To All Members:

On Monday February 8th, the Legislator's introduced four pieces of legislation that would directly affect each and every firefighter, Active and Retired.

Senate Concurrent Resolution 1 - Sponsored by:
Senator STEPHEN M. SWEENEY
District 3 (Salem, Cumberland and Gloucester)
Senator THOMAS H. KEAN, JR.
District 21 (Essex, Morris, Somerset and Union)

Co-Sponsored by:
Senators Van Drew, Vitale, Lesniak, Oroho, Codey, Cunningham, Beach, Gordon, Bateman, O'Toole, A.R.Bucco, Cardinale, Baroni, Stack, Doherty, Scutari, Madden, Buono, Ruiz, Sarlo, Gill and Pennacchio

SYNOPSIS

Amends State Constitution to require annual contributions by the State to State-administered retirement systems.

STATEMENT

This concurrent resolution proposes a constitutional amendment to require the State to pay each year the full amount of the contribution it is required to make to any defined benefit pension plan operated by the State for public employees. This requirement would commence July 1, 2011. The amendment requires the amount of the contribution to be determined by actuaries for each plan based on an annual report, prepared by the actuaries pursuant to consistent and generally accepted actuarial standards, that sets forth the assets and liabilities of the plan. This amendment permits the State, for the first seven years, to phase in this requirement, for the payments it is required to make, by paying at least 1/7th of the contribution in the first year with payments increasing by at least an additional 1/7th in each year thereafter in order to permit the State to gradually adjust the annual appropriations act to accommodate these payments.

THIS MUST BE VOTED ON BY THE VOTERS OF NEW JERSEY:

IF THE PROPOSED AMENDMENT OR AMENDMENTS OR ANY OF THEM SHALL BE APPROVED BY A MAJORITY OF THE LEGALLY QUALIFIED VOTERS OF THE STATE VOTING THEREON, THE SAME SHALL BECOME PART OF THE CONSTITUTION ON THE THIRTIETH DAY AFTER THE ELECTION, UNLESS OTHERWISE PROVIDED IN THE AMENDMENT OR AMENDMENTS.

Senate Bill 2 - Sponsored by:
Senator NICHOLAS P. SCUTARI
District 22 (Middlesex, Somerset and Union)
Senator KEVIN J. O'TOOLE
District 40 (Bergen, Essex and Passaic)

Co-Sponsored by:
Senators Vitale, Lesniak, Oroho, Kyrillos, Codey, Beach, Gordon, Bateman, T.Kean, A.R.Bucco, Cardinale, Beck, B.Smith, Stack, Doherty, Madden, Sweeney, Buono, Ruiz, Gill and Pennacchio

SYNOPSIS

Makes various pension system changes concerning eligibility, retirement allowance formula, compensation definition, position eligible for service credit, non-forfeitable rights, enrollment waiver, prosecutors part, PFRS special retirement, employer contributions.

STATEMENT

Sections 1-7:

These sections implement Recommendation 1 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation to limit eligibility for defined benefit plans to full-time employees", with all new part-time employees, new elected officials and new full-time appointed officials having membership in a defined contribution pension plan.

The bill shifts the basis for membership in the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) from the amount of compensation to the number of hours worked weekly. After its effective date, any person in public employment for which the hours of work are fixed at fewer than 35 per week for State employees or 32 for political subdivision employees is ineligible to become a new member of PERS and at fewer than 32 hours per week is ineligible to become a new member of TPAF. When determining eligibility, hours during which a person does not work due to the person's participation in a voluntary or mandatory furlough program will 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.

Persons ineligible for TPAF or PERS because the hours of work are fewer than required for PERS or TPAF membership may be eligible for enrollment in the Defined Contribution Retirement Program, whose membership compensation threshold the bill increases to $5,000 from $1,500.

Sections 8-13:

These sections implement Recommendation 3 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006 to reduce the benefits formula for new members of the Public Employees' Retirement System (PERS) and the Teachers' Annuity and Pension Fund (TPAF) by changing from 1/55 to 1/60 the multiplier of the number of years of service in the calculation of a member's retirement allowance. The committee noted that this recommendation is consistent with other recommendations aimed at reducing the long-term costs of the defined benefit retirement systems to ensure their fiscal stability and the fiscal stability of the State and local public employers funding those costs.

In 2001, legislation enhanced the PERS and TPAF benefits for members and retirees by 9% with a change of the multiplier from 1/60 to 1/55. Veterans and disability benefits were similarly enhanced. These sections return the multiplier for PERS and TPAF to 1/60 and the other benefits to their pre-2001 level, except for veterans and disability benefits, for persons who become members of PERS or TPAF after the bill is enacted.

Sections 7, 14-19, and 22-23:

These sections implement Recommendation 4 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "a cap on pensionable salary at the Social Security maximum wage contribution limit under the Federal Insurance Contributions Act (FICA). ... Employees with annual compensation in excess of the Social Security maximum would be eligible for membership in the defined contribution program .. with regard to only that excess compensation. The legislation should apply prospectively to all new employees who become members of the State-administered retirement system, except the Judicial Retirement System (JRS), after the enactment of legislation." The committee stated that it "believes that this proposal should help control escalating retirement system costs." P.L.2007, c.103 implemented this recommendation for the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF).

This bill imposes a maximum compensation upon which contributions will be made for Police and Firemen's Retirement System (PFRS) and State Police Retirement System (SPRS) purposes for police officers, firefighters, and State Police officers who become members of those systems on or after the bill's effective date. The maximum amount will be the amount of base salary equivalent to the annual maximum wage contribution base for Social Security, pursuant to the federal Insurance Contributions Act. For 2010, that amount is $106,800. A new member for whom this annual maximum will be reached in any year will become a participant of the Defined Contribution Retirement Program (DCRP) with regard to the remaining compensation, unless the member irrevocably elects to waive the participation. For the amount of compensation over the maximum compensation, 5.5% will be deducted as a contribution for the purposes of the DCRP. When a PFRS or SPRS member also becomes a participant in the DCRP, the life insurance and disability benefit provisions of that program will be available for that participant.

Sections 20-23:

These sections implement Recommendation 5 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation to change the pension benefits calculation from the three highest paid years to the five highest paid years or from the single highest paid year to the three highest paid years, as appropriate." The committee recommended that the legislation apply to new employees who become members of the State-administered retirement systems, except the Judicial Retirement System, after the enactment of the legislation. The committee stated that "its recommendation is consistent with other recommendations aimed at reducing the long-term costs of the defined benefit retirement systems to ensure their fiscal stability and the fiscal stability of the State and local public employers funding those costs."

This bill changes the definition of compensation to be used to calculate retirement benefits for members of the Public Employees' Retirement System (PERS), Teachers' Pension and Annuity Fund (TPAF), Police and Firemen's Retirement System (PFRS), and State Police Retirement System (SPRS), who become members after the bill's effective date, as well as to calculate, in certain cases, pension benefits for surviving family members, when available, and death benefit payments to beneficiaries.

The bill provides that a member of the TPAF or PERS who is enrolled in the retirement system after the enactment date, would have the member's retirement allowance calculated using the average annual compensation for the last five years of service or for any five fiscal years of membership providing the largest possible benefit to the member or the member's beneficiary. **A member enrolled in the systems before the effective date would continue to have the member's allowance calculated in the manner provided by existing law using the average annual compensation for the last three years of service or for any three fiscal years of membership providing the largest possible benefit to the member or the member's beneficiary.**

The bill also changes the provisions of the PFRS and SPRS to provide that a member who is enrolled in one of these retirement systems after the effective date would have the member's retirement allowance calculated using the average annual compensation received by the member during any three fiscal years of membership providing the largest possible benefit. **A member of the system before the effective date would continue to have the member's allowance calculated in the manner provided by existing law using the compensation in the final year of service.**

The bill would affect the calculation of a family member's pension benefit, when such a benefit is available, and the amount of a death benefit to a beneficiary whenever current law provides for the use of final compensation or final salary, as those terms are redefined by the bill, for the purpose of that calculation. In some instances, the current law provides that the calculations for benefits be based on the compensation or salary received in the last year of service or at the time of death; in these instances, there would be no change as a result of this bill.

Sections 24-28:

These sections implement Recommendation 6 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation to require the designation of one position per employee for both the PERS or TPAF" and that the "legislation should apply to new full-time employees who become members of PERS or TPAF after the bill's enactment and who must select one job for defined benefit credit." The committee noted that "although a person holding multiple positions does contribute to the retirement system for each position, the potential for abuse and the difficulty in preventing it make the one-position requirement a necessary reform."

For the purposes of the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund, this bill provides that a person shall be eligible for membership in the retirement system based upon only one position and requires the retirement system to designate the position providing the higher or highest compensation for the person with such concurrent positions as the basis for eligibility for membership and the compensation base for contributions and pensions calculations. A member who leaves a designated position or acquires a different or additional position will receive a new designation by the retirement system, if appropriate. These provisions will not apply to a person who on the effective date of the bill is a member of the retirement system and holds more than one office, position, or employment covered by the retirement system with one or more employers, while the member continues to hold without a break in service more than one of those offices, positions, or employment. Under the bill, contributions would be deducted only from the member's compensation for the position designated, and for the purpose of calculating the member's retirement benefit, only that compensation would be considered. Service in a position other than the one designated will not be deemed creditable service for the purposes of the retirement system.

Section 29:

This section implements Recommendation 7 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended “the repeal on a prospective basis for new employees of N.J.S.A.43:3C-9.5 ... because the Legislature should not be permanently and inextricably bound by an action of a prior session of the Legislature.”

The bill would remove public employees who become members after the bill’s effective date of the Teachers' Pension and Annuity Fund, the Judicial Retirement System, the Prison Officers' Pension Fund, the Public Employees' Retirement System, the Consolidated Police and Firemen's Pension Fund, the Police and Firemen's Retirement System, and the State Police Retirement System from the law that provides vested members with a non-forfeitable right to receive benefits, as provided under the laws governing the retirement system or fund, upon the attainment of five years of service credit in the retirement system or fund.

Section 30:

This section implements Recommendation 9 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended that legislation be enacted “to give all non-vested employees the option of entering into a defined contribution program ... and should apply to all current and future public employees.”

This bill permits a person who commences service in a position that makes the person eligible to be a member of the Teachers’ Pension and Annuity Fund, the Judicial Retirement System, the Public Employees’ Retirement System, the Police and Firemen’s Retirement System, or the State Police Retirement System, or a person already enrolled but with less than 10 years of service credit, to choose either to be enrolled in the relevant retirement system or enrolled in the Defined Contribution Retirement Program established pursuant to N.J.S.A.43:15C-1 et al. with regard to that particular position by irrevocably waiving all rights and benefits which would otherwise be provided by the relevant retirement system.

In addition, this bill would permit a person commencing service, or with less than 10 years of service credit, to choose to withdraw entirely from enrollment in any State-administered retirement system. In this regard, the bill exceeds the recommendation, but serves the recommendation’s goal by providing a person with the flexibility to choose a course most consistent with his or her personal situation and financial goals while also reducing the costs to public employers.

Section 31:

This bill implements Recommendation 12 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended “the enactment of legislation to close the PERS Prosecutors Part ... prospectively to new members.” The committee recommended “an end to special benefits within the Public Employees’ Retirement System for selected groups of public employees and officials. ... This recommendation would standardize pension benefits for public employees with similar job functions.”

This bill closes the Prosecutors Part of the Public Employees’ Retirement System (PERS) to new members. The Prosecutors Part was added to PERS in 2001. With the enactment of this bill, all prosecutors taking office after the bill’s effective date will be enrolled in the “regular” PERS system, except that a county prosecutor who is appointed by the Governor with the advice and consent of the Senate will be enrolled in the Defined Contribution Retirement System. “Prosecutor” is defined in the law as a county prosecutor, first assistant prosecutor or assistant prosecutor; the Director of the Division of Criminal Justice in the Department of Law and Public Safety; an assistant director, deputy director, assistant attorney general or deputy attorney general in that department and assigned to that division; or a criminal investigator in the Division of Criminal Justice in the Department of Law and Public Safety who is not eligible for enrollment in the Police and Firemen's Retirement System.

Section 32-34:

These section implement Recommendation 14 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation to repeal this prospective benefit enhancement, and the corresponding benefit enhancement fund, effective immediately. This recommendation would result in significant cost savings for the State and local public employers."

The bill eliminates the provision in the PFRS that would permit a member of the Police and Firemen's Retirement System to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%.

Sections 35-38:

These sections provide that, with regard to any provision of this bill made applicable to a person who becomes a member of a State-administered retirement system on or after the bill's effective date, that provision would not apply to a person who at the time of enrollment in the retirement system on or after that effective date transfers service credit, as permitted, from another State-administered retirement system or fund of which the person was a member immediately prior to the effective and continuously thereafter, but would 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 that effective date after becoming employed again in a position that makes the person eligible to be a member of the retirement system. These sections are in line with recent prior enactments in this regard.

Section 39:

This section of the bill requires the State, beginning July 1, 2011, to make in full the annual employer's contribution, as computed by the actuaries, to the Teachers' Pension and Annuity Fund, the Judicial Retirement System, the Prison Officers' Pension Fund, the Public Employees' Retirement System, the Consolidated Police and Firemen's Pension Fund, the Police and Firemen's Retirement System, and the State Police Retirement System. The State would be in compliance with this requirement provided the State makes a payment, to each State-administered retirement system or fund, of at least 1/7th of the full contribution, as computed by the actuaries, in the State fiscal year commencing July 1, 2011 and makes a payment in each subsequent fiscal year that increases by at least an additional 1/7th until payment of the full contribution is made in the eighth fiscal year and thereafter. This phase-in is for the purpose of allowing the State to make gradual adjustments to the annual appropriations act.

Senate Bill 3 - Sponsored by:
Senator MICHAEL J. DOHERTY
District 23 (Warren and Hunterdon)
Senator JIM WHELAN
District 2 (Atlantic)

Co-Sponsored by:
Senators Vitale, Lesniak, Oroho, Kyrillos, Beach, Gordon, Bateman, O'Toole, T.Kean, A.R.Bucco, Cardinale, Beck, B.Smith, Stack, Scutari, Madden, Sweeney, Buono, Ruiz, Gill and Pennacchio

SYNOPSIS

Makes various changes to SHBP and SEHBP concerning eligibility, cost sharing, choice of plan, application of benefit change, waiver of coverage, and multiple coverage

STATEMENT

Sections 1 through 6:

These sections implement Recommendations 22 and 23 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended that "some level of premium sharing be established for all active employees through the collective bargaining process. The committee stated "that all public employees should be required to pay some portion of the employer-provided health care insurance." In addition, the committee recommended that "all future retirees receiving employer-paid SHBP benefits pay some amount of health care premiums ... linked to a retiree's ability to contribute."

The bill requires, after its effective date and the expiration of any applicable binding collective negotiations agreement, that active employees of the State, local governments, and boards of education will contribute 1.5% of base salary toward the cost of health care coverage under the State Health Benefits Program (SHBP) and the School Employees' Health Benefits Program (SEHBP). Employees of the State, local governments, and board of educations who become a member of a State or locally-administered retirement system on or after the bill's effective date would be required to pay in retirement 1.5% of their pension benefit toward the cost of health care coverage under the SHBP and the SEHBP. For State and local government employees and retirees and for board of education employees, this amount will be in addition to any other amount that maybe required through the collective negotiations process for employees with a majority representative for collective negotiations and, for those without such a representative, through the application of the terms of a collective negotiations agreement upon them. The contribution required for new State employees in retirement will not be waived for a retiree who participates in the New Jersey Retirees' Wellness Program.

Section 7:

This section implements Recommendation 24 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation that would allow local public employers to negotiate collectively both premium sharing arrangements, as well as offering different plan coverage within the SHBP. A local employer, for example, would be permitted to negotiate SHBP coverage through a health maintenance organization only as opposed to the wide array of options currently mandated to be available." The goal is to "maximize savings and control costs for the taxpaying public."

The recommendation concerning premium sharing has already been enacted into law by P.L.2007, c.62.

This bill provides local governments, including local boards of education, with the ability to limit, through collective negotiations agreements with their active employees, the choice of plans offered by the SHBP or the SEHBP.

Section 8:

This section implements Recommendation 25 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "that legislation be enacted to ensure that basic changes made in the provision of SHBP benefits to State employees, such as the amount of copayments for office visits and prescription drugs, be applicable at the same time to all individuals covered by SHBP." The committee believed that it was "important that SHBP benefits changes negotiated by the State with its employees be applicable to employees of local employers not only to reduce administrative expenses for all through conformity but also to extend to those local employers the same cost savings enjoyed by the State." The committee believed that it was "important to ensure consistency in health benefit coverage and cost for all public employees."

This bill requires that changes in the provision of health care benefits through the SHBP and the SEHBP that are included in collective negotiations agreements between the State and its employees be applied to local government employees including school employees at the same time and in the same manner as to State employees.

Section 9 and 10:

These sections implement Recommendation 26 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended the "enactment of legislation to clarify that only full-time employees are eligible for SHBP coverage by defining a full-time employee as an employee who works 35 or more hours each week. This proposal should apply only to new employees enrolling in SHBP after the enactment of legislation." The committee stated that it "believes that significant savings to local public employers and their taxpayers are possible by bringing them into conformity with State practice and ensuring that only genuinely full-time employees and their dependents are eligible for the desirable and costly benefits of SHBP coverage."

This bill provides that, after the bill's effective date, enrollment in the State Health Benefits Program (SHBP) will be limited to a person who (1) is a full-time appointive or elective officer of the State or local government whose hours of work are fixed at 35 or more per week, a full-time employee of the State, or a full-time employee of an employer other than the State whose hours of work are fixed by the governing body at not less than 25 per week, or (2) an appointive or elective officer, an employee of the State, or an employee of an employer other than the State who has or is eligible for health benefits coverage in SHBP on that effective date and continuously thereafter. The bill similarly limits enrollment in the School Employees' Health Benefits Program (SEHBP) to persons employed full-time whose hours of work are fixed by the governing body at not less than 25 per week.

Section 11:

This section implements Recommendation 27 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation to permit waiver incentives for all local public employers." The committee recommended "that the maximum amount of the waiver be 25% of the amount saved by the employer through the employee's waiver of coverage but only for employees who waive after the enactment of the legislation." The purpose is to give "employers another tool to use in their efforts to control the costs of providing health benefits, to save taxpayer dollars, and offer property tax relief."

This recommendation was partly implemented by the enactment of P.L.2007, c.92 and P.L.2008, c.89. This bill implements the recommendation that the incentive be set at 25% of the amount saved by the employer and goes further to cap the amount at $5,000. This will apply to waivers filed after the bill's effective date.

Section 12:

This section implements Recommendation 29 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended the "enactment of legislation to ensure that no SHBP duplicate coverage is available to an enrolled individual as an active employee, retiree or dependent." In addition, the committee recommended "that applicable regulations prohibiting multiple coverage within SHBP be codified into law to abolish any current inequities and unnecessary utilization or duplication of services and benefits, and thereby to achieve savings for public employers and the taxpayers."

This bill prohibits multiple coverage in the SHBP and the SEHBP in accordance with the rules and regulations promulgated by the State Health Benefits Commission and the School Employees' Health Benefits Commission.

Senate Bill 3 - Sponsored by:
Senator KEVIN J. O'TOOLE
District 40 (Bergen, Essex and Passaic)
Senator BARBARA BUONO
District 18 (Middlesex)

Co-Sponsored by:
Senators Van Drew, Whelan, Vitale, Lesniak, Oroho, Kyrillos, Cunningham, Beach, Gordon, Bateman, T.Kean, A.R.Bucco, Pennacchio, Cardinale, Beck, B.Smith, Doherty, Stack, Scutari, Weinberg, Madden, Sweeney, Ruiz, Sarlo and Gill

SYNOPSIS

Makes various changes concerning payments to public employees for unused sick leave, sick leave injury in State service, and PERS and TPAF disability retirement.

STATEMENT

Sections 1, 2 and 3:

These sections implement Recommendation 36 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The report concluded that "this recommendation will bring supplemental compensation for accumulated unused sick leave in line with the current law and practice for State employees, thus standardizing this benefit for public employees serving at different levels of government in the State."

This bill provides that supplemental compensation for accumulated unused sick leave payable to any local government or school district officer or employee cannot exceed $15,000 and can only be paid at the time the officer or employee retires. **This provision would apply only to officers and employees who commence service with a local government or a school district on or after the bill's effective date.**

Current law limits to $15,000 the maximum amount that may be paid to a State employee for accumulated unused sick leave when the employee retires. However, there is currently no such limit with regard to local government and to school district officers or employees, except with regard to certain high level local government and school district officers.

Sections 4 and 5:

These sections implement Recommendation 37 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The report concludes that "this recommendation will bring the carry forward of unused vacation time in line with the current law and practice for State employees, thus standardizing these benefits for public employees serving at different levels of government in the State. In addition, this recommendation will enable local governments to control public employee benefit costs which, in turn, will reduce property tax revenue needs."

Under this bill, local government and school district officers and employees would be allowed to carry forward vacation leave for only one successive year, except that vacation leave that could not be used because of an emergency declared by the Governor would accumulate subject to certain limits. **This provision would apply only to officers and employees who commence service with a local government or a school district on or after the bill's effective date and only after the expiration of a current contract** applicable to such officer or employee

Current law limits vacation leave carry forward for State employees and employees of local governments that have adopted civil service. However, there is currently no such limit with regard to other local government and to school district officers or employees, except with regard to certain high level local government and school district officers.

Section 6:

This section implements Recommendation 38 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation to eliminate the State's sick leave injury program. The legislation should close the program to all current and future State employees. The legislation should take effect after the expiration of any collective bargaining agreement in effect at the time of enactment so that no obligation in a contract is impaired." The committee stated that "the proposals to end the sick leave injury program are sound and that employees will generally not be disadvantaged by this change because workers' compensation benefits will continue to be available. In addition, the State will realize savings in the form of reduced employee benefit costs."

This bill terminates the sick leave injury program for State employees who are injured or who become ill directly as a result of State employment after the bill's effective date which is 60 days after enactment or after the expiration of current collective negotiations agreements.

Sections 7-11:

These sections implement Recommendation 17 of the Joint Legislative Committee on Public Employee Benefits Reform set forth in the final report dated December 1, 2006. The committee recommended "the enactment of legislation to replace accidental and ordinary disability benefits for new TPAF and PERS members with private disability insurance coverage." The committee found that this recommendation would be beneficial to public employees who become disabled and would result in savings to both the State and local public employers.

This bill eliminates accidental and ordinary disability retirement for members of the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS) who are enrolled in the retirement system on or after this bill's effective date. Instead, members of each system enrolled after that date will be eligible for disability insurance coverage similar to that provided by the State currently to individuals enrolled in the Defined Contribution Retirement Program.

Section 12 and 13:

These sections provide that, with regard to any provision of this bill concerning disability retirement in the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund made applicable to a person who becomes a member of a State-administered retirement system on or after the bill's effective date, that provision would not apply to a person who at the time of enrollment in the retirement system on or after that effective date transfers service credit, as permitted, from another State-administered retirement system or fund of which the person was a member immediately prior to the effective date and continuously thereafter, but would 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 that effective date after becoming employed again in a position that makes the person eligible to be a member of the retirement system. These sections are in line with recent prior enactments in this regard.