

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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STATE'S DIVERSION OF 9-1-1 FEES

NJAC and the New Jersey Wireless Association (NJWA) are pleased to announce that FCC Commissioner Michael O'Reilly will join Monmouth County Sheriff Shaun Golden, Camden County Freeholder Jonathan Young, and NJWA President Robert Ivanoff at a press conference to address the State's decade long diversion of 9-1-1 fees. This press event is set for 11:30 a.m. on June 21st at NJAC's office located at 150 West State Street in Trenton.

All county officials are welcome to join us as NJAC and NJWA will urge State leaders to comply with federal guidelines and restore critical 9-1-1 dollars to county and municipal 9-1-1 centers. As has been well documented, the State of New Jersey collects annually from consumers approximately \$120.0 million in telecommunication surcharges as 9-1-1 System and Emergency Response Fees (Fees) and deposits these monies into the 9-1-1 System and Emergency Trust Fund Account (Fund). In fact, the State has collected approximately \$1.3 billion in fees since 2006 with only 11% of Fund monies being spent on eligible expenses as recently reported by the Federal Communications Commission (FCC). Moreover, the State has failed to provide any funding for eligible expenses to local 9-1-1 centers operated by counties and municipalities and has instead diverted Fund dollars to cover general operating expenses in the Department of Law and Public Safety.

Importantly, counties and municipalities across the State handle the majority of 9-1-1 service requests through 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 9-1-1 systems. County governments alone spent approximately \$300.0 million over the last five years in capital improvements of which included facility upgrades; and, the purchase or lease of hardware and software such as telephone systems, computer aided dispatch, location mapping technology, voice recording technology, data analytics, and NextGen 9-1-1. Counties also spent an estimated \$100.0 million in 2016 on operating expenses of which included administrative cost for salaries, staff training, ongoing systems maintenance, network security costs, and IT consulting services. On the average, county governments provide some level of 9-1-1 dispatch services for approximately of 73% of the municipalities located within their borders. In

addition to restoring critical fund dollars, NJAC and NJWA are making the following recommendations: constitutionally dedicating any new 9-1-1 fees or surcharges imposed by the Legislature and collected by the State to county and municipal 9-1-1 centers; adopting the best practices outlined in the “New Jersey 9-1-1 Consolidation Study” published in 2006, which in part, calls for reducing the number of local 9-1-1 centers to streamline operations and save taxpayer dollars.

NJAC INITIATIVES

In addition to actively advocating for permanently extending the 2% cap on binding interest arbitration awards and restoring 9-1-1 funding as noted above, NJAC is also taking the initiative on several fronts, which include promoting the regionalization of services, streamlining the costs associated with the operation and maintenance of the county court facilities, modernizing the bond ordinance notification process, and funding code blue alert plans.

Regionalization of Services: Governor Phil Murphy recently appointed a shared services czar to study and make recommendations concerning shared services and consolidation. NJAC is taking this opportunity to further educate the general public and legislators on the growing role of county government as the only true regional form of government in the State. NJAC is in the process of collecting data to quantify the value of county government and present viable solutions for eliminating restrictive barriers to regionalization, consolidation, and shared services. NJAC has asked our county administrators to list the traditional municipal functions that their county is now providing at a cost savings in the aggregate to the taxpayers. Some examples may include cooperative purchasing, 911 dispatch, public health services, county police, and more. We’ve also asked the administrators to comment on the political, statutory, and other bureaucratic barriers that have prevented regionalizing, consolidating, or sharing services with municipalities or other counties. Some examples may include resistance from special interest groups, civil service laws, and other statutory impediments.

County Court Facilities: As county governments continue to struggle a restrictive property tax cap levy and mounting unfunded State mandates such as criminal justice reform and providing enhanced security at court houses, we plan to identify realistic and achievable solutions for streamlining the operation and maintenance of the county court facilities. In addition to identifying innovative cost saving initiatives, our first step is to quantify the substantial costs. As such, we’ve again asked our county administrators to provide relevant data such as total operating budget, salaries and wages, fringe benefits, operation and maintenance, debt service, and capital improvements. We plan to finalize our impact statement on regionalization and the tables and footnotes on court facility costs by the end of the month, so we may spend the summer and fall advocating accordingly.

Code Blue Alerts: In 2017, Governor Christie signed into law legislation that requires county governing bodies, through their offices of emergency management or other appropriate offices, agencies or departments, to establish plans for issuing Code Blue alerts to municipalities, social service agencies, and non-profit organizations that provide services to at-risk individuals and are located within the county's borders. In summary, the new law requires emergency management coordinators to declare a Code Blue alert after evaluating weather forecasts and advisories produced by the National Weather Service that predict the following weather conditions in the county within 24 to 48 hours: temperatures will reach 25 degrees Fahrenheit or lower without precipitation; or 32 degrees Fahrenheit or lower with precipitation; or, the National Weather Service wind chill temperature will be zero degrees Fahrenheit or less for a period of two hours or more. In an effort to address the costs associated with implementing the new law, NJAC is in the process of contacting potential sponsors for legislation that would increase the "County Homelessness Housing Trust Fund" surcharge from \$3.00 to \$5.00 and would further allow counties to utilize the Fund to implement code blue alert plans. Under current law, county governing bodies may adopt a resolution or ordinance that levies a surcharge of \$3.00 on certain documents to be recorded with the county. The funds collected from this surcharge are then deposited in a homelessness prevention trust fund and are dedicated to local government initiatives to address the issue.

Electronic Notification of Bond Ordinances: Along the lines of similar NJAC legislative initiatives that were signed into law such as authorizing local governing bodies to pay employees by direct deposit and to pay bills by electronic fund transfer technologies, NJAC is in the process of securing sponsors for legislation that would allow counties to notify municipalities by email of certain bond ordinances, which would save time, resources, money, and provide proof of receipt. Current law requires counties to provide copies of such ordinances by regular mail.

SECURING OUR CHILDREN'S FUTURE BOND ACT

On April 7th, the Senate passed by a vote of 36-1 **SENATE, No. 2293** (*Sweeney D-3/Oroho R-24*), which would authorize the issuance of \$1,000,000,000 in State general obligation bonds to provide grants for county vocational school districts and county colleges to construct and equip educational facilities for new career and technical education programs. Proceeds from the bonds would also be used to provide grants for the costs of school facility security projects at kindergarten through grade 12 schools.

In summary the "Securing our Children's Future Bond Act" would allocate bond proceeds as follows: \$450,000,000 for county vocational school district career and technical education grants; \$50,000,000 for county college career and technical education grants; and, \$500,000,000 for school facility security grants. The legislation would require the Commissioner of Education, in consultation with the Commissioner of Labor and Workforce Development, the Secretary of Higher

Education, and the Commissioner of Labor and Workforce Development to establish procedures for the review and approval of, and eligibility criteria for, career and technical education grants. The grant applicant must demonstrate how the proposed project would: increase the capacity of the county vocational school district or the county college to offer career and technical education programs; prepare students for high demand, technically skilled careers; and align with labor market demands or economic development goals. The measure would further require county vocational school districts or county colleges demonstrate the process by which it engaged employers to identify workforce needs.

Projects that meet any of the following criteria would receive priority for career and technical education grant funding: the county vocational school district or the county college offers a stackable credentials program. Such a program supports industry-recognized, short term credentials and certificates that count toward a higher-level certificate or degree, so that individuals may advance in employment and training during their careers; in the case of a county vocational school district grant, the district has entered into a partnership with a county college for the provision of career and technical education programs, and in the case of a county college grant, the county college has entered into a partnership with a county vocational school district for the provision of career and technical education programs; or the county vocational school district or the county college has entered into a partnership with an employer to provide technical education and training for current or potential employees.

Importantly note that for any career and technical education project, the county which established the county vocational school district or county college would be required to support 25% of the cost of the project, while the grant provided under the bill would support the remaining 75% of the cost of the project. The bill would further require the bond act to be submitted to the people for approval at the general election in November. NAJC supports this important and timely initiative as it would allow county vocational technical schools to expand existing facilities, purchase state-of-the art equipment, and train skilled employees in emerging industries. The companion version **ASSEMBLY, No. 3902** (*Benson D-14/Burzichelli D-3*) is currently in the Assembly Education Committee awaiting consideration.

COUNTY BOARDS OF CHOSEN FREEHOLDERS

On June 7th, the Senate was scheduled to vote on, but held from consideration **SENATE, No. 402** (*Pennacchio R-26/Van Drew D-1*), which would rename boards of chosen freeholders to boards of county commissioners, and freeholders and chosen freeholders to county commissioners.

NJAC opposes this legislation as the measure would impose an unnecessary and untimely mandate on county governing bodies across the State to update building signs,

street signs, letterheads, stationary, and other materials, equipment, or property. At a time in which county governments are struggling to make ends meet, this legislation would not help the State's only true regional form of government operate more effectively and efficiently. Moreover, given the Legislature's inaction on permanently extending the 2% cap on binding interest arbitration awards; the sunseting of employee health benefit controls implemented under Chapter 78; the State's decade long practice of diverting nearly \$1.3 billion in 9-1-1 fees; and, the restricting of SALT deductions on federal income taxes; county, municipal, and school district leaders are facing a perfect storm of uncontrollable property tax growth and substantial service cuts. Unfortunately, this legislation would not resolve any of these critical issues, all of which carry long-term consequences for property taxpayers if left unresolved.

Separately, we're also concerned with the fact that the term "commissioner" would lead to confusion with the general public and would further dilute the elected office of freeholder as the county government system already employs county park commissioners, county bridge commissioners, county tax board commissioners, county mosquito control commissioners, and more. Not to mention State cabinet, agency, and dozens of study commissioners, etc. For these reasons, NJAC opposes S-402; and, respectfully requests that members of the Senate vote no on the measure at this time. If the Legislature is compelled to act on this matter, NJAC recommends authorizing county governments to retain the autonomy to make the name change, but from "county freeholders" to "county legislators" as the latter term more accurately reflects their roles and responsibilities. The companion version **ASSEMBLY, No. 2157** (*Decroce R-26*) is currently in the Assembly State and Local Government Committee awaiting consideration and is permissive.

CNA STAFFING LEVELS

On June 7th, the Senate was scheduled to vote on, but held from consideration **SENATE, No. 1612** (*Pennacchio R-26/Van Drew D-1*), which would establish minimum ratios for the number of certified nurse aides (CNAs) to the number of residents in nursing homes.

Currently, Atlantic, Bergen, Cape May, Gloucester, Middlesex, and Passaic counties still operate nursing homes and have long-struggled with CNA staffing shortages. Although these facilities certainly appreciate the intent of the legislation and have adopted innovative strategies to deal with the shortages such as using volunteers, changing shifts, and negotiating with LPN unions to conduct certain CNA activities, S-1612 would require hiring a minimum of 9-11 new CNAs per facility at an estimated cost of \$400,000.00 - \$500,000.00 per year (*\$28,000.00 per year for the average CNA salary + \$14,000 per year for health, pension, and other fringe benefits*). County nursing homes have also struggled to find the resources necessary to maintain a consistent level of quality care residents deserve and this legislation may force these counties to sell their nursing homes as boards of chosen freeholders continue to

struggle with finding a balance between what is fair to taxpayers and what is right for the senior and disabled population. Importantly note that as a result of Managed Long-Term Care and devastating cuts to Medicaid funding, 8 counties have sold their nursing homes since 2012, while the remaining have been forced to reduce, privatize, or eliminate critical housekeeping, food, social, and other necessary services simply to make ends meet.

As has been well documented, county operated nursing homes provide a safety net of care for low income patients with medical conditions that typically prevent their admission to privately owned nursing homes. In fact, approximately 80% of patients that currently reside in county operated nursing are classified as Medicaid patients without the necessary resources to afford health insurance on their own. Unlike most privately owned nursing homes that carry a much higher percentage of private pay patients, county operated nursing homes maintain an average of 10% of its population in this capacity. Importantly, the core mission of county operated nursing homes is to provide a high standard of nursing care to residents and their families. To achieve this objective and make readily available an essential community service, county operated nursing homes retain qualified staff that offer a continuity of care as dedicated public servants. Moreover, county operating nursing homes maintain a higher than average rate of nursing hours per patient; offer comprehensive rehabilitation programs; and, provide progressive treatment initiatives with new technologies. Most notably, county operated nursing homes are committed to providing a valuable and much needed public service.

SWEENEY BILL WOULD ALTER THE WAY NEW JERSEY DISTRIBUTES SCHOOL AID

Ryan Hutchins & Linh Tat, Politico, May 31, 2018

State legislative leaders are moving forward with a bill that would dramatically change the way New Jersey distributes state aid to local school districts. State Senate President Steve Sweeney introduced a bill, NJ S2, on Thursday that would phase out adjustment aid — the so-called hold harmless provision that has allowed some districts to receive more aid than others — and eliminate growth caps so districts with growing enrollments can receive more funding. The changes would shift \$68 million from districts the state Senate president considers overfunded to some of the most underfunded ones and ensure every district receives at least 58 percent of the funding they should receive from the state. Currently, some districts are funded at 20 percent or 45 percent, he said.

The bill, Sweeney said, “gives the districts that have lost children the chance to shrink in attrition and right size. ... It gives us the chance to end the unfairness that’s going on.” Assembly Speaker Craig Coughlin is on board with the changes and plans to advance the legislation soon, according to an Assembly source who was not authorized to discuss the issue publicly. The growth cap would be eliminated immediately while the adjustment aid would be phased out over seven years. Sweeney, who until now had been seeking a five-year phase-out, attributed the change to compromising with the Assembly. “This is

not as quickly as I would like it to be, but in negotiation between houses ... we ramp it up, with, I think, minor impact, if any, at all," Sweeney said. The state Senate president said he hopes to have the bill clear the Legislature by next week.

Governor Phil Murphy said during Thursday afternoon's "Ask Governor Murphy" radio broadcast on WKXW-FM that he had not seen the legislation but that recent budget talks with legislative leaders have yielded "very good progress." Asked by host Eric Scott if the preliminary aid figures given to school districts in March would be revised, with some districts losing funding, Murphy said, "it's going to be an equitable distribution." In a statement later Thursday, Dan Bryan, a spokesman for Murphy, said the governor is committed to fixing the inequities in New Jersey's school funding, "the most notable among them being the systematic underfunding of the school funding formula over the past eight years." "But let's be clear: In order to fix the inequities in our school funding system, we need the revenues proposed in Governor Murphy's FY19 budget," Bryan stated. "The Governor and his team have been working with the Senate President and Assembly Speaker on modernizing the [school funding formula] and he looks forward to reaching an agreement soon that works for all New Jersey students and families."

Sweeney's legislation arrives about four weeks before the state budget deadline and as Murphy and lawmakers remain in a dispute over the need to raise taxes. Sweeney and Coughlin are both resisting the governor's call for higher taxes on millionaires and a restoration of the 7 percent sales tax. An agreement on school funding, which Sweeney has made his top priority, could be seen as a positive sign in the progress. The governor himself has publicly expressed optimism about reaching a budget deal by the June 30 deadline, saying he and lawmakers are in the sixth inning of the game. But Sweeney, who has clashed with Murphy since the fellow Democrat took office in January, thinks otherwise. He has been playing a tough negotiating game behind closed doors, even withholding support for an accounting maneuver that may be necessary for keeping the state's general fund from running out of cash. He told reporters at the Statehouse there's still a lot of game left to play before reaching an agreement. "We're not in the sixth inning," Sweeney said. "I've done budgets. This is my ninth budget. So I know better than anybody right now. We're not in the sixth inning." The school aid changes envisioned by Sweeney's new legislation could also factor directly into the budget talks. Districts across the state have already set their budgets for the next school year and could be hit with large revenue gaps. That could require the state to make additional aid available to avoid a financial crisis for some districts.

Enrollment growth caps, which have limited the flow of new aid to districts even as the number of pupils has grown, would go away in the 2019-2020 school year. Adjustment aid would be phased out over seven years, starting in 2018-19. The current growth caps are set at 10 percent for districts spending above their adequacy threshold and 20 percent for districts spending below it. Adequacy threshold refers to the amount of money a school system should spend to ensure every child receives a "thorough and efficient" education. Adjustment aid was applied to some districts when the state

adopted its current funding formula in 2008. The money was given to districts to shield them from a sudden sharp decline in state aid because of the change in the formula. The aid was supposed to be phased out over time, but that never occurred. As a result, some districts continue to receive money from this fund, though they're receiving more than their share of state aid.

The Sweeney bill would reduce that aid and "other overfunded categories of state aid" by 5 percent this year, 8 percent next year then 10 percent, 14 percent, 18 percent, 21 percent and 24 percent in the following years. The former Abbott districts — typically the large, urban districts — would be allowed "cap relief" for seven years so they can raise more local taxes to make up the anticipated loss in adjustment aid. A spokesman for the state's largest teachers union said the association was reviewing the latest proposal. The New Jersey Education Association has previously opposed any changes that would result in funding losses for districts. David Sciarra, executive director of the Education Law Center, which has represented former Abbott districts, said in a statement the group "adamantly" opposes any changes that would cut resources necessary for students to receive a "thorough and efficient" education.

"By slashing state aid over the next seven years, Senator Sweeney's proposal would do just that, impacting school children across the state," he stated, adding that the only recourse appears to be increasing local taxes significantly. "Before even considering this proposal, legislators must demand to know which schools will lose state aid and be unable to deliver the education their children are constitutionally entitled to receive." Sweeney's bill would also create a new category of hold-harmless aid for career-technical schools, called the "vocational expansion stabilization aid." This funding would ensure that such schools get no less than the amount they received in 2017-18, or more if the formula calls for giving them more in a given year. This exception recognizes the fact that vocational schools rely largely on the county for their aid and cannot raise taxes on their own.

PHIL MURPHY ORDERS STATE AGENCIES TO PREPARE FOR GOVERNMENT SHUTDOWN

Matt Arco & Brent Johnson, NJ Advance Media, June 1, 2018

Governor Phil Murphy's administration put New Jersey's state agencies on notice Friday that they should prepare for another state government shutdown if a state budget isn't signed by the June 30 deadline. The letter to Murphy's cabinet members, obtained by NJ Advance Media, asked them to update contingency plans for their departments.

It was sent shortly after top staffers in the state Senate and Assembly met with Murphy's senior staff Friday morning amid ongoing negotiations about Murphy's first state budget proposal -- which so far have been fraught. The meeting was tense and unproductive, according to six sources with knowledge of the event who would speak only on the condition of anonymity. One source described it as "ugly." Shortly

thereafter, Murphy's chief counsel, Matthew Platkin, ordered state agencies to submit their shutdown contingency plans to the governor by noon on June 11.

It would be the second straight year that New Jersey's government shut down over July 4th weekend because of a dispute at the budget deadline. Friday's meeting came a day after state Senate President Stephen Sweeney -- New Jersey's second-most powerful elected official -- introduced a plan to revamp the state's school funding and said he was willing to risk another shutdown to get it done. Sweeney, D-Gloucester, is also angry about a pro-Murphy ad that an independent group with ties to the governor is preparing to air. A script for the TV spot has Murphy on camera touting the accomplishments of the first five months of his administration. But Sweeney views it as putting pressure on lawmakers to agree with the governor's \$37.4 billion budget plan -- which includes \$1.5 billion in tax hikes -- when the negotiations should happen in private. Murphy downplayed the ad during an unrelated event in Woodbridge on Friday morning. "Frankly, the script looks so divisive, I wouldn't be surprised if the Russians were involved," Murphy quipped.

But Sweeney isn't laughing. He says Murphy, along with state Assembly Speaker Craig Coughlin, D-Middlesex, should be discussing the budget with each other -- not over the airwaves. "If you read the ad, it's basically saying we need to do all the things he's asking for in the budget and we need revenues," Sweeney told NJ Advance Media in a phone interview Friday. "Pretty simple. That's the stuff we should be negotiating." One source said the situation between Murphy and Sweeney -- who have had a rocky relationship thus far -- is currently "as bad as it gets." Another source said it appeared Murphy's team was manufacturing political drama with Friday's meeting. The sit-down ended shortly after Platkin, Murphy's counsel, and Kevin Drennan, the executive director of the state Senate and a top Sweeney aide, exchanged words about Sweeney's school funding plan, according to two sources. Platkin abruptly left the room out of anger, the sources said. Hours later, he released the memo warning of a shutdown. Drennan confirmed he was in the meeting but said "the characterizations that have been reported are inaccurate and overblown. I don't believe it is appropriate to be talking publicly about what transpired in private discussions," Drennan added in a statement. "Our goal is to get things done, not to create distractions."

The drama comes a year after a budget dispute between then-Gov. Chris Christie, a Republican, and leaders of the Democrat-controlled state Legislature shut down the state government for three days. State parks, beaches and agencies were shuttered over July 4th weekend. And NJ Advance Media captured widely circulated photographs of Christie lounging on the sand outside the governor's summer house at one of the closed state beaches. Now, Murphy, a Democrat, is in charge. But legislative leaders from his own party disagree with his first state budget proposal. They have pushed back against Murphy's plans for a new tax on millionaires and reverting the state sales tax from 6.625 percent back to 7 percent to increase funding for education, transportation

and more. Legislative leaders are considering crafting their own budget with no millionaires' tax or sales tax increase to send to Murphy, according to multiple sources. It would include Sweeney's school funding plan, legislative add-ons that Murphy nixed and additional money for homestead rebates.

If Murphy and the Legislature don't agree to a budget by June 30 -- the end of the fiscal year -- that will trigger another shutdown. And the way it stands now, state parks and beaches would be closed again. A bill being considered in the Legislature to keep them open amid another shutdown has not passed yet and it's unclear if it will by the end of the month. The bill, introduced last year, would require those sites to remain open for seven days in the event of a shutdown.

UPCOMING NJAC EVENTS AND THE ANNUAL CELEBRATION OF COUNTY GOVERNMENT

Don't miss NJAC's next Board of Directors meeting set for 9:30 a.m. on June 29th in Committee Room 4 of the State House Annex in Trenton where the Board will discuss the State's continued diversion of 9-1-1 fees, caps on binding interest arbitration awards, and much more. And, we look forward to seeing you at NJAC's Annual Night at the Ballpark on July 26th to watch the Portland Sea Dogs take on the Trenton Thunder at Arm & Hammer Park in Trenton. This event is free for county officials, but space is limited, so check out our website at www.njac.org for additional details.

STATE HOUSE TRIVIA: *Did you know* that triple-crown winner Secretariat is largely known as the greatest horse in Belmont Stakes history as its winning time of 2:24 set a world record and won the race by a staggering 31 lengths.

"A perfect summer day is when the sun is shining, the breeze is blowing, the birds are singing, and the lawn mower is broken." James Dent