

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

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## STATE HOUSE NEWS

*March 3, 2017*

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### STATE FISCAL YEAR 2018 BUDGET

On February 27<sup>th</sup>, Governing Chris Christie delivered his final budget address before the both houses of the State Legislature. NJAC is in the process of analyzing the \$35.5 billion spending plan, and you may review the Budget Summary on our website at [www.njac.org](http://www.njac.org). Some highlights relevant to county government include:

#### *Transportation Funding*

- \$2.0 billion for the State's Transportation Capital Program, which includes \$400.0 million in Local Aid for counties and municipalities.
- A \$400.0 million supplemental budget appropriation in fiscal year 2017 to address bridge deficiencies and road conditions in all twenty one counties. Stay tuned for additional details.

#### *Public Safety and Criminal Justice Reform*

- \$9.3 million for 20 new judges to help implement Criminal Justice Reform
- \$1.1 million for new State attorneys and investigators to help implement Criminal Justice Reform
- \$13.0 million in new monies for the statewide 911 system

#### *Local Government*

- \$1.5 billion for general municipal aid
- \$1.43 billion for consolidated municipal property tax relief aid
- \$93.0 million for transitional aid to distressed cities
- \$6.5 million for open space Payments in Lieu of Taxes (PILOT)
- \$4.4 million for the Highlands Protection Fund

#### *Drug Addiction and Mental Health Services*

- \$64.0 million for the statewide Drug Court Program
- \$136.0 million for the Behavioral Rate Increase
- \$2.8 million for the Opioid Overdose Recovery Program

### *Public Employee Benefits*

- \$2.5 billion for the State pension systems
- \$125.0 million in assumed cost savings in public sector health benefits

### *K-12 and Higher Education*

- \$13.8 billion for general school aid, an increase of \$523.2 million from last year
- \$419.4 million for the Tuition Aid Grant Program (TAG)
- \$1.0 million for the College Readiness Now program
- \$223.7 million for county colleges

### *Health and Human Services*

- \$4.2 billion for NJ Family Care
- \$252.0 million for Charity Care for hospitals, a decrease of \$50.0 million
- \$89.7 million in new money for community placement and services for the developmentally disabled

### *Local Boards of Health*

- \$10.0 million in new money for local boards of health to identify elevated blood-lead levels in children consistent with those established by the Centers for Disease Control (CDC) and pursuant to A-3411 signed into law earlier this year.

The Governor also recommended using revenues collected from the State lottery to help fund the State's pension system with approximately \$13.0 billion, which would increase the funded ratio from 49% to 64%. Separately, the Governor proposed to establish a permanent fund from surplus monies generated by Horizon Blue Cross Blue Shield to help the State's most vulnerable population in some capacity. Finally, the Governor challenged the Legislature to present him with a new school funding formula within the next 100 days. The Senate Budget and Appropriations and Assembly Budget committees will hold hearings over the next several months to discuss the Governor's proposed budget. NJAC plans to discuss Criminal Justice Reform, Transportation Trust Funding, and 911 dispatch fees, and Fee-For-Service.

### **CRIMINAL JUSTICE REFORM**

On February 15<sup>th</sup>, the New Jersey Council on Local Mandates (NJCLM) granted the State's motion to dismiss NJAC's complaint that Criminal Justice Reform imposes an unfunded State mandate on county governments by a vote of 4-3 with two Council members absent. Unfortunately, NJCLM appeared to focus more on the new law being too important to fail and the ensuing chaos to the criminal justice system if it ruled in our favor, than on deliberating the merits of the case.

Despite NJCLM's ruling, NJAC remains steadfast that the new law will cost governments alone an estimated \$45-\$50 million to implement as counties must: hire new assistant prosecutors, investigators, sheriff officers, and correction officers; make capital improvements to court facilities and county jails; and, purchase new information technology. We plan to discuss possible next steps at our Board of Directors meeting on March 10<sup>th</sup>, and will continue to aggressively pursue legislative remedies to control costs and streamline operations that include: requiring the use of video conferencing on weekends and holidays to conduct risk assessments within 48 hours after a defendant's commitment to jail instead of leaving it to the discretion of an assignment judge; authorizing the use of Class Two special law enforcement officers to provide costly courthouse security; and, using a modest increase in certain court filing fees to offset the substantial financial burden imposed by the new law.

### **POLICE AND FIREMEN'S RETIREMENT SYSTEM GOVERNANCE**

Earlier this week, Senate President Sweeney introduced **SENATE, No. 3040**, which would transfer management of the Police and Firemen's Retirement System (PFRS) from the Division of Pensions and Benefits to the Board of Trustees of PFRS.

In summary, this legislation would vest with the board of trustees all the functions, powers, and duties for, or relating to, investment or reinvestment of moneys, and the purchase, sale or exchange of any investments or securities, of or for any funds or accounts under the control and management of the board. The Division of Investment in the Department of the Treasury currently performs these functions and duties. Under the bill, the board of trustees would make and execute agreements with private enterprises that are necessary or convenient for the management of the investments of the retirement system. The bill would require the board to hire an executive director, actuary, chief investment officer, and ombudsman. The measure would also create an Audit Committee and Actuary Committee to assist in the selection and oversight of the auditors and actuary appointed by the board, and an Investment Committee to assist in the oversight of the investments selected by the board and the management of the investments of the retirement system.

Under the legislation, the board of trustees would have the authority to establish a process for the review, approval, and appeal of applications for retirement. The bill would further provide the board of trustees with authority to modify the system's member contribution rate; cap on creditable compensation; formula for calculation of final compensation; age at which a member may be eligible for and the benefits for service or special retirement; and standards for approval, medical review policies, and benefits provided for disability retirement. The bill would also allow the board to reinstate cost of living adjustments for retirees. The bill would further allow the board of trustees to apply an adjustment to the monthly retirement allowance or pension originally granted to any member. Additionally, the measure would provide that the board may, in its discretion and at such time and in such manner as the board

determines, enhance any benefit set forth in statute for the PFRS as the board determines to be reasonable and appropriate, or modify any benefits. The bill would require all trustees, officers, and employees of the board to participate in annual ethics training on the New Jersey Conflicts of Interest Law and any other applicable law, rule, or standard of conduct relating to the area of ethics.

Additionally, the bill would require employers to pay to the board of trustees their required contribution to the retirement system on a quarterly basis. If employers do not make payment of the required amount of an employer's obligation within 30 days of the due dates, the board of trustees must notify the Director of the Division of Local Government Services in the Department of Community Affairs. Upon certification by the board to the director of an employer contribution payment being 30 days past due, the director would withhold any State aid payments that are disbursed by the Division of Local Government Services from the employer in an amount equal to the amount of the employer contribution due to the board. The director would release the State aid payments held to the employer upon certification by the board of its receipt of the delinquent employer contribution. The measure would not diminish the non-forfeitable right PFRS members have to receive the benefits provided under State law or affirmed by the State's courts. Nothing in the bill would relieve the State or local government employers of any past, present, or future obligations or their normal cost or unfunded liabilities required to be paid into the retirement system.

The measure would increase the membership of the board of trustees of PFRS from eleven to twelve members, and would further require that the trustees be elected or appointed six months after the date of enactment of the bill. Seven trustees must be present at any meeting of the board for the transaction of its business. Under the bill, the board would consist of three active policemen and three active firemen. One policeman and one fireman will be active members of the retirement system and elected by the active members of the system. The remaining active policemen and firemen will be appointed as follows: one policeman appointed by the President of the New Jersey State Policemen's Benevolent Association; one policeman appointed by the President of the New Jersey State Fraternal Order of Police; one fireman appointed by the President of the New Jersey State Firemen's Mutual Benevolent Association; and, one fireman appointed by the President of the Professional Firefighters Association of New Jersey. The board would also include one retiree from the system elected by retirees from the system.

Additionally, the Governor would appoint four trustees, who either hold, or have held, an elective public office as a mayor, member of a municipal council, or member of a board of chosen freeholders or is employed, or has been employed, by a municipal or county government as an administrator, manager, or chief financial officer to represent the interests of local government employment. The Governor would also appoint one trustee, who holds or has held a management or supervisory position in the Executive Branch of State government at the level of division director or above to represent the interests of State government. NJAC and the New Jersey State League of Municipalities

(NJSLOM) are in the process of reviewing the comprehensive measure, which is currently in the Senate State Government, Wagering, Tourism, and Historic Preservation Committee awaiting consideration.

#### **HOMELESSNESS HOUSING TRUST FUND RECORDING FEES**

On February 27<sup>th</sup>, the Assembly State and Local Government Committee second referenced to the Assembly Appropriations Committee **ASSEMBLY NO. 4132** (*Mukherhi D-33/Chaparro D-33*), which would increase the amount of the surcharge a county may levy for recording certain documents to support its Homelessness Housing Trust Fund. More specifically, this legislation would provide a county governing body with the discretion to increase the amount of the surcharge it levies for recording county documents from a minimum of \$3.00 to a maximum of \$10.00 per document to support the county's Homelessness Housing Trust Fund. Under current law, a county governing body may adopt a resolution or ordinance that levies a surcharge of \$3.00 on documents to be recorded with the county. The funds collected from this surcharge are then placed in a homelessness prevention trust fund and are dedicated to local government initiatives to address the problem. NJAC supports this important and timely legislation as it would provide county governments across with additional resources to combat homelessness. The Senate companion version **SENATE, No, 3046** (*Cunningham D-31*) is currently in the Senate Community and Urban Affairs Committee awaiting consideration.

#### **UPCOMING NJAC EVENTS AND THE ANNUAL CELEBRATION OF COUNTY GOVERNMENT**

Don't miss NJAC's next Board of Directors meeting scheduled for 9:30 a.m. on March 10<sup>th</sup> in Committee Room 4 of the State House Annex in Trenton. And, make sure to check out our website at [www.njac.org](http://www.njac.org) for details about NJAC's outstanding annual celebration of county government where we're expecting well over 500 community and business leaders from across the State.

**STATE HOUSE TRIVIA:** *Did you know* that New Jersey was the first of the thirteen original colonies to ratify the bill of rights?

*"When you reach the end of your rope, tie a knot in it and hang on."* Franklin D. Roosevelt