

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

BRENDAN GILL
NJAC President
Essex County Freeholder

JOHN G. DONNADIO
Executive Director

STATE HOUSE NEWS

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PFRS BENEFIT ENHANCEMENTS

On December 16th, the General Assembly passed by a vote of 71-0-6 **ASSEMBLY, No. 6024 (DeAngelo D-14/Chaparro D-33)**, which would provide for a retirement allowance after 20 years of service regardless of age for members of the Police and Firemen's Retirement System (PFRS).

NJAC strongly opposes this legislation as the Office of Legislative Services (OLS) has concluded that the measure will *"have a significant, indeterminate fiscal impact, likely in the hundreds of millions of dollars, on both the State and local portions of the PFRS pension funds and the unfunded liability costs that would be charged to the State and local government entities to fund the unfunded liability created by the bill. The main driver of the costs associated with this bill are the acceleration costs associated with early retirements. Acceleration costs occur when the payment of a pension either increases, is extended for a longer period of time than originally assumed unfunded, or both. The bill will increase the annual actuarially determined (required) contribution to the PFRS in order to fund the actuarial liability created by the bill. As such, the early retirement allowances created by this bill and paid out of the pension fund are funded over time by increased State and local public employer normal contributions and unfunded liability contributions."*

Funded entirely by property taxpayer dollars, county and municipal governments across the State spent an estimated \$913.0 million in 2018 to subsidize PFRS, while employee members contributed approximately \$334.0 million into the defined benefit plan. In other words, property taxpayers financed over 73.0% of PFRS in 2018, while members contributed 27.0%. Importantly note that as defined benefits plan, employee contributions are statutorily capped at 10% of the employee's annual salary, whereas employer contributions are based on actuarial recommendations and increased to 31% of the employee's annual salary in 2019. If there's a shortfall in funds due to benefit enhancements as is the case here, the underperformance of investments, or other factors, counties and municipalities bear the risk of loss and must make up the difference accordingly. With no relief in sight to the highest property tax burden in the land, New Jersey residents simply cannot afford the significant benefit enhancements this legislation would provide PFRS members.

Under the bill, a member of the PFRS who is enrolled before or after the effective date of this bill may retire after the effective date of this bill, regardless of age, upon attaining 20 or more years of service credit and receive a retirement allowance equal to 50 percent of the member's final compensation. Under current law, a member must be 55 years of age or older to retire on a service retirement allowance of 50 percent of final compensation upon attaining 20 years or more of service credit. In addition, a 1999 law permitted members, who were already enrolled in PFRS at that time, to retire at any age with 50 percent of final compensation upon attaining 20 or more years of service credit. This bill extends the annual retirement benefit of 50 percent of final compensation after 20 or more years of service to all PFRS members regardless of enrollment date and regardless of age at retirement. The Senate Budget and Appropriations Committee is likely to consider the companion version **SENATE, NO. 4297** (*Lagana D-38/Gopal D-11*) before the end of this legislative session, where NJAC, the New Jersey State League of Municipalities (NJLM), and the Government Finance Officers Association of New Jersey (GFOA) will make sure to oppose the measure.

VOTE-BY-MAIL

As previously reported, on November 15th, the New Jersey Council on Local Mandates ruled in favor of NJAC and held that the 2018 and 2019 vote-by-mail laws constituted unfunded mandates in violation of the law. As such, the Council concluded that the laws *“shall cease to be mandatory in their effect and shall forthwith expire.”*

More than a week following the Council’s Decision, the Attorney General’s office filed a Motion for Reconsideration based on a certification from the Division of Budget and Accounting that the \$2.0 million appropriated by the Legislature pursuant the 2019 vote-by-mail law, and placed into reserve by Governor Murphy upon signing of the bill, was readily available. NJAC objected to the State’s motion, and the Council unanimously concurred with the Association and dismissed the motion accordingly. The Council further held, in part: *“we add the following for the guidance of future litigants before the Council, First, there is no provision in the Rules of Procedure that permits the filing of a Motion for Reconsideration. There is no such Rule because the decisions that strike down a Legislative Act, signed into law by the Governor, cause that law to “cease to be mandatory in effect and expire. “N.J. Const., Art VII, Section II Para. 2(5)(a). Next, neither the Constitution nor any statute provides the Council with the power or authority to revive or resurrect a law that has been declared to be an unfunded mandate. Only the Legislature, by passing a new version of the law with appropriate funding and having it signed by the Governor has the ability to do so.*

Following the Council’s latest decision, Senator James Beach (*D-6*) introduced **SENATE, NO.4315**, which would create a fund to reimburse counties for the costs of certain main-in ballot procedures and would appropriate \$4.0 million. In general, the measure would establish a fund to reimburse counties for the costs of implementing the 2018 and 2019 vote-by-mail laws that required the county clerks to provide mail-in ballots for all future elections to all voters who voted-by-mail in the 2016 general election and for any

election in 2017 and 2018. The bill would require an annual appropriation to the new fund for each State fiscal year. Additionally, the measure would appropriate in the current State fiscal year, \$4.0 million from the State's General Fund, for deposit into the new fund to reimburse counties for the additional direct costs incurred for administering the 2018 and 2019 vote-by-mail laws. S-4315 is currently in the Senate State Government, Wagering, Tourism & Historic Preservation Committee awaiting consideration and NJAC is in the process of reviewing the measure.

CODE BLUE 32

On December 12th, NJAC testified before the Assembly Appropriations Committee in opposition to **S-3422/A-6056** (*Singer R-30/Kean R-21*)(*Houghtaling D-11/Downey D-11*), which would require counties to declare a Code Blue alert when the National Weather Service (NWS) Predicts the temperature to be 32 degrees Fahrenheit or lower.

Although NJAC commends the sponsors for their efforts to provide comfort for at-risk individuals during severe weather events, this legislation does not contain a funding mechanism or State appropriation to offset the costs associated with extending the 2017 law that counties, municipalities, social service agencies, and non-profit organizations have struggled to implement. As you may recall, in that year, 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 0 degrees Fahrenheit or less for a period of 2 hours or more.

Although certainly well intended, this legislation would establish an even greater financial burden to the 2017 law that would make issuing a Code Blue alert more costly and difficult to implement, manage, and sustain. In fact, setting the parameters for issuing a Code Blue alert at 32 degrees Fahrenheit or lower would double the amount of Code Blue nights and would lead to increased costs as noted above, depleted staff and resources, and fatigued volunteers. For these reasons, and considering the several pieces of legislation that affect issuing Code Blue and Code Red alerts intended to provide comfort for at-risk individuals during severe weather events, NJAC has adopted as one of its top legislative priorities, establishing a task force to study and recommend Code Blue and Code Red alert best practices and guidelines that would establish: 1) reasonable temperatures for issuing Code Red and Code Blue alerts; 2) clearly defined roles for counties, municipalities, social service agencies, non-profit organizations, and

other volunteers; 3) the appropriate use of facilities, staffing levels, fire codes, permits, and other resources; and, 4) a permanent and steady source of funding to offset the costs associated with issuing Code Red and Code Blue alerts.

The task force should include representatives from the following county affiliated organizations: the New Jersey Association of Counties, the New Jersey Association of Human Service Directors, the New Jersey Association of County Emergency Management Coordinators, The New Jersey Association of County Welfare Directors, the New Jersey Association of County Mental Health Administrators, and the New Jersey Sheriff's Association. The task force should also include representatives from the New Jersey State League of Municipalities, the New Jersey Department of Human Services, the New Jersey Department of Community Affairs, the New Jersey Office of Emergency Management, the Office of the State Treasurer, appropriate social service and non-profit organizations, and legislators from both houses and on both sides of the aisle. In general, the task force may meet in person at least (4) times and must deliver a final report to the Legislature within (1) year.

The intent of this important and timely task force would be to establish uniformity in the law that should help provide adequate shelter for homeless individuals during inclement weather in conjunction with existing programs that support permanent housing and self-sufficiency. Although the Committee favorably reported the bill, the General Assembly has asked NJAC to collect data on how this legislation would impact counties and municipalities before it takes any final action during lame duck.

HEPATITIS B & C TESTING

Thank you to Assemblyman Verrelli, Assemblyman Greenwald, and Assemblywoman Sumter for taking the time to discuss with NJAC and the New Jersey County Jail Wardens Association (NJCJWA) our concerns with **ASSEMBLY, No. 5832**. In summary, this legislation would require State and county correctional facilities to offer inmates hepatitis B and hepatitis C testing upon confinement but would not require an inmate to submit to such testing.

Although NJAC commends the sponsors for addressing an important public health issue, NJAC is concerned with the practicality of implementing this legislation in our county jails and with the costs of mandating the testing of inmates for hepatitis B and hepatitis C. In general, State prisons house inmates convicted of crimes following a trial, while approximately 85% - 90% of the statewide county jail population is comprised of inmates awaiting trial or their first appearance after being issued a warrant for their arrest. County jails process and house an estimated 10,000 to 12,000 inmates on any given day with an average length of stay between 5 - 18 days depending on the county. Additionally, between 25% - 40% of the above noted county jail population is now comprised of defendants awaiting their first appearance, which is a hearing held between 24-48 hours of a defendant being taken into custody at a county jail. At this hearing, the court will determine to either release the defendant with certain pretrial

conditions or detain the defendant pending trial. Under Criminal Justice Reform, most defendants fall into the latter category and are released from a county jail within 48 hours after confinement.

For these reasons, NJAC is respectfully requesting that the sponsors amend this legislation to eliminate county jails from its requirements or provide a funding mechanism to offset the certain costs associated with offering blood testing for hepatitis B and hepatitis C upon an inmate's confinement to a county jail. On December 16th, the General Assembly passed A-5832 by a vote of 72-4-1; and, the companion version **SENATE, No. 4148** (*Vitale D-19/D-33*) is currently in the Senate Law and Public Safety Committee awaiting consideration.

LANDFILL GAS TO ENERGY FACILITIES

Although the General Assembly concurred with Governor's Murphy's conditional veto of **ASSEMBLY, No. 3726** (*Kennedy D22*)(*Smith D-17/Bateman R-16*) on December 16th, the Senate did not any action on the measure as requested by NJAC.

In summary, this legislation would require large food waste generators to separate and recycle food waste under certain circumstances. After nearly five years of advocacy, in February of 2018, the Senate Environment and Energy Committee recognized the need to hold harmless and exempt existing landfill gas to energy facilities (LGTE) that committed considerable public resources to cutting edge recycling and solid waste management activities and amended the bill accordingly. Last minute amendments to the bill approved by the Legislature in June of 2019 provided similar protections to resource recovery facilities that utilize certain anaerobic digestors. Although NJAC has not taken a position on the latter changes, environmentalists strongly oppose the last-minute exemption but have remained neutral on the LGTE exemption.

As has been well documented, Atlantic, Burlington, Cape May, Cumberland, Middlesex, Ocean, Monmouth, Salem, and Sussex counties have invested substantial taxpayer dollars into state of the art LGTE facilities that utilize methane gas produced from decomposing organic food waste to generate renewable Class One electricity under the "Electric Discount and Energy Competition Act." NJAC is concerned that the Governor's conditional veto would ultimately divert critical volumes of decomposing organic food waste from county LGTE facilities and adversely affect the quality and quantity of the gas relied upon – jeopardizing their economic viability. As such, NJAC is asking counties with LGTE facilities to contact their senators and let them know that the conditional veto of A-3726 would cause irreparable harm to county LGTE facilities that have dedicated valuable property taxpayer dollars to cutting edge energy producing, recycling, and solid waste management activities.

CERTIFIED NURSE AIDES

On December 12th, the Assembly Appropriations Committee was set to consider, but held **SENATE, No. 1612/ASSEMBLY, No. 382** (*Stack D-33/Gopal D-11*)(*Jiminez D-32*), which would establish minimum ratios for the number of certified nurse aides (CNAs) to the number of residents in nursing homes.

NJAC opposes this legislation as Atlantic, Bergen, Cape May, Gloucester, 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, this legislation 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 because 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.

MISAPPROPRIATION OF 911 FEES

On December 10th, NJAC's 911 Fees Committee meet to adopt its action plan to secure grant funding for county 911 centers and plans to take the following steps:

- **DATE COLLECTION:** NJAC will collect and summarize data from all 21 counties to quantify the cost to taxpayers of the State's continued diversion of 911 fees. This data will include county investments for 911 enhancements, infrastructure upgrades, system integration, ongoing maintenance, and more.
- **COALITION BUILDING:** NJAC will to continue to partner with New Jersey Wireless Association (NJWA) and engage additional stakeholders such as the New Jersey State League of Municipalities (NJSLOM), the Sheriff's Association of New Jersey (SANJ), and other entities that represent first responders.
- **POSITION STATEMENT:** NJAC will develop a general position statement that will address the State's continued diversion of 911 fees, emphasize the resulting public safety crisis, highlight the loss of federal grant funding, and discuss the cost savings and effectiveness of county and regional 911 centers.

- **GRASSROOTS ADVOCACY:** NJAC will meet and share our position statement with the Governor's office, legislative leaders, budget committee members, and the State's congressional delegation – with an immediate request to meet with Congressman Frank Pallone. NJAC will also testify before the budget committees in both houses.
- **PUBLIC RELATIONS CAMPAIGN:** NJAC will kick-off its public relations campaign with a press conference following the Association's January 24th swearing-in of Cape May County Freeholder Marie Hayes as President in 2020. NJAC will also embark on a targeted public relations campaign by using both traditional media and social media platforms through Facebook, LinkedIn, and Twitter.

SHARING SERVICES HAS SAVED MONEY FOR NJ LOCAL GOVERNMENTS: WALL STREET ANALYSIS

Ron Marsico, NJ Spotlight, December 20, 2019

Pooling services has reduced costs for New Jersey's municipalities and counties, while maintaining service levels and preserving resources, Moody's determined in a research report issued this week. Moody's specifically found: "New Jersey local governments will continue to curb expense growth and save money via shared services agreements in an environment of rising costs and declining appetite for raising taxes."

The finding is a boon to New Jersey's "home rule" advocates, who have pushed shared services to reduce costs and limit property tax increases, without forcing actual reductions in the number of municipalities, school districts and police departments in the state. Moody's found prime areas "to benefit from economies of scale" by shared services agreements in public works, procurement, community colleges, health services and jail operations. "I think shared services in New Jersey are becoming more popular and publicized, given revenue constraints on the property tax side," said Susanne Siebel, associate lead analyst at Moody's. "The main takeaway is this is an opportunity for cost savings," added Siebel, who worked on the study.

Melanie Walter, the state Department of Community Affairs director of local government services, said the DCA has seen nearly 800 new shared services agreements in New Jersey this year, compared to a range of 300 to 400 new deals in prior recent years. "We have the opportunity here to maintain the integrity of local units ... but also (so) that we're not duplicating services unnecessarily," said Walter. The DCA views shared services as a key way to help reduce property taxes in New Jersey, which are considered among the nation's highest, averaging \$8,690 in 2017. A key example, cited by Moody's, is a joint effort by Gloucester County and surrounding counties to provide correctional services in recent years, saving more than \$21 million in fiscal year 2018.

"Shared services agreements for correctional facilities provide a particular financial benefit because of the heavy costs related to the facilities," Moody's determined. "Operations require around-the-clock personnel who receive high salaries, overtime pay and costly benefits. The need for capital investment is also ongoing." Moody's also pointed to shared health service operations by Passaic County and its municipalities as

an example of localities receiving better services, even if savings are not significant. “I think there’s also just a lot of opportunities at the moment for shared services,” said Douglas Goldmacher, an assistant vice president-analyst for Moody’s, who also worked on the report.

Gov. Phil Murphy has wholeheartedly endorsed shared services agreements among counties, municipalities and school districts. In November 2018, the Murphy administration established an online Shared Services Portal, which gives local officials an array of ways to increase such agreements through feasibility studies, direct connections to administration experts and information on sharing programs. “It is imperative for New Jersey’s 565 municipalities to collaboratively pursue shared services so they can operate more efficiently and ensure better delivery of services for our residents,” said Murphy in a statement on the portal. Also last year, former mayors Nicolas Platt and Jordan Glatt were appointed shared services “czars” by Murphy to help promote the concept throughout the state. Local government officials can seek more information on reducing costs through shared services by reaching out to sharedservices@nj.gov, where Platt and Glatt also can be reached.

“I think local governments ... are always looking for reducing costs and increasing efficiency,” said Mike Cerra, assistant executive director of the New Jersey State League of Municipalities. “Shared services is one tool. It’s not the panacea.” Some have recommended less voluntary means to reduce government and costs in the Garden State. Last year, state Senate President Stephen Sweeney (D-Gloucester) put together a task force of experts on fiscal policy. Their recommendations included mandating consolidation like merging K-9 and smaller school districts and forcing municipal courts with smaller caseloads to consolidate. But such efforts can be difficult from procedural, logistical and perceptual standpoints, said Mike Cerra. He recalled a resident who voiced concern that she would no longer know her local police officer, once Princeton Borough and Princeton Township finally completed their merger. “I think the biggest obstacle in many cases to shared agreements is civil service,” said Cerra, noting the difficulties for example of consolidating public works services between towns with civil service employees and those without.

Following World War II, New Jersey state government implemented a civil service — or merit-based — hiring system to limit patronage. Most counties and municipalities followed suit via referendum, but others did not. Debate over consolidation and regionalization in New Jersey has spanned decades. Outgoing Gov. Jim Florio, in his final address to a joint legislative session shortly before leaving office in January 1994, called for sharply curtailing “home rule” and advocated regionalization as a way to reduce property taxes. “It’s time to stop living a fantasy where we think ‘small is automatically better,’ when, in fact, the price we pay is the duplication and inefficiency of maintaining 611 school districts and 567 totally independent municipalities, awash in administrative redundancy,” said Florio in his speech. “The bottom line cries out for more cooperation, coordination, and, yes — regionalization.” Regionalization, however, has been slow over the past quarter century: Today New Jersey has 565 municipalities — only two fewer

since 1994 — and 585 school districts, down 26 districts in the same period. The Murphy administration, however, has its sights on shared services rather than consolidation. Walter of the Department of Community Affairs noted, “I think the focus is more on that centralization of service provisions.”

UPCOMING NJAC EVENTS: Please join us at 10:00 a.m. on January 17th at NJAC’s office in Trenton for the Association’s Annual Conference Committee Kick-Off meeting as we begin planning for our 70th annual celebration of county government. And, don’t miss our Reorganization Meeting scheduled for 11:00 a.m. on January 24th where Cape May County Freeholder will become the Association’s 79th President

TOP 5 CHRISTMAS MOVIES

- 5) ELF
- 4) ROCKY
- 3) KING KONG from 1933
- 2) THE GODFATHER
- 1) A CHRISTMAS STORY

TOP 5 CHRISTMAS SONGS:

- 5) ALL I WANT FOR CHRISTMAS IS MY TWO FRONT TEETH, *Spike Jones and his City Slickers*
- 4) HERE COMES SANTA CLAUS, *Elvis Presley*
- 3) RUDOLPH THE RED NOSED REINDEER, *Burl Ives*
- 2) WHITE CHRISTMAS, *Bing Crosby*
- 1) BLUE CHRISTMAS, *Porky Pig*

THE 12 DAYS OF CHRISTMAS AT MY HOUSE

- 12 very bad words hanging Christmas lights from my roof in the freezing cold
- 11 shots of Fire Ball by Uncle Marc at our Christmas Eve party
- 10 mean and nasty looks by Mrs. Donnadio because Uncle Marc had 11 shots of Fire Ball
- 9 too many presents for each of our five spoiled rotten grown \$#% children
- 8 more very bad words making sure the real Christmas tree is straight
- 7 times the power went out because there’s Christmas lights everywhere
- 6 dishes of fish on Christmas Eve instead of 7 and I don’t know why
- 5 more shots of Fire Ball by Uncle Marc - and a few by me
- 4 crummy presents I bought with Kohl’s bucks that Mrs. Donnadio will return
- 3 pounds of braised short ribs stolen by the damn dog
- 2 times I lost cell service while wishing my mother-in-law a Merry Christmas
- 1 day before Christmas and I haven’t been to Kohl’s yet

“The presents belong under the damn tree.” An angry 5-year old Nicholas Donnadio while grabbing hold of my fake beard as I placed a present under his pillow dressed as Santa Clause after we thought he was fast asleep on Christmas Eve.