

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

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## STATE HOUSE NEWS

*September 29, 2017*

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### **NJAC GOALS AND OBJECTIVES**

On September 22<sup>nd</sup>, NJAC's Board of Directors adopted the following legislative goals for the 2016/17 lame-duck session, the 2018/19 legislative session, and a new Administration in January of 2018.

#### LAME-DUCK GOALS

Goals are realistic and achievable before the new Governor and Legislature take office in January of 2018.

1. Extend the 2.0% cap on binding interest arbitration awards and reinstate the health benefit requirements under Chapter 78.
2. Authorize counties to share county tax administrators.
3. Equalize the bid, pay-to-play, and prevailing wage thresholds.

#### SHORT-TERM GOALS

Goals are realistic and achievable within the two year legislative cycle; and, should be specific and tangible, so that NJAC may accurately quantify any potential cost savings or other benefits.

1. Provide counties with their fair share of fees or surcharges collected from administering 9-1-1 services.
2. Permit the use of electronic procurement for goods and services.
3. Restrict commercial entities from using the Open Public Records Act for business purposes.

#### LONG-TERM GOALS:

Goals are realistic and achievable within the first term of the newly elected Governor; and, offer viable solutions for long-standing issues that have had a negative impact on county government.

1. Reduce the costs associated with operating and maintaining county court facilities. *Long-term goals continued on next page.*

2. Streamline Civil Service laws, rules, and regulations, which includes an opt-out provision for local governing bodies.
3. Establish a dedicated source of grant funding for counties to use as seed monies to regionalize services.
4. Modernize the Local Public Contracts Law.
5. Provide counties with the option to establish a dedicated source of revenue to promote economic development and tourism.

#### **CAPS ON BINDING INTEREST ARBITRATION AWARDS**

Thank you to everyone who joined NJAC on September 22<sup>nd</sup> for a very productive press conference with the New Jersey State League of Municipalities (NJSLOM) and the New Jersey Conference of Mayors (NJCOM), where county and municipal officials from across the State and on both sides of the aisle urged the State Legislature to pass legislation that will permanently extend the 2% cap on binding interest arbitration awards before the law sunsets on December 31<sup>st</sup>. Special thanks to Hunterdon County Freeholder John King, Warren County Freeholder Ed Smith, Hardwick Township Mayor Jim Perry, and Clinton Township Mayor Janice Kovach for speaking at the event on behalf of our collective members; and to Mike Darcy, Mike Cerra, and Jack Morrissey with the NJSLOM and NJCOM for their hard work.

Following the press conference on September 28<sup>th</sup>, the Governor's appointees to the Police and Fire Public Interest Arbitration Task Force released its findings ahead of the December 31<sup>st</sup> deadline. In summary, the report chronicles the success of the 2% cap as an effective tool for controlling property taxes and recommends making the cap permanent for the reasons set forth below:

“Overall, the data shows a continual trend of reducing the number of petitions filed for interest arbitration, a reduction in the number of open interest arbitration matters, and a reduction in the number of appeals to PERC and the courts following an interest arbitration award. In short, the amendments have had a profound effect on limiting interest arbitration to a procedure of last resort, leaving it to the parties to settle labor contracts through direct negotiation and within budgetary constraints. In those cases in which one or both parties pursues interest arbitration, the data confirms that the amendments have provided for an efficient and cost-effective procedure to settle labor contracts.

Of course, in order to enable public employers to restrain increased costs within the 2% tax levy cap, public employers needed a tool to restrain increases to police and fire salaries, especially when labor disputes are submitted to interest arbitration. The data reviewed by the Task Force confirms that the 2% cap has provided that tool. Since the inception of the law, the average annual base salary increase provided in interest

arbitration awards subject to the 2% cap is 1.85%. Even in voluntary settlements to which the 2% cap does not apply, the data confirms that the cap law has had a profound effect. Indeed, the data shows that for interest arbitration cases subject to the 2% cap settled before an interest arbitration award was issued, the average annual increase to base salary was 1.80%. These numbers are a stark contrast to the average annual increases that were reported to PERC prior to the effective date of the 2010 amendments.

Not surprisingly, with the right reforms in place, the rate of property tax growth in New Jersey has declined significantly. While the cap law significantly reduced the growth of labor costs, the Governor Appointees have not uncovered any evidence that these reductions have negatively impacted crime rates or the ability of public employers to recruit qualified candidates for police and fire positions.” *You may view the entire report on our website at [www.njac.org](http://www.njac.org).*

The data contained in this report is clear and demonstrates that the 2% cap on binding interest arbitration awards has been a valuable tool for controlling public safety salaries and wages, which exceed \$1.0 billion dollars per year at the county level alone. Please note that this figure does not include health or other fringe benefits, which adds an additional burden borne by county governments of approximately \$250.0 million per year. In general, county governments dedicate approximately 50% of their overall operating budgets to salaries, wages, and health benefits for all county employees that exceed nearly \$3.0 billion dollars per year statewide. While the 2% cap on binding interest arbitration awards and the 2% cap on local government spending have helped control salary growth since 2011, employee health benefit expenses continue to rise at nearly double digit increases in some cases.

In light of the report’s findings, and with these staggering numbers in mind, NJAC is urging the State Legislature to pass **ASSEMBLY NO. 2123 (O’scanlon R-12/Schepesi R-29)**, which would make permanent the 2% cap on binding interest arbitration awards. As noted in the report, the 2% cap has leveled the playing field in negotiations between collective bargaining units and local governing bodies. In addition to effectively controlling personnel costs, the 2% cap has proven to be a critical tool for negotiating reasonable successor contracts as parties are closer to reaching an agreement from the onset of negotiations avoiding further legal and administrative costs. Failure to permanently extend the 2% cap on binding interest arbitration awards will allow arbitrators to once again award generous contracts that will force municipalities and counties to either reduce or eliminate essential services, critical personnel, and long-overdue capital improvement projects, or raise property taxes.

## PROCUREMENT PARITY

NJAC also supports as one of our lame-duck goals **SENATE, No. 728/ ASSEMBLY, No. 1118** (*Cruz-Perez D-5/Beach D-6*) (*Oliver D-34/Pintor-Marin D-2*), which would apply the local public contract bid threshold amounts to local pay to play and prevailing wage laws.

NJAC supports this common sense measure as it will promote consistency in the law and provide new opportunities for local and small businesses that struggle with the existing procurement process. Current law requires local governing bodies and businesses to comply with three separate and conflicting public procurement statutes. In general, the “Local Public Contracts Law” requires counties and municipalities to award a contract through a fair and open competitive bidding process if the anticipated goods and services exceed \$40,000.00. Additionally, the “Pay-to-Play Law” requires counties and municipalities to award a contract through a fair and open competitive bidding process if the contractor awarded said contract makes certain reportable political contributions for as a little as \$300.00. Finally, the “Prevailing Wage Law” requires contractors to register with the State and pay specific wages to its employees if the contract is expected to exceed \$2,000.00 for counties and \$15,444.00 for municipalities.

County governments have long struggled with reconciling these three conflicting laws, while local and small businesses have been impacted by its cumbersome process as they typically lack the necessary resources to comply with its many requirements. S-728 is on Second Reading in the General Assembly, and A-1118 is in the Assembly State and Local Government Committee awaiting consideration.

## SHARING COUNTY TAX ADMINISTRATORS

NJAC’s final lame-duck goal is to support **SENATE, No. 577/ASSEMBLY, No. 1644** (*Doherty R-23/Sweeney D-3*)(*Schaer D-36/Mazzeo D-2*), which would permit counties to share county tax administrators.

NJAC has long been an advocate for sharing resources and regionalization where feasible as cost effective alternatives for providing necessary and often mandated government services in a more reliable and practical manner. Over the past decade, our counties have led the way on implementing innovative programs and initiatives that have improved the level of service provided and saved valuable taxpayer dollars. Unfortunately however, several antiquated laws remain on the books and have become significant barriers to moving forward with potential cost saving initiatives.

One such example is the fact that N.J.S.A. 54:3-7(b) requires the county board of taxation in each county to appoint a full time county tax administrator. The Governor appoints all tax board members with the advice and consent of the Senate, and the State Treasurer pays their salaries accordingly. However, counties must pay for the salaries of their county tax administrator at a statewide average of approximately

\$96,500.00 per year, which does not include pension, health, or other fringe benefits. Counties must also pay for the salaries of all clerical assistants, and for the operation and maintenance of the offices for the entire tax board and administrator.

Several counties have expressed interest in sharing their county tax administrator as a meaningful cost saving measure, but have been advised that such an arrangement is prohibited by N.J.S.A. 54:3-7(b) as it again requires counties to employ their tax administrator on a full-time basis. At a time in which all local governments are struggling to make ends meet, this outdated level of bureaucracy imposes an unnecessary barrier to progressively sharing services. S-577 is currently in the Senate Community and Urban Affairs Committee awaiting consideration, and A-1644 is currently in the Assembly State and Local Government Committee.

#### **EQUAL EMPLOYMENT OPPORTUNITY CERTIFICATION**

Governor Chris Christie recently signed into **SENATE, No. 679/ASSEMBLY 4967** (*Rice D-28/Watson D-27*) as P.L. 2017, c.183, which now requires local governing bodies to certify compliance with certain federal hiring requirements when filing annual budgets.

More specifically, the new law requires local governing bodies to certify that their hiring practices comply with the “Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions” under Title VII of the Civil Rights Act of 1964, when they introduce and approve their annual budgets. The U.S. Equal Employment Opportunity Commission (EEOC) enforces Title VII of the Civil Rights Act of 1964 (Title VII), which prohibits employment discrimination based on race, color, religion, sex, or national origin. The EEOC issued the Enforcement Guidance in an effort to eliminate unlawful discrimination in employment screening by entities covered under Title VII.

#### **UPCOMING NJAC EVENTS**

Please make sure to register for NJAC’s December 8<sup>th</sup> Summit on the Opioid Crisis and Resources for Recovery; and, it’s not too late to enroll in the County Administrators Program set for October 20<sup>th</sup> and 27<sup>th</sup>. Please visit our website at [www.njac.org](http://www.njac.org) for additional details about both events.

**STATE HOUSE TRIVIA:** *Did you know* that ravens are the only birds that do not migrate south in the fall, and that they use the same nest, and mate with the same raven partner for life? Sounds awesome.

*“Men make history and not the other way around. In periods where there is no leadership, society stands still. Progress occurs when courageous, skillful leaders seize the opportunity to change things for the better.” - Harry S. Truman*