

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): JANUARY 5, 2005

TEAMSTAFF, INC.

(Exact name of registrant as specified in its charter)

COMMISSION FILE NUMBER: 0-18492

NEW JERSEY

22-1899798

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

300 ATRIUM DRIVE
SOMERSET, NJ 08873

(Address and zip code of principal executive offices)

(732) 748-1700

(Registrant's telephone number, including area code)

CHECK THE APPROPRIATE BOX BELOW IF THE FORM 8-K FILING IS INTENDED TO
SIMULTANEOUSLY SATISFY THE FILING OBLIGATION OF THE REGISTRANT UNDER ANY OF THE
FOLLOWING PROVISIONS:

- Written communications pursuant to Rule 425 under the Securities Act
(17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17
CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13e-4(c))

1 of 2

=====

1

ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS;
APPOINTMENT OF PRINCIPAL OFFICERS

Effective January 5, 2005, Mr. Martin J. Delaney, who had served as an
independent member of the Board of Directors of TeamStaff, Inc.
("TeamStaff"), became an employee of TeamStaff. Mr. Delaney will continue
to serve as a member of TeamStaff's Board of Directors, however, such

service will be in a non-independent capacity. Accordingly, effective January 5, 2005, Mr. Delaney resigned from his service as the Chairman of the Audit Committee and as a member of the Audit Committee and the Management Resources and Compensation Committee of TeamStaff's Board of Directors. The Board of Directors intends to name the replacements for Mr. Delaney on such committees at its next scheduled meeting. The Nominating and Corporate Governance Committee has voted to recommend to the Board of Directors that Mr. Delaney be appointed a Senior Vice President of TeamStaff.

Biographical Information. Martin J. Delaney, originally joined TeamStaff's Board of Directors in July 1998. Mr. Delaney is an attorney and a prominent healthcare executive who began his hospital management career in 1971 as an Assistant Administrator at Nassau County Medical Center. He has been a director of a large regional Health Maintenance Organization on Long Island, the Hospital Association of New York State, the Greater New York Hospital Association, and chairman of the Nassau-Suffolk Hospital Council. He has been President, CEO and a director of Winthrop University Hospital, Winthrop South Nassau University Health Care Systems, and the Long Island Health Network. He has a graduate degree in health care management from The George Washington University and a law degree from St. John's University. He has been admitted to practice in New York State and federal courts. Mr. Delaney is 61 years old.

Employment Arrangements. Mr. Delaney agreed to the terms of employment on an at-will basis as set forth in an offer letter dated January 5, 2005. The following is a description of the terms of Mr. Delaney's employment:

- o Mr. Delaney's employment is on an at-will basis. Mr. Delaney's annualized base salary will be \$140,000. During the term of his employment, he will be paid incentive compensation monthly consisting of one percent of actual revenue received by TeamStaff for "covered sales." After the termination of his employment, he will continue to receive such incentive compensation for the duration of the initial term of any existing agreement between TeamStaff and the client. "Covered sales" shall include all revenue received by TeamStaff following a presentation by Mr. Delaney of TeamStaff's vendor management system and menu of services to a prospective client and the prospective client's entry into a contract for such system during the term of his employment, or any incremental increase in revenue from an existing client as a result of its entry into a contract with TeamStaff for vendor management services during the term of Mr. Delaney's employment after a presentation by Mr. Delaney.
- o Subject to Board approval, Mr. Delaney will be entitled to receive options to purchase 100,000 shares of our common stock at an exercise price equal to the closing price of our common stock on that date. The options shall vest as follows: 50,000 shares shall vest on the first anniversary of the commencement of his employment and the balance of 50,000 options shall vest on the second anniversary of the commencement of his employment.
- o In the event that Mr. Delaney's employment with TeamStaff terminates, but he either: (a) remains a director of the TeamStaff or (b) is nominated for re-election at TeamStaff's next annual meeting of shareholders but is not re-elected, TeamStaff will pay Mr. Delaney at or near the close of each fiscal year during his period of membership on the Board (or what would have been his period of membership had he been re-elected) an amount equal to the difference between (A) any amounts he receives (or would have received had he been re-elected) under the Board's then-current non-employee director cash compensation policy during such fiscal year and (B) the amount he would have received under the Board's then-current non-employee director cash compensation policy had he been Chairman of the Audit Committee and a member of the Management Resources and Compensation Committee as well as a board member during such fiscal year. Notwithstanding the foregoing, however, these payments will not be provided should he resign, die or otherwise be removed from the Board or, in any event, for any period beyond the expiration of the term of the class of directors elected at TeamStaff's next annual meeting of shareholders.

- o Mr. Delaney will be entitled to standard benefits available to TeamStaff's employees and will be subject to confidentiality, non-solicitation and non-competition obligations.

SIGNATURE

TEAMSTAFF, INC.

By: /s/ Edmund C. Kenealy

Name: Edmund C. Kenealy

Title: Vice President, General Counsel and
Secretary

Date: January 11, 2005