



NEW JERSEY ASSOCIATION OF COUNTIES

INTEREST ARBITRATION REFORM

The New Jersey Association of Counties (NJAC) recognizes the unprecedented economic times our State, local governments, and taxpayers are struggling through; and as an organization that advocates on behalf of a true regional form of government and long-time proponent of shared services and consolidation where feasible, chooses to be part of the solution.

With this in mind, NJAC endorsed the recent reduction to the property tax cap levy, provided it was supported by civil service reform; pension and health benefits reform; and most importantly, interest arbitration reform. If the Legislature fails to act on these critical initiatives, the 2.0% property tax cap levy restriction will force county governments throughout the State eliminate essential services and personnel, and drastically reduce improvements to county facilities, roads, and bridges.

As has been well documented, county governments dedicate approximately 50% of their overall budgets to salaries, wages, and health benefits. As such, NJAC will continue to actively advocate for vital resources necessary to control these costs in a more effective and efficient manner; and supports in concept SENATE, NO. 5 (*Sweeney D-3*) as a fair and significant restructuring of the interest arbitration process because it sets forth the following important reforms.

- Places a 2.0% cap on interest arbitration awards including all steps, guides, and longevity pay;
- Enforces the requirement that arbitrators take into consideration a local government's ability to pay under the new property tax cap levy restriction;
- Requires the random selection of arbitrators; and
- Enhances the education and professional responsibility standards for arbitrators.

On behalf of county governments and as a non-partisan organization, NJAC urges the Legislature and Administration to act swiftly on this critical initiative; and forward to working with the Legislature and Administration on the daunting task of making our great State a more affordable place to work, live, and raise a family. Thank you for your time and consideration, and please do not hesitate to contact the Association's Deputy Executive Director John G. Donnadio at (609) 394-3467 with any questions or concerns.