

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2689

STATE OF NEW JERSEY

DATED: JUNE 20, 2023

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2689.

This bill expands the definition of a child under the Police and Firemen's Retirement System (PFRS) and the State Police Retirement System (SPRS) to include the child of a deceased member that is under the age of 24 and that is enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester.

Under current law, a person is considered a child under the PFRS and SPRS if the person is:

(1) under the age of 18;

(2) 18 years of age or older and enrolled in a secondary school;

(3) under the age of 24 and enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester, provided that the member died in active service as a result of an accident met in the actual performance of duty at some definite time and place, and the death was not the result of the member's willful misconduct; or

(4) any age who, at the time of the member's or retirant's death, is disabled because of an intellectual disability or physical incapacity, is unable to do any substantial, gainful work because of the impairment and the impairment has lasted or can be expected to last for a continuous period of not less than 12 months, as affirmed by the medical board.

This bill would remove the requirement that if the child is under the age of 24 and enrolled in an institution of higher education, the child must be the survivor of a member who died in the line of duty to be considered a child under the PFRS or SPRS. This bill would permit any child of a deceased member that is under the age of 24 and that is enrolled in a degree program in an institution of higher education for at least 12 credit hours in each semester to be considered a child regardless if the member died in the line of duty or not.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that this bill will increase total costs to the State Police Retirement System (SPRS) by \$2.5 million and total costs to the Police and Firemen's Retirements System (PFRS) by \$18.8 million to \$27.5 million. The annual payment on the resulting liability is \$509,500 for the SPRS and \$3.8 million to \$5.1 million for the PFRS.

According to the most recent valuation report from the Division of Pensions and Benefits, PFRS membership is 85 percent local. As such, the OLS anticipates that \$3.3 million to \$4.4 million in annual costs will accrue to local governments and \$576,000 to \$1.3 million in annual costs will accrue to the State.

The OLS cannot predict the actual number of decedents or qualifying child beneficiaries. If the assumptions behind the analysis were to change, the potential cost implications could be less than the figures outlined above.