

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[Second Reprint]

ASSEMBLY, No. 4544

STATE OF NEW JERSEY

DATED: MAY 20, 2021

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 4544 (2R).

This bill would permit a certified school nurse who retired from the Teachers' Pension and Annuity Fund (TPAF) to return to work full time as a certified school nurse with a board of education without being reenrolled in the TPAF if reemployment commences during the period of the public health emergency and state of emergency declared due to the COVID-19 pandemic. If the retired school nurse returns to work with the former employer, it must occur more than 60 days after the retirement. This bill will permit the school nurse to receive the TPAF retirement allowance as well as a salary. The bill permits the return to work under a contract for one year, which may be renewed only for one additional year. The total period of reemployment with any individual board of education must not exceed a two-year period, unless so approved by the Commissioner of Education as being in the best interests of the school district. Under the bill, the former member's retirement must have been a bona fide retirement and any employment or reemployment under the bill must not be prearranged before retirement.

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

There may be additional requirements that would have to be met in certain circumstances for a return to work in order to comply with the laws and regulations of the federal Internal Revenue Code.

As reported by the committee, Assembly Bill No. 4544 (2R) is identical to Senate Bill No. 3150 (1R), which also was reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that if a school nurse returns to employment shortly after retirement without reenrolling in the Teachers' Pension and Annuity Fund (TPAF), the

local school district may realize savings in health care costs for that employee because the retired school nurse may be receiving, if eligible, State-paid coverage under the School Employees' Health Benefits Program (SEHBP) in retirement based on the former employment. When a retiree is reenrolled in the TPAF as required by current law upon becoming employed again after retirement, the State avoids this expense because health care benefits then become the responsibility of the board of education until the person again retires.

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

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