

**ASSEMBLY BILL NO. 3323**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Bill No. 3323 without my approval.

Assembly Bill No. 3323 would include additional pay for performing extracurricular duties beyond the regular school day or the regular school year as part of member's compensation for the purpose of calculating retirement benefits in the Teachers' Pension and Annuity Fund ("TPAF"). Under the bill, extracurricular duties include, but are not limited to, preparation for and involvement in public performances, contests, athletic competitions, demonstrations, displays, and club activities. Current law defines compensation as the contractual salary for services provided as a teacher in accordance with the established salary policies of the member's employer but does not include additional pay for extracurricular duties.

If enacted, this bill would introduce a significant change in how pensionable compensation is calculated. The longstanding law of the State is that payments for coaching or extracurricular activities are not considered pensionable in the TPAF. The prohibition on including extra compensation for performing temporary or extracurricular duties beyond the regular workday or the regular work year is a feature in all of the State-administered retirement systems, including the Public Employees' Retirement System, N.J.S.A. 43:15A-6, Police and Firemen's Retirement System, N.J.S.A. 43:16A-1, and State Police Retirement System, N.J.S.A. 53:5A-3. The prohibition is designed to protect taxpayers and the integrity of the retirement systems by ensuring that members cannot enhance or manipulate pensionable salaries to improve their retirement benefits.

I am concerned that undermining decades of established practice while also eliminating parity among the administration of the State's various retirement systems will ultimately have a negative long-term

impact on the TPAF. My Administration has taken consequential action to improve the health of the pension systems, but there remains much work to be done to better protect their stability, the expectations of their members, and the financial interests of the taxpayers of this State. We all share a responsibility to ensure that the State's retirement systems are implemented in a manner that provides peace of mind to our current and future pensioners who honorably served the public. This includes making decisions that, while difficult in the short term, will ultimately improve the long-term fiscal health of our retirement systems. Only through responsible decision-making and continued funding will we achieve our shared goal of the State's retirement systems attaining the target funded ratio required by law for the reimplementation of annual cost of living adjustments (COLAs), a top priority not just for my Administration and the Legislature, but for our dedicated public workers.

Accordingly, I herewith return Assembly Bill No. 3323 without my approval.

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Chief Counsel to the Governor