any funds or to exercise
any powers pursuant to the provisions of this amendatory and
supplementary act, unless the board of directors of that corporation
shall include at least one member of the governing body of the
municipality.

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

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

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

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

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

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

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

d. Membership in the retirement system shall be optional for
elected officials other than veterans, and for school crossing guards,
who having become eligible for benefits under other pension
systems are so employed on a part-time basis. Elected officials
commencing service on or after the effective date of sections 1
through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
be eligible for membership in the retirement system based on
service in the elective public office, except that an elected official
enrolled in the retirement system as of that effective date who continues to hold that elective public office without a break in service shall be eligible to continue membership in the retirement system under the terms and conditions of enrollment. Service in the Legislature shall be considered a single elective public office. Any part-time school crossing guard who is eligible for benefits under any other pension system and who was hired as a part-time school crossing guard prior to March 4, 1976, may at any time terminate his membership in the retirement system by making an application in writing to the board of trustees of the retirement system. Upon receiving such application, the board of trustees shall terminate his enrollment in the system and direct the employer to cease accepting contributions from the member or deducting from the compensation paid to the member. State employees who become members of any other retirement system supported wholly or partly by the State as a condition of employment shall not be eligible for membership in this retirement system. Notwithstanding any other law to the contrary, all other persons accepting employment in the service of the State shall be required to enroll in the retirement system as a condition of their employment, regardless of age.

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

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

(3) After November 1, 2008 and before or on the effective date of P.L.2010, c.1, a person who was not a member of the retirement system on November 1, 2008, or who was a member of the retirement system on that date but not continuously thereafter, and who is in employment, office or position, for which the annual salary or remuneration is certified by the applicable public entity at $7,500 or more, shall be eligible to become a member of the retirement system. The $7,500 minimum annual salary or remuneration amount shall be adjusted annually by the Director of the Division of Pensions and Benefits, by regulation, in accordance with changes in the Consumer Price Index but by no more than 4 percent. "Consumer Price Index" means the average of the annual increase, expressed as a percentage, in the consumer price index for all urban consumers in the New York City and Philadelphia metropolitan statistical areas during the preceding calendar year as reported by the United States Department of Labor.

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

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

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

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

h. A temporary employee who is employed under the federal Workforce Investment Act shall not be eligible for membership in the system. Membership for temporary employees employed under the federal Job Training Partnership Act, Pub.L.97-300 (29 U.S.C.s.1501) who are in the system on September 19, 1986 shall be terminated, and affected employees shall receive a refund of their accumulated deductions as of the date of commencement of employment in a federal Job Training Partnership Act program. Such refund of contributions shall serve as a waiver of all benefits payable to the employee, to his dependent or dependents, or to any of his beneficiaries under the retirement system.
Membership in the retirement system shall be optional for a special service employee who is employed under the federal Older American Community Service Employment Act, Pub.L.94-135 (42 U.S.C.s.3056). Any special service employee employed under the federal Older American Community Service Employment Act, Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on the effective date of P.L.1996, c.139 may terminate membership in the retirement system by making an application in writing to the board of trustees of the retirement system. Upon receiving the application, the board shall terminate enrollment in the system and the member shall receive a refund of accumulated deductions as of the date of commencement of employment in a federal Older American Community Service Employment Act program. This refund of contributions shall serve as a waiver of all benefits payable to the employee, to any dependent or dependents, or to any beneficiary under the retirement system.

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

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

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

65. (a) All employees of any public agency or organization of this State, which employs persons engaged in service to the public, shall be eligible to participate in the Public Employees' Retirement System; provided the employer consents thereto by resolution and files a certified copy of such resolution with the board of trustees of the Public Employees' Retirement System and the board of trustees approves thereof by resolution. Such organization shall be referred to in this act as the employer. If the participation of such employees is so approved then the employer shall contribute to the contingent reserve fund on account of its members at the same rate per centum as would be paid by employers other than the State.

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

(c) A person commencing service on or after the effective date
of P.L. , c. (pending before the Legislature as this bill) as an
officer or employee of an organization or association of counties or
municipalities, such as the New Jersey State League of
Municipalities and the New Jersey Association of Counties, or a
substantially similar successor organization or association, or a joint
insurance group or fund for political subdivisions of this State, shall
not be eligible for membership in the retirement system based on
that service. The enrollment of an officer or employee with less
than 10 years of service credit in the retirement system as of that
effective date shall be terminated as of that effective date. An
officer or employee with 10 or more years of service credit in the
retirement system as of that effective date shall be eligible to
continue in the retirement system under the terms and conditions of
the person’s enrollment if the person continues the service without a
break.

(cf: P.L.2010, c.1, s.5)
10. Section 71 of P.L.1954, c.84 (C.43:15A-71) is amended to read as follows:

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

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

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

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

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

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

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

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

d. (1) "Compensation" means the contractual salary, for services as a teacher as defined in this article, which is in accordance with established salary policies of the member's employer for all employees in the same position but shall not include individual salary adjustments which are granted primarily in anticipation of the member's retirement or additional remuneration for performing temporary or extracurricular duties beyond the regular school day or the regular school year.

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

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

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

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

(2) In the case of a person who becomes a member of the retirement system on or after the effective date of P.L.2010, c.1, "final compensation" means the average annual compensation for which contributions are made for the five years of creditable service in New Jersey immediately preceding the member's retirement or death, or it shall mean the average annual compensation for New Jersey service for which contributions are made during any five fiscal years of his or her membership providing the largest possible benefit to the member or the member's beneficiary.

g. "Fiscal year" means any year commencing with July 1, and ending with June 30, next following.

h. "Pension" means payments for life derived from appropriations made by the State or employers to the Teachers' Pension and Annuity Fund.

i. "Annuity reserve" means the present value of all payments to be made on account of any annuity or benefit in lieu of an annuity, granted under the provisions of this article, computed on
the basis of such mortality tables recommended by the actuary as
the board of trustees adopts, with regular interest.

j. "Pension reserve" means the present value of all payments to
be made on account of any pension or benefit in lieu of a pension
granted to a member from the Teachers' Pension and Annuity Fund,
computed on the basis of such mortality tables recommended by the
actuary as the board of trustees adopts, with regular interest.

k. "Present-entrant" means any member of the Teachers'
Pension and Annuity Fund who had established status as a "present-
entrant member" of said fund prior to January 1, 1956.

l. "Rate of contribution initially certified" means the rate of
contribution certified by the retirement system in accordance with

m. "Regular interest" shall mean interest as determined by the
State Treasurer, after consultation with the Directors of the
Divisions of Investment and Pensions, the board of trustees and the
actuary. It shall bear a reasonable relationship to the percentage rate
of earnings on investments based on the market value of assets but
shall not exceed the assumed percentage rate of increase applied to
salaries plus 3%, provided however that the board of trustees shall
not set the average percentage rate of increase applied to salaries
below 6%.

n. "Retirement allowance" means the pension plus the annuity.

o. "School service" means any service as a "teacher" as defined
in this section.

p. "Teacher" means any regular teacher, special teacher,
helping teacher, teacher clerk, principal, vice-principal, supervisor,
supervising principal, director, superintendent, city superintendent,
assistant city superintendent, county superintendent, State
Commissioner or Assistant Commissioner of Education, members
of the State Department of Education who are certificated,
unclassified professional staff and other members of the teaching or
professional staff of any class, public school, high school, normal
school, model school, training school, vocational school, truant
reformatory school, or parental school, and of any and all classes or
schools within the State conducted under the order and
superintendence, and wholly or partly at the expense of the State
Board of Education, of a duly elected or appointed board of
education, board of school directors, or board of trustees of the
State or of any school district or normal school district thereof, and
any persons under contract or engagement to perform one or more
of these functions. [It shall also mean any person who serves, while
on an approved leave of absence from regular duties as a teacher, as
an officer of a local, county or State labor organization which
represents, or is affiliated with an organization which represents,
teachers as defined in this subsection.] No person shall be deemed a
teacher within the meaning of this article who is a substitute
teacher. In all cases of doubt the board of trustees shall determine whether any person is a teacher as defined in this article.

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

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

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

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

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

(4) The Peking relief expedition between June 20, 1900, and May 27, 1902;

(5) The army of Cuban occupation between July 18, 1898, and May 20, 1902;

(6) The army of Cuban pacification between October 6, 1906, and April 1, 1909;

(7) The Mexican punitive expedition between March 14, 1916, and February 7, 1917;

(8) The Mexican border patrol, having actually participated in engagements against Mexicans between April 12, 1911, and June 16, 1919;

(9) World War I, between April 6, 1917, and November 11, 1918;
(10) World War II, between September 16, 1940, and December 31, 1946, who shall have served at least 90 days in such active service, exclusive of any period of assignment (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program, which course was a continuation of a civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided that any person receiving an actual service-incurred injury or disability shall be classed as a veteran, whether or not that person has completed the 90-day service as herein provided;

(11) Korean conflict on or after June 23, 1950, and on or prior to January 31, 1955, who shall have served at least 90 days in such active service, exclusive of any period of assignment (1) for a course of education or training under the Army Specialized Training Program or the Navy College Training Program, which course was a continuation of a civilian course and was pursued to completion, or (2) as a cadet or midshipman at one of the service academies, any part of which 90 days was served between said dates; provided that any person receiving an actual service-incurred injury or disability shall be classed as a veteran, whether or not that person has completed the 90-day service as herein provided; and provided further that any member classed as a veteran pursuant to this subsection prior to August 1, 1966, shall continue to be classed as a veteran, whether or not that person completed the 90-day service between said dates as herein provided;

(12) Lebanon crisis, on or after July 1, 1958, who has served in Lebanon or on board any ship actively engaged in patrolling the territorial waters of that nation for a period, continuous or in the aggregate, of at least 14 days commencing on or before November 1, 1958 or the date of termination of that conflict, as proclaimed by the President of the United States or Congress, whichever date of termination is the latest, in such active service; provided, that any person receiving an actual service-incurred injury or disability shall be classed as a veteran whether or not that person has completed the 14 days’ service as herein provided;

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

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

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

(16) Panama peacekeeping mission, on or after December 20, 1989 or the date of inception of that mission, as proclaimed by the President of the United States or Congress, whichever date of inception is earliest, who has served in Panama or on board any ship actively engaged in patrolling the territorial waters of that nation for a period, continuous or in the aggregate, of at least 14 days commencing on or before January 31, 1990 or the date of termination of that mission, as proclaimed by the President of the United States or Congress, whichever date of termination is the latest, in such active service; provided, that any person receiving an actual service-incurred injury or disability shall be classed as a veteran whether or not that person has completed the 14 days' service as herein provided;

(17) Operation "Desert Shield/Desert Storm" mission in the Arabian peninsula and the Persian Gulf, on or after August 2, 1990 or the date of inception of that operation, as proclaimed by the President of the United States or Congress, whichever date of inception is earliest, who has served in the Arabian peninsula or on board any ship actively engaged in patrolling the Persian Gulf for a period, continuous or in the aggregate, of at least 14 days commencing on or before the date of termination of that mission, as proclaimed by the President of the United States or Congress,
whichever date of termination is the latest, in such active service;
provided, that any person receiving an actual service-incurred injury
or disability shall be classed as a veteran whether or not that person
has completed the 14 days' service as herein provided;
(18) Operation Northern Watch and Operation Southern Watch,
on or after August 27, 1992, or the date of inception of that
operation, as proclaimed by the President of the United States,
Congress or United States Secretary of Defense, whichever date of
inception is earliest, who served in the theater of operation,
including in the Arabian peninsula and the Persian Gulf, and in
direct support of that operation for a period, continuously or in the
aggregate, of at least 14 days in such active service, commencing on
or before the date of termination of the operation, as proclaimed by
the President of the United States, Congress or United States
Secretary of Defense, whichever date of termination is latest;
provided, that any person receiving an actual service-incurred injury
or disability while engaged in such service shall be classed as a
veteran whether or not that person has completed the 14 days' service as herein provided;
(19) Operation "Restore Hope" in Somalia, on or after
December 5, 1992, or the date of inception of that operation as
proclaimed by the President of the United States or Congress,
whichever date is earliest, who has served in Somalia or on board
any ship actively engaged in patrolling the territorial waters of that
nation for a period, continuously or in the aggregate, of at least 14
days in such active service commencing on or before March 31, 1994; provided that any person receiving an actual service-incurred injury or disability shall be classed as a veteran whether or not that person has completed the 14-day service requirement;
(20) Operations "Joint Endeavor" and "Joint Guard" in the
Republic of Bosnia and Herzegovina, on or after November 20,
1995, who served in such active service in direct support of one or
both of the operations for at least 14 days, continuously or in the
aggregate, commencing on or before June 20, 1998, and (1) was
deployed in that nation or in another area in the region, or (2) was
on board a United States naval vessel operating in the Adriatic Sea,
or (3) operated in airspace above the Republic of Bosnia and
Herzegovina; provided that any person receiving an actual service-
incurred injury or disability shall be classed as a veteran whether or
not that person completed the 14-day service requirement;
(21) Operation "Enduring Freedom", on or after September 11,
2001, who served in a theater of operation and in direct support of
that operation for a period, continuously or in the aggregate, of at
least 14 days in such active service commencing on or before the
date the President of the United States or the United States
Secretary of Defense designates as the termination date of that
operation; provided, that any person receiving an actual service-
incurred injury or disability while engaged in such service shall be
classed as a veteran whether or not that person has completed the 14
days' service as herein provided; and

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

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

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

t. (1) "Widower," for employees of the State, means the man
to whom a member was married, or a domestic partner as defined in
section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
the date of her death and to whom she continued to be married or a
domestic partner until the date of her death and who was receiving
at least one-half of his support from the member in the 12-month
period immediately preceding the member's death or the accident
which was the direct cause of the member's death. The dependency
of such a widower will be considered terminated by marriage of, or
establishment of a domestic partnership by, the widower subsequent
to the death of the member. In the event of the payment of an
accidental death benefit, the five-year qualification shall be waived.

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

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

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

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

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

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

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

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

(2) Subject to the provisions of paragraph (1) of this subsection, "spouse," for employees of public employers other than the State, means the husband or wife of a member.
A public employer other than the State may adopt a resolution providing that the term "spouse" as defined in paragraph (2) of this subsection shall include domestic partners as provided in paragraph (1) of this subsection. (cf: P.L.2010, c.1, s.20)

12. The following statutes are repealed:
Section 3 of P.L.2005, c.368 (C.43:15A-39.1); and

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

STATEMENT

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

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

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

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