

BOARD OF EDUCATION
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May 31, 2011

Dear Employee:

On March 22, 2010, Governor Christie signed Chapter 2, P.L. 2010. This new law enacts changes to what public employees will contribute towards their health benefits.

After the law's effective date (May 21, 2010) and upon the expiration of any applicable collective bargaining agreements, all local governmental employees will have to contribute at least 1.5% of their base salary towards the cost of health coverage. Certain Harrison Board of Education employees are subject to this new law.

The current collective bargaining agreement between the Harrison Education Association and Harrison Board of Education ("HEA/HBOE Agreement") expires on July 1, 2011.

Accordingly, as of July 1, 2011, all persons covered by the last HEA/HBOE Agreement, as well as, all non-certified staff members (i.e. aides, security guards, custodians, secretaries and clerks), will have 1.5% of their base salary deducted in accordance with the new law, if that person is receiving health benefits from the district.

Since the administrator's collective bargaining agreement does not expire until July 1, 2012, all persons covered under that agreement, i.e. principals, vice-principals, administrators, will be subject to the 1.5% deduction on July 1, 2012. This letter does not apply to those persons only.

At this time, arrangements are being made by the HEA/HBOE to institute a Section 125 plan so that beginning on July 1, 2011, the 1.5% deduction may be made on a pre-tax basis for federal income tax purposes only (not New Jersey state income taxes). The plan document, summary plan description and Flexible Spending Account Compensation Reduction Agreement are available at the Board Office and online www.harrison.k12.nj.us.

PLEASE NOTE, IN ORDER TO BE ELIGIBLE FOR THIS DEDUCTION, YOU MUST COMPLETE AND SIGN THE ATTACHED FLEXIBLE SPENDING ACCOUNT COMPENSATION REDUCTION AGREEMENT AND IT MUST BE RECEIVED BY THE BOARD OFFICE NO LATER THAN JUNE 17, 2011 IN ORDER FOR IT TO BE PROCESSED FOR THE FIRST PAYROLL AFTER JULY 1, 2011.

The Section 125 plan will not cover any other Flexible Spending items. It is solely for the 1.5% contribution towards health benefits. Nothing contained herein is intended to provide tax advice to anyone. For specific tax advice you should consult with your own tax professional.

M. Christine Griffin
School Business Administrator/Board Secretary