

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 2376

STATE OF NEW JERSEY  
219th LEGISLATURE

DATED: SEPTEMBER 1, 2020

SUMMARY

- Synopsis:** Provides for employment, retention, and benefits during public health hazard posed by coronavirus disease 2019 (COVID-19) of certain public employees.
- Type of Impact:** Temporary expenditure increases to the State and local governments.
- Agencies Affected:** Department of the Treasury, various State departments, local government entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost Increase		Indeterminate	
Local Cost Increase		Indeterminate	

- The Office of Legislative Services (OLS) estimates that the bill will result in indeterminate temporary increases in State and local government expenditures. The increase in salary, health care, and retirement system costs associated with this bill are indeterminate because no information is available on the number of new public employees, retired public employees, or Class Two special law enforcement officers who would be hired, the number of new State troopers who would be enrolled in the retirement system, and the number of law enforcement officers who would delay their retirement beyond the mandatory retirement date. There is also no information on the length of employment for those new employees, retired employees, and special law enforcement officers hired under the authorization provided by this bill, nor on the length of continued employment for those law enforcement officers who delay their retirement. There is no salary information with regard to these employments.
- At this time, it is unknown if the State or local units may be eligible for reimbursement for the additional costs of this bill by the federal government under the CARES Act or subsequent federal acts.

## **BILL DESCRIPTION**

This bill permits the temporary employment of retirees from the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), or the State Police Retirement System (SPRS), during the Public Health Emergency or State of Emergency declared by the Governor in Executive Order No. 103 of 2020. It permits a public employee hired during the Public Health Emergency and State of Emergency to provide services needed because of the COVID-19 pandemic to participate in the State Health Benefits Program (SHBP) immediately upon hire, provided such person is or was hired as a new employee on or after February 3, 2020 to provide services needed because of the pandemic.

The bill removes the limitation on the number of Class Two special law enforcement officers who may be employed by a local unit and provides that, during the Public Health Emergency and State of Emergency, any person who completes a training course commonly referred to as Alternate Route Training will be eligible for appointment as a Class Two special law enforcement officer by a local unit while the emergency remains in effect. It also provides that the members of the 160th Class of the New Jersey State Police Academy, which commenced training on February 24, 2020, will become enrolled in the SPRS on August 7, 2020, at which time employee and employer contributions to the SPRS and creditable service in the SPRS will commence.

The bill provides that a member of the SPRS, PFRS, or PERS may delay retirement beyond the mandatory retirement date during the Public Health Emergency and State of Emergency and permits a participant of the alternate benefit program or the defined contribution retirement program to receive a distribution under a federal stimulus program in response to the COVID-19 pandemic and remain employed.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

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It is noted that, in general, new public employees have a waiting period of 30 days before becoming eligible for SHBP coverage; this bill provides immediate coverage. Retired employees who are again employed during the emergency will remain covered under their SHBP plan. Health

benefit costs for PERS, PFRS, and SPRS officers who choose to remain employed beyond their mandatory retirement date will receive health care coverage as active employees rather than as retired employees. It is not known what health care benefits are provided by local units to new Class Two special law enforcement officers.

Salary and retirement system costs of the 160<sup>th</sup> class for the State Police have been anticipated, although this bill will have the State incur that cost earlier than would otherwise be the case because the graduation date has been extended as a result of the Public Health emergency and State Emergency declared by the Governor in Executive Order No.103 of 2020.

Those law enforcement officers in PFRS, SPRS, and PERS who delay their retirement beyond their mandatory retirement date will receive an increase in the retirement allowance for the additional few weeks or months they continue to be employed; additional employer costs with regard to these officers will include continuation of salary, health care costs, and contributions to the retirement systems.

*Section: State Government*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).