NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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OUT-OF-NETWORK

On May 22nd, NJAC and other stakeholders met with Senator Joseph Vitale *(D-19)*, Assemblyman Gary Schaer *(D-36)*, Assemblyman Troy Singleton *(D-7)*, and Assemblyman Graig Coughlin *(D-19)* to discuss the "Out-of-Network Consumer Protection, Transparency, Cost Containment, and Accountability Act." In summary, the intent of this sweeping legislation is to reform various aspects of the health care delivery system to: increase transparency in pricing for health care services; enhance consumer protections; create an arbitration system to resolve certain health billing disputes; contain rising costs associated with out-of-network healthcare services; and, measure success accordingly.

NJAC is in the process of reviewing the comprehensive measure; and, although most of the feedback to date has been positive in that the legislation would enhance employee rights and protections as patients and save an estimated $1.0 billion according to the sponsors, NJAC is concerned that the measure may initially increase the costs of health benefits plans as the bill would impose an annual surcharge on all plans to fund operation and administrative expenses of a Healthcare Price Index (HPI). In summary, the HPI would: identify and electronically publish the list of median in-network paid commercial claims for the payment range as established under the bill; and, make healthcare data available to the State to improve healthcare quality, reduce healthcare costs, and increase pricing transparency. Although in general it appears that the bill does directly apply to counties enrolled in the State Health Benefits Plan *(Atlantic, Camden, Gloucester, Hudson, Mercer, Ocean, Salem, Sussex, and Warren)*, the annual surcharge imposed by the legislation would in fact impact all health benefit plans and counties.

With this in mind, NJAC recommends two possible solutions that are under consideration: 1) use an existing federal database on medical care to eliminate the need for a New Jersey specific HPI and corresponding surcharge; or, 2) establish a New Jersey specific HPI as called for under the bill, but eliminate the surcharge, allocate a one-time State appropriation to establish the Health Price Index Fund, and dedicate monies collected from violations of the Act to the Fund for operation and administrative expenses. NJAC will also seek clarification on whether the surcharge would impact health benefit plan expenses under the looming "Cadillac Tax" for high-cost employer-sponsored health benefits coverage set to begin 2018 at $10,200 for individual coverage and $27,500.000 for all other coverage tiers.

ELECTRONIC FUND TRANSFERS

On May 15th, NJAC met with Senator Weinberg's office to discuss making **SENATE, NO. 1033** *(Weinberg D-38)* identical to **ASSEMBLY, NO. 2925** *(Lagana D-38/O'Scanlon R-13),* which passed the General Assembly on December 15th by a vote of 71-5. In summary, this legislation would authorize all local governing bodies to use electronic fund transfer technologies as the standardized form of payment to individuals and businesses.

More specifically, this legislation would authorize local governing bodies to use electronic fund technologies such as wire transfers, electronic fund transfers (EFT), prepaid debit cards, and Automated Clearing House (ACH) payments. ACH and EFT are electronic networks for financial transactions that effectively process large volumes of credit and debit transactions. As has been well documented, the benefits of using these technologies include: reduced printing and processing costs, enhanced security, increased productivity, and improved cash management. Under current law, counties, municipalities, and other local units must make payments by issuing antiquated paper checks or electronic direct deposits under certain circumstances, but lack the authority to use more modern payment options.

With this in mind, NJAC supports this important and timely initiative as it will provide local governing bodies with a wide range of contemporary payment alternatives that would streamline the bill paying process and save valuable taxpayer dollars. Although the sponsors support the provisions of the bill that would modernize the manner in which county governments pay their bills, they are concerned with a separate section of the measure that would require the State Treasurer to use prepaid debit cards under certain circumstances. In general, the sponsors are concerned with how the transaction fees levied on users of prepaid debit cards would affect individuals that do not maintain a bank account and are in the process of drafting language to address these concerns accordingly.

COUNTY IMPROVEMENT AUTHORITY FINANCING

On May 18th, the General Assembly concurred with Governor Chris Christie's Conditional Veto of **ASSEMBLY BILL NO. 3970** *(Prieto D-32),* which would allow a county vocational school district to request that a county improvement authority construct and finance a county vocational school district school facilities project that has been approved by the Commissioner of Education.

In summary, this legislation would authorize a county improvement authority to issue its bonds to finance either the local share of a project that will receive an up-front grant for the State share of the project under the Educational Facilities Construction & Financing Act (EFCFA) or the total costs of a project that is eligible to receive State debt service aid. The bill would provide that bonds issued by a county improvement authority to finance the total costs would be eligible for State debt service aid in accordance with the provisions of the Act. The bill would further provide that a county vocational school district may lease its lands or facilities to the county improvement authority which would construct the project through a design-build contract. The bill would stipulate that the provisions of the "Public School Contracts Law," and the "Local Public Contracts Law," would not be applicable to a county vocational school district school facilities project that is constructed by a county improvement authority.

Additionally, the county improvement authority would lease the county vocational school district school facilities project to the county which would then lease it for nominal consideration to the county vocational school district. The county lease payments made to the county improvement authority would not be subject to any cap on appropriations or spending or to any tax levy cap. The county lease payments must be sufficient to pay the debt service on the county improvement authority bonds that remains after the application of any State debt service aid paid on those bonds. When the bonds of the county improvement authority are no longer outstanding, the leases and liens of the county and the county improvement authority would expire and the school facilities project would be solely vested in the county vocational school district.

In summary, the Conditional Veto recommends that the bill would authorize, rather than require, the use of design-build contracts for school facilities projects. NJAC supports this change as it would provide county officials with the flexibility to select the most appropriate contracting method according to the scope of a given project. Additionally, the Conditional Veto recommends that a county improvement authority follow the Schools Development Authority design and building standards for design-build school construction projects. The Senate will likely consider the Conditional Veto at one of its upcoming voting session and the law would take effect immediately. In general, NJAC supports this legislation as it would provide county governments with an innovative financing mechanism that could streamline school facilities projects and save valuable taxpayer dollars.

PENSION AND HEALTH BENEFITS STUDY COMMISSION

NJAC has no new news to report on the recommendations of the New Jersey Pension and Health Benefits Study Commission. However, NJAC is encouraging all twenty-one counties adopt its model resolution urging State leaders to protect local property taxpayers and governing bodies by preserving the structure and integrity of the fiscally solvent local pension systems as the Legislature may take action in some manner following General Election in November.

As previously noted, NJAC is primarily concerned with the Commission's recommendation to adopt a unified State/local approach to benefits funding as the local Public Employees Retirement System (PERS) and the local Police and Fire Retirement System (PFRS) are actuarially sound as counties and municipalities have made full employer contributions as required under the law for over a decade. In fact, the local Public Employees Retirement System (PERS) is currently funded at 73.9% and the local Police and Fire Retirement System (PFRS) is currently funded at 76.9% according to the latest valuation reports. Moreover, the local pension systems are well funded and solvent. Based again on the latest valuation reports, the local pension systems hold combined actuarial valued assets of approximately $42.0 billion with estimated retirement allowances due of $3.0 billion. Although NJAC recognizes that the State must take meaningful steps to make the State government funded pension systems more affordable for taxpayers and sustainable for members, NJAC objects to any initiative that would affect, alter, or integrate the local pension systems as counties and municipalities have met their obligations as employers and the local pension systems are fiscally sound as a result.

NACo Washington Watch

On April 28th, Dauphin County Pennsylvania Commissioner and NACo board member George Hartwick discussed the importance of the U.S. Department of Housing and Urban Development's Community Development Block Grant Program (CDBG) on behalf of NACo at a congressional briefing on Capitol Hill. The briefing was hosted by the CDBG Coalition, which is comprised of twenty-one national associations including NACo and represents local elected officials, housing and community development professionals, planners, economic development entities and non-profit organizations. The CDBG Coalition held the briefing for members of congress and their staff to educate them about the importance of the CDBG program and highlight how recent funding cuts have negatively impacted local communities. CDBG funding has been cut by nearly 25% or $1 billion since FY 2010.

The CDBG program was enacted in 1974 to provide block grant funding for community development programs. The program assists urban, suburban, and rural communities to improve housing and living conditions, and expand economic opportunities for low- and moderate income persons. CDBG helps to create jobs through the expansion and retention of businesses. The CDBG program provides annual grants on a formula basis to nearly 1,200 metropolitan city and county governments and states. There are over 200 counties, known as entitlement communities that receive grants directly. Non-entitlement communities, such as rural counties, must compete for funding via the state formula allocation. Currently CDBG is funded at $3 billion. The Obama Administration's budget proposes funding CDBG at $2.8 billion for FY 2016. The House, Transportation, Housing and Urban Development Appropriations Subcommittee have included $3 billion in their bill for CDBG. NACo policy supports $3.3 billion for CDBG in FY2016 and views the House Appropriations Subcommittee mark as a good starting point. Please visit www.naco.org for additional details.

NJAC'S 65TH ANNUAL CELEBRATION OF COUNTY GOVERNMENT

Thank you to everyone who joined NJAC for our 65th annual celebration of county government where our numbers were at an all-time high, and county and business leaders from across the State had the unique opportunity to share resources and ideas at several terrific venues. Believe it or not, we've already begun planning on how to make next year's celebration even better and held a terrific post-conference committee meeting on May 26th.

Congratulations to Cape May County Freeholder Director Gerald M. Thornton for winning the "Maurice Fitzgibbons Freeholder of the Year Award," and Bruno Tirone with MRA International for earning NJAC's "Business Associate of the Year Award." We were also pleased to present County "Service Awards" to Essex County Purchasing Agent Jim Jorgensen, Somerset County Public Works Director Paul McCall, Gloucester County Jail Warden Eugene Caldwell, and Camden County Welfare Director Sean Sheekey for their hard work and commitment to NJAC and county government.

As expected, the nation's only County Vocational-Technical School Cook-Off Challenge once again stole the show as culinary art students from Bergen, Camden, Cape May, Cumberland, Essex, Hudson, Hunterdon, Mercer, Middlesex, Morris, and Passaic Counties competed for titles in taste, creativity, and food presentation. Cumberland County captured the coveted "People's Choice Award" with Cape May County earning a silver medal and Passaic County a bronze.

STATE HOUSE TRIVIA

Did you know that the Brook Trout is the official State fish and is native to the waters of New Jersey?