

SENATE, No. 2236

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 17, 1997

By Senator INVERSO

1 AN ACT concerning membership in the Public Employees' Retirement
2 System, amending P.L.1954, c.84, and supplementing Title 40A of
3 the New Jersey Statutes.

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

7
8 1. (New section) a. If a local government agency responsible for
9 the performance of water management or wastewater management
10 services intends to enter into an agreement with a nongovernmental
11 entity for the performance by that entity of those services, and if the
12 agreement is to include a provision for the continued employment of
13 the employees of that agency, the agency may include as specifications
14 in the agreement, or the nongovernmental entity may propose in the
15 agreement, that the employees continued in employment who are
16 members of the Public Employees' Retirement System created by
17 P.L.1954, c.84 (C.43:15A-1 et seq.) shall continue to be members of
18 the retirement system, and that the entity shall assume all of the
19 responsibilities and costs imposed by the retirement system on
20 employers.

21 b. If a nongovernmental entity enters into an agreement with a
22 local government agency for the performance of water management or
23 wastewater management services that contains the provisions of
24 subsection a. hereof:

25 (1) the employees affected shall continue to be members of the
26 retirement system but shall not be deemed to be employees of the local
27 government agency; and

28 (2) the nongovernmental entity shall assume all of the
29 responsibilities and costs imposed by the retirement system on
30 employers.

31 c. As used in this section:

32 "local government agency" means the governing body of a county
33 or municipality, an agency of a county or municipal government that
34 is empowered to enter into contracts or agreements, or an authority;

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 and

2 "authority" means a body, public and corporate, created by one or
3 more counties or municipalities, pursuant to any law authorizing that
4 creation, that is empowered to enter into contracts or agreements.

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

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

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

16 b. (1) Any person becoming an employee of the State or other
17 employer after January 2, 1955 and every veteran, other than a retired
18 member who returns to service pursuant to subsection b. of section 27
19 of P.L.1966, c.217 (C.43:15A-57.2) and other than those whose
20 appointments are seasonal, becoming an employee of the State or
21 other employer after such date, including a temporary employee with
22 at least one year's continuous service; [and]

23 (2) any employee of a nongovernmental entity who is an employee
24 of that entity pursuant to the provisions of section 1 of P.L. _____,
25 c. _____ (now pending before the Legislature as this bill); and

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

29 d. Membership in the retirement system shall be optional for
30 elected officials other than veterans, and for school crossing guards,
31 who having become eligible for benefits under other pension systems
32 are so employed on a part-time basis. Any such part-time school
33 crossing guard who is eligible for benefits under any other pension
34 system and who was hired as a part-time school crossing guard prior
35 to March 4, 1976, may at any time terminate his membership in the
36 retirement system by making an application in writing to the board of
37 trustees of the retirement system. Upon receiving such application,
38 the board of trustees shall terminate his enrollment in the system and
39 direct the employer to cease accepting contributions from the member
40 or deducting from the compensation paid to the member. State
41 employees who become members of any other retirement system
42 supported wholly or partly by the State as a condition of employment
43 shall not be eligible for membership in this retirement system.
44 Notwithstanding any other law to the contrary, all other persons
45 accepting employment in the service of the State shall be required to
46 enroll in the retirement system as a condition of their employment,

1 regardless of age. No person in employment, office or position, for
2 which the annual salary or remuneration is fixed at less than
3 \$1,500.00, shall be eligible to become a member of the retirement
4 system.

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

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

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

26 h. A temporary employee who is employed under the federal Job
27 Training Partnership Act, Pub.L.97-300 (29 U.S.C.s.1501) shall not
28 be eligible for membership in the system. Membership for temporary
29 employees employed under the federal Job Training Partnership Act,
30 Pub.L.97-300 (29 U.S.C.s.1501) who are in the system on September
31 19, 1986 shall be terminated, and affected employees shall receive a
32 refund of their accumulated deductions as of the date of
33 commencement of employment in a federal Job Training Partnership
34 Act program. Such refund of contributions shall serve as a waiver of
35 all benefits payable to the employee, to his dependent or dependents,
36 or to any of his beneficiaries under the retirement system.

37 i. Membership in the retirement system shall be optional for a
38 special service employee who is employed under the federal Older
39 American Community Service Employment Act, Pub.L.94-135 (42
40 U.S.C.s.3056). Any special service employee employed under the
41 federal Older American Community Service Employment Act,
42 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on
43 [the effective date of this act, P.L.1996, c.139,] December 20, 1996
44 may terminate membership in the retirement system by making an
45 application in writing to the board of trustees of the retirement system.
46 Upon receiving the application, the board shall terminate enrollment

1 in the system and the member shall receive a refund of accumulated
2 deductions as of the date of commencement of employment in a
3 federal Older American Community Service Employment Act program.
4 This refund of contributions shall serve as a waiver of all benefits
5 payable to the employee, to any dependent or dependents, or to any
6 beneficiary under the retirement system.

7 (cf: P.L.1997, c.23, s.1)

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9 3. This act shall take effect immediately.

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STATEMENT

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14 This bill is intended to address the "privatizing" of water
15 management and wastewater management services by local
16 government agencies when public employees are continued as
17 employees of the nongovernmental entities undertaking to perform
18 those services.

19 The bill provides that if a local government agency responsible for
20 the performance of water management and wastewater management
21 services intends to enter into an agreement with a nongovernmental
22 entity for the performance of those services by that entity, and if the
23 agreement is to include a provision for the continued employment of
24 the employees of that agency, the agency may include as specifications
25 in the agreement, or the nongovernmental entity may propose in the
26 agreement, that the employees continued in employment who are
27 members of the Public Employees' Retirement System shall continue
28 to be members of the retirement system, and that the entity shall
29 assume all of the responsibilities and costs imposed by the retirement
30 system on employers.

31 The bill provides explicitly that if a nongovernmental entity enters
32 into such an agreement with a local government agency, the employees
33 affected shall continue to be members of the retirement system but
34 shall not be deemed to be local government employees, and that the
35 employer shall assume all of the responsibilities and costs imposed by
36 the retirement system on employers.

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41 Provides that, if local government agency hires private entity to
42 perform water and wastewater management services, agency
43 employees continued in employment with entity may retain PERS
44 membership.