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New Laws Impact District Employees

By Joshua S. Sklarin

Three pieces of legislation recently signed by Governor Christopher Christie will impact the benefits of school district employees. The new laws, signed on March 22, 2010, take effect sixty (60) days following their enactment. This EdLaw Alert is a summary of the new laws based upon the information available as of the date of this Alert.

It is important to note that on or about March 26, 2010, the State of New Jersey Department of Education, Division of Finance issued a Memorandum setting forth its interpretation of Senate Bill S3, discussed herein. Thereafter, on or about April 20, 2010, the State of New Jersey Department of Treasury, Division of Pension and Benefits issued a similar Memorandum detailing its interpretation of S3. The following EdLaw Alert provides an interpretation of the express language of the S3 legislation and the two memorandums.

A-2461/S-2 Changes Pension Calculations for New Members

A-2461/S-2 makes various changes to the pension system including the retirement allowance formula, enrollment waivers and general membership eligibilities. These changes affect only those who “become[] a member of the retirement system on or after the effective date” of the law.

For those who become members of the pension system on or after the effective date of A-2461/S-2, the multiplier for Class B service credit regarding final pension compensation calculation has been altered from the previous 1/55 to 1/60. The retirement allowance, previously calculated using the three (3) year annual contribution average, has been expanded to five (5) years. The law also increases the minimum number of working hours to become a member of the Teachers’ Pension and Annuity Fund (TPAF) to thirty-two (32). This number has been increased to thirty-five (35) for state employees enrolled in the Public Employee Retirement System (PERS).

A-2460/S-3 Requires Contribution to Health Benefits

A-2460/S-3 requires—after its effective date and the (cont’d ▶)

expiration of any applicable collective bargaining agreement (CBA)—all public employees to contribute 1.5% of their base salary towards health insurance regardless of whether the district utilizes the School Employees Health Benefit Program (SEHBP) or a private health care provider.

Of special note, districts that are currently in negotiations regarding expired contracts, but who enter into a CBA prior to the statute's effective date, will not be required to include the 1.5% withholding. If a district currently negotiating an expired contract enters into a new contract on or after the statute's effective date, the 1.5% withholding will be mandatorily included in the new CBA.

The law also permits future CBAs to provide for additional bargained health benefit contributions. Other important changes include enrollment in the SEHBP being limited to full-time employees whose hours of work are fixed by the governing body at not less than twenty-five (25) hours per week, and limiting all waivers filed after the effective date of the law to twenty-five percent (25%) of the savings to the Board or \$5,000.00, whichever is less.

A- 2459/S-4 Puts Restrictions on Sick and Vacation Benefits

The changes provided for in A-2459/S-4 apply “only to officers and employees who commence service...on or after” the effective date of A-2459/S-4. The law caps all school district employee compensation for unused sick leave at \$15,000. The law mandates that such payments be paid only upon retirement. The law limits the ability of school district employees to carry-over vacation leave to one (1) successive year. It terminates the sick leave injury program for employees who become injured or ill as a result of their employment. And it eliminates accidental and ordinary disability retirement for TPAF and PERS members.



The information provided here is necessarily general and is not intended as legal advice or a substitute for legal advice. If you have any questions regarding this Alert, please contact Anthony P. Sciarrillo of the EdLaw Group at edlawgroup@lindabury.com.



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Before making your choice of attorney, you should give this matter careful thought. The selection of an attorney is an important decision.

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