

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

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## STATE HOUSE NEWS

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### POLICE AND FIRE PENSION

On March 23<sup>rd</sup>, both houses passed **ASSEMBLY NO. 99/SENATE, NO. 3040** (*Prieto D-32/Sumter D-35*)(*Sweeney D-3/Kean R-21*), which would transfer management of the Police and Firemen's Retirement System (PFRS) to the Board of Trustees of PFRS. NJAC and the New Jersey State League of Municipalities (NJSLOM) oppose this legislation as the measure would inequitably vest the Board's far-reaching power with labor by a 7-5 majority.

As has been well documented, property taxpayers subsidize 70% of PFRS annual contributions while employees fund 30%; property taxpayers assume the risk of loss in PFRS as a defined benefits plan; and, counties and municipalities have met their pension obligations as employers. As such, the PFRS Board of Trustees should at a minimum be comprised of an equal number of labor and management representatives with one independent member for a total of 15 members. If the Legislature and Governor fail to amend the measure accordingly, then NJAC and NJSLOM recommend changing PFRS to a defined contribution plan where employees make greater contributions and assume a greater risk of loss. Additionally, we're urging the Legislature and Governor Christie to include in this legislation, a permanent cap of 2.0% on binding interest arbitration awards as the 2014 cap law is set to sunset at the end of the year.

The Senate previously amended A-99/S-3040 to require at least 8 votes of the "authorized membership of the board to approve any enhancement or reduction of a member benefit, other than for the activation of the now suspended cost of living adjustment for retirees, or to approve any increase or decrease in the employee contribution rate that is more than what is recommended by the actuary for the system, and for the purpose of the annual funding requirements." The bill would also vest control with the PFRS Board of Trustees, by simple majority vote, the power to invest or reinvest monies, and the power to purchase, sell, or exchange investments. Benefit enhancements that would in general require a vote of 8 members include: the process for the review, appeal, and applications for retirement; caps on creditable compensation; formulas for the calculation of final compensation; and the age at which a member may be eligible for special retirement. NJAC and NJSLOM have asked Governor Christie to conditionally veto the measure accordingly, but it's unclear at this point what action the Governor will take.

## 911 FEES

NJAC and the New Jersey Wireless Association (NJWA) have been meeting with legislators concerning the fact that the State of New Jersey has once again failed to properly allocate “911 System and Emergency Trust Fund Account” (Fund) monies to county and municipal 911 centers as recommended by federal law.

The State collects annually from consumers approximately \$120.0 million in telecommunication surcharges as “911 System & Emergency Response Fees (Fees)” and deposits these monies into the Fund. In fact, the State has collected over \$1.25 billion in fees since 2006 with only 11% of Fund monies being spent on eligible expenses under the “NET 911 Act of 2008 (H.R. 3403)” as reported by the State to the Federal Communications Commission (FCC). Since 2009, the State has failed to provide funding for eligible expenses to the local 911 centers operated by counties and municipalities across of the State, and has instead diverted Fund dollars for ineligible expenses such as funding general operating costs for the Department of Law and Public Safety. Counties and municipalities handle the vast majority of 911 service requests through the 197 local public safety answering points (PSAP), and have come to inequitably rely on the collection of local property taxpayer dollars to improve, operate, and maintain 911 systems.

Of note, FCC Commissioner Michael O’Reilly recently commented *“it is unconscionable that some states divert fees collected for legitimate and needed 911 communication capabilities to unrelated purposes, threatening the public’s safety for short-term budget relief.”* The Commissioner recommended three potential solutions to prevent states from siphoning 911 monies. The first recommendation would prohibit diverting states, such as New Jersey, from imposing 911 fees on interstate calls as the FCC maintains sole jurisdiction over interstate communication services. The second recommendation would prevent communication providers from including misrepresentations or inaccurate information on consumer bills. The Commissioner pointed out that the collection of funds above what should be spent directly on 911 services is by definition misleading to consumers. The final recommendation would ban diverting states from serving on FCC advisory committees.

In addition to the above FCC actions, congress has the power to address the misappropriation of 911 fees by either enacting tougher laws or forcing states to comply with FCC guidelines by leveraging federal grant and funding programs. With this mind, NJAC’s Board of Directors charged the Association with forming a committee to develop a strategic action plan that would require the State to properly allocate 911 Fund monies to county and municipal 911 centers. The Committee will meet later next month, and will make recommendations to NJAC’s Board of Directors’ at its meeting on June 23<sup>rd</sup>. NJAC is also encouraging all twenty-one counties to adopt a resolution urging State leaders to properly dedicate 911 fees.

## **MENTAL HEALTH FEE-FOR-SERVICE OVERSIGHT BOARD**

NJAC would like to thank Senator Joe Vitale, Senator Bob Gordon, Assemblywoman Valerie Vainieri-Huttle, and Assemblyman Daniel Benson for agreeing to add a county mental health coordinator to the “Independent Mental Health and Addiction Fee-for-Service Transition Oversight Board” under **SENATE, No. 2521/ASSEMBLY No. 4146**.

In summary, this legislation would establish the oversight board to monitor the State’s transition from a cost reimbursement system to a fee-for-service one for certain community-based programs and services. County mental health administrators play a vital role in sustaining prevention, intervention, treatment, and support services for residents with behavioral health needs across the State. County mental health administrators typically serve as the primary resource for individuals hoping to access and navigate behavioral health services. More specifically, county mental health administrators are responsible for initiating and implementing a countywide planning process, which includes: reviewing services perceived by the community as being critical to meet the needs of an identified vulnerable population; reviewing the availability of such services; responding to grievances; recommending funding allocations to agencies within the county; and monitoring service delivery.

Moreover, county mental health administrators provide services that bridge the gap between agencies, consumers, and massive State and federal bureaucracies; and as such, will provide much needed insight as a member of the oversight board. On February 13<sup>th</sup>, both houses passed S-2521/A-4146 with our recommendations, and Governor Christie is expected to sign the measure into law.

## **MONEY MARKET FUNDS**

NJAC is urging the State’s congressional delegation to support federal legislation that would address sweeping changes made by the Securities and Exchange Commission (SEC) in 2014 to the structure of money market funds.

More specifically, NJAC supports legislation that would reauthorize the use of a stable net asset value (NAV), and eliminate both liquidity fees and redemption gates for investors in money market funds. NJAC objected to the SEC’s 2014 rule changes that forced money market funds to abandon the stable \$1.00 per share price and instead established a “floating” NAV. The rule changes also imposed penalties and early redemption fees for the premature withdrawal of funds often used to meet liquidity needs. These untimely corrections to the capital markets will substantially impair county governments’ ability to manage cash reserves and obtain low-cost financing for critical infrastructure projects. Prior to the SEC’s rule changes, county governments relied on the stability of managing cash with a consistent principal value, and will now be forced to either limit the scope of vital projects or risk spending additional taxpayer dollars on financing.

## COUNTY EMERGENCY MANAGEMENT

On March 23<sup>rd</sup>, both houses unanimously passed **SENATE, No. 2538/ASSEMBLY, No. 4204 (Sweeny D-3/Singer R-30)(Mazzeo D-2/Houghtaling D-11)**, which would create a program in the Department of Law and Public Safety to distribute aid annually to county OEMs based on a county's risk exposure to natural disasters with each county receiving a minimum allotment.

NJAC strongly supports this much needed legislation as it would allow counties to apply for aid for a variety of storm readiness and preparedness objectives that may include purchasing supplies, maintaining equipment, and staging rescue operations. County OEMs are responsible for coordinating emergency responses to natural disasters, technological emergencies, and severe weather events. County OEMs work closely with municipal OEMs to ensure rapid and well-coordinated responses that avoid the duplication of services and potential breakdowns in communication. Additionally, county OEMs operate and maintain comprehensive websites for residents that contain vital information such as homeland security status, registries for family members with special needs and pets, contact information for health emergencies, how to create a family preparedness plan, and housing and shelter updates. County OEMs may also provide volunteer Community Emergency Response Team (CERT) training for residents to assist during certain emergency management operations. Governor Christie is expected to sign the measure into law.

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

Make sure to check out the schedule of professional development workshops for NJAC's 67<sup>th</sup> annual celebration of county government online at [www.njac.org](http://www.njac.org). We've put together over dozen outstanding workshops on important and timely topics such as interest arbitration, local aid allocations under the Transportation Trust Fund, addiction services, 911 funding, state mandates, and much more. The Department of Community Affairs, Rutgers, the American Planning Association, and the Board of Continuing Legal Education have certified our diverse and informative workshops for a variety of continuing education credits that include CMFO, CCFO, CPWM, RMC, QPA, CTC, RPPO, RPPS, CLE, PDH, CPC, APA and Ethics.

**STATE HOUSE TRIVIA:** *Did you know* that the great Chuck Berry's first and only number 1 hit was with "My Ding-A-Ling" in 1972?

*"I would sing the blues if I had the blues." Chuck Berry*