

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2362

STATE OF NEW JERSEY

DATED: JANUARY 8, 1998

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2362.

Senate Bill No. 2362 permits a State employee member of the Public Employees' Retirement System (PERS) who was or is employed in an institution in the Department of Human Services during any part of the period commencing June 12, 1997 and ending February 15, 1998, to retire under the early retirement provisions of the PERS law, that is, before age 60, and to receive in retirement full- or part-paid health benefits under the State Health Benefits Program if the employee (1) on or before February 15, 1998, applies to retire, (2) retires on or before July 1, 1998, and (3) at the time of retirement, has attained 55 years of age and accrued at least 22 years of service credit under PERS.

FISCAL IMPACT:

The Division of Pensions and Benefits has stated that 286 individuals employed in institutions in the Department of Human Services would be eligible for the benefit in this bill. The division calculates the additional pension liability, if all 286 individuals retire under the provisions of this bill, at \$15 million, with the total first-year cost for pension and post-retirement medical benefits at approximately \$1,500,000. This cost would increase annually with medical inflation.

The Office of Legislative Services notes that the State may realize savings as a result of the enactment of this bill which would offset part of the cost. The savings would be in the form of reduced or eliminated salary costs and State contributions for Social Security and Medicare.