

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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ENDING 911 FEE DIVERSION NOW STRIKE FORCE

NJAC is urging the United States Congress to adopt the "Report and Recommendations" of the "Ending 911 Fee Diversion Now Strike Force" (911 Strike Force) established by the Federal Communications Commission (FCC) as the State of New Jersey continues to reign as the worst offender of diverting 911 fees in the entire nation. In addition to creating a public safety crisis and imposing a system of "double taxation" on residents, the 911 Strike Force concluded that:

- 911 fee diversion negatively impacts the ability of the public to access emergency assistance via reliable 911 services and technology.
- 911 fee diversion negatively impacts public safety, 911 operations, first responders, and the fiscal sustainability of 911 service.
- 911 fee receipts and expenditures should be distinguishable and auditable to ensure 911 fees are used for eligible activities directly related to the provision of 911 services.
- 911 systems require significant capital and recurring operational investments to accomplish the mission.

The 911 Strike Force further concluded that *"one of the most recognizable impacts of fee diversion is insufficient resources to support day-to-day operations, which prevents public safety answering points (PSAPs) from achieving and maintaining proper performance and operational service."* Moreover, *"911 is a complex system of critical infrastructure that is designed to process emergency communication. The lack of relevant and enhanced technology could be catastrophic and 911 fee diversion may result in: inadequate funding to plan, implement, and transition to NextGen 911 Technologies while simultaneously funding the legacy system until it can be decommissioned; inadequate funding for the integration of emerging technologies such as text-to-911 and wireless location accuracy applications, inadequate funding for the implementation of telecommunicator resources such as integrated call handling protocol software; the inability to maintain or replace end-of-life equipment; and, the lack of integration with key systems and ability to optimize features."*

Local governments as first responders, handle the vast majority of the State's 911 calls through local PSAPs and have come to inequitably rely on the collection of local property taxpayer dollars to improve, operate, and maintain 911 systems. County governments alone spent an

estimated \$175.0 million over the last several years on capital improvements for facility upgrades, telephone systems, computer aided dispatch, location mapping technology, voice recording technology, data analytics, and NG911 upgrades. Counties also spend an estimated \$100.0 million per year on general operating expenses for salaries, staff training, system maintenance, network security. With this mind, NJAC fully supports the following remedial recommendations of the 911 Strike Force:

- State agencies that divert 911 fees should be subject to fines, penalties, and be ineligible for public safety spectrum FCC license renewals, modifications, or new licenses until the FCC determines that the diversion has been remediated.
- State agencies that divert 911 fees should be ineligible for federal grant funding that includes 911 as an eligible expense.
- State agencies that divert 911 fees with an obligation to serve as the State Administrative Authority shall pass 100% of the remaining grant funding through to the local agencies after covering authorized administrative costs.

For the record, the State of New Jersey collects annually from consumers approximately \$123.0 million in telecommunication surcharges as 911 System and Emergency Response Fees (Fees) and deposits these monies into the 911 System and Emergency Trust Fund Account (Fund). In fact, the Garden State has collected approximately \$1.5 billion in Fees since 2006 with only 11% of Fund monies being spent on eligible expenses. Moreover, the State has failed to provide any funding for eligible expenses to local 911 centers operated by counties and municipalities and is the only state in the nation that doesn't share 911 monies. Instead, the State has annually diverted over \$92.0 million in Fund dollars to cover general operating expenses in the Department of Law and Public Safety. You may review the "Report and Recommendations" of the 911 Strike Force in its entirety at www.fcc.gov and stay tuned for additional details about NJAC's April 5th press conference on this important and timely matter.

LOCAL EMPLOYER PENSION PAYMENTS INCREASE AGAIN

Despite fulfilling their fiduciary duties for more than a decade, booming pension investment returns in 2021 of nearly 22%, and full pension payments for the first time in 25 years in the FY 2022 State budget, local government employers across the State will once again experience significant increases in total pension contributions in 2022.

County governments in particular are responsible for paying bills with increases from 3.2% to 10.5% in total pension contributions, which the New Jersey Division of Pension and Benefits (Division) generally defines as the sum of "normal costs" and "unfunded liability." With respect to normal costs, which the Division defines as the present value of benefits that have accrued on behalf of the members during the valuation year, county governments will see increases between 9.2% - 17.0%. Additionally, county governments will see a 2.4% - 10.0% increase in the unfunded liability, which the Division defines as the employer's share of the pension system's total unfunded actuarial liability amortized over a 30-40 year period. NJAC is happy to

share its data that summarizes the increases in contributions by county governments to the Public Employees Retirement System (PERS) from 2021 to 2022 and from 2020 to 2021 upon request and that all referenced materials may be found on the Division's website at www.state.nj.us/treasury/pension.

Even using new math, the numbers are difficult to justify. As noted above, for more than a decade, counties and municipalities have met their pension obligations as employers while the State of New Jersey has historically underfunded the pension systems in varying degrees since 1996 creating one of the worst publicly funded retirement systems in the nation. Even more alarming for local government employers is the fact that the funded ratio of PERS in 2022 for the Local Part is 67.1% with the State Part funded at 31.2%, and the combined rate a disconcerting 52.0% far below the target funded ratio of 75.0%. As such, NJAC submits that the State of New Jersey must take proactive measures to reform the pension systems with real solutions that pay off existing deficits and do not affect, dilute, or divert local pension system assets. In theory, total pension contributions and the unfunded liability of local government employers should be decreasing but it instead appears that the State is using property taxpayer dollars to subsidize its long mismanagement and underfunding of pension system.

OPIOID RECOVERY AND REMEDIATION FUND

On February 28th, the Senate Budget and Appropriations will consider **S-783** (*Singleton D-7/Beach D-6*), which would establish the Opioid Recovery and Remediation Fund; the Opioid Remediation Fund Advisory Counsel; and would further provide funds received from the opioid settlements to support substance use disorder prevention and treatment programs.

In general, the measure would establish a framework concerning funds resulting from the resolution of lawsuits brought by the State against opioid manufacturers, opioid distributors, and pharmacies, including settlement agreements and bankruptcy plans that resolve any outstanding legal claims. Specifically, the bill establishes a dedicated, non-lapsing fund, to be known as the "Opioid Recovery and Remediation Fund" and would require the State Treasurer to deposit into the fund the State's share of moneys received as a result of the resolution of litigation concerning the opioid epidemic. Moneys paid to counties or municipalities or allocated for attorneys' fees, costs, and related litigation expenses would not be considered to be part of the State's share of moneys received as a result of a national opioid litigation resolution.

Moneys in the fund may only be dedicated and used for certain enumerated purposes outlined in the bill, including: providing treatment to people with opioid use disorders, as well as any co-occurring substance use disorder or mental health conditions; providing recovery support to the person and the person's family; engaging in opioid use prevention efforts; assisting with avoidance of and transition from the criminal justice system for people with opioid use disorders and co-occurring conditions; providing services specific to pregnant people and parents who have an opioid use disorder; promoting appropriate prescribing practices for

opioids; working to prevent and reduce opioid overdose deaths; training law enforcement concerning safe drug handling; promoting wellness for first responders experiencing trauma from responding to opioid emergencies; supporting initiatives to abate the opioid epidemic; administrative expenses; and supporting any strategies as may be required under an opioid litigation resolution.

The Department of Human Services (DHS) would be designated the lead agency for the State for purposes of directing the disbursement, allocation, monitoring, and use of the State's share of opioid litigation resolution moneys. The DHS would be required to disburse moneys from the fund in consultation with the Opioid Recovery and Remediation Fund Advisory Council established under the bill, with an emphasis on supporting programs and strategies that are evidence-based or evidence-informed and with consideration given to providing equitable access for underserved communities. The disbursement and use of the funds would be subject to any terms and conditions in the opioid litigation resolution that resulted in the State receiving the funds, as well as any applicable agreements entered into with counties and municipalities concerning the use of opioid litigation resolution funds. bill specifies that moneys received from an opioid litigation resolution will supplement, and not supplant, funds that otherwise would have been used to carry out the purposes outlined in the bill, and no amount of those moneys may be used to reimburse the State or any of its counties or municipalities for past expenditures.

Additionally, the bill would establish the Opioid Recovery and Remediation Fund Advisory Council, which would be charged with providing the DHS with general recommendations on the allocation of opioid litigation resolution funds, as well as policy modifications necessary to maximize the use of those funds. In carrying out this purpose, the council will provide the DHS with data concerning access to substance use disorder prevention and treatment programs and recovery services and solicit feedback from stakeholders, local providers, and advocates regarding the services needed to prevent and treat substance use disorders across the State. The Attorney General, in consultation with the Commissioner of Human Services, would be authorized to enter into agreements with counties and municipalities concerning the allocation and expenditure of moneys allocated to the State and its counties and municipalities resulting from the resolution of opioid litigation.

A county or municipality that directly receives moneys as a result of a national opioid litigation resolution would be required to establish an advisory council to provide input, advice, and recommendations on the disbursement and allocation of the moneys. Each county or municipal advisory council would, at a minimum, consist of a member possessing expertise in substance use disorder treatment or prevention, a member representing a provider of behavioral health or substance use disorder treatment in the community, a member with personal experience with substance use and substance use disorder issues, the county prosecutor or the county prosecutor's designee, and an individual authorized to appropriate funds on behalf of the governing body of the municipality or county, as the case may be, or such individual's designee. A county or municipal advisory council may include any additional

members as the county or municipality deems necessary and appropriate. The companion version in the General Assembly **A-1488** (*Benson D-14/Verrelli D-15*) is currently in the Assembly Human Service Committee awaiting consideration.

Separate, but related and earlier this month, then Acting Attorney General Andrew Bruck announced that all 21 counties and all 241 municipalities with populations over 10,000 that filed related lawsuits, joined the State of New Jersey in signing onto the nationwide settlement agreements with Johnson & Johnson and the country's three largest pharmaceutical distributors to resolve claims involving their roles in fostering the country's opioid crisis. As a result, the State, all counties, and eligible towns are set to receive the maximum amount available to the State under the settlements of over \$641.0 million. Under the settlements, the amount that each state will receive depends on the level of participation among its county and municipal governments with New Jersey achieving 100% participation.

POLL WORKER COMPENSATION

On February 7th, the Assembly State and Local Government Committee favorably reported and Second Referenced to the Assembly Appropriations Committee for consideration **A-208** (*Rooney R-40/Karabinchak D-18*), which would increase the compensation of election workers from \$200 per day to \$300 per day. Additionally, the measure would increase the maximum hourly rate for election workers serving at a school board election from \$14.29 to \$19.94 and would authorize counties to provide an election worker training program for district board members. Importantly, the measure would appropriate from the State General Fund to the Department of State the sum of \$7.0 million to reimburse the counties for the costs of implementing the bill. Under current law, election workers are paid \$200.00 per day for primary, general, and special elections. In general, the State is required to reimburse counties \$125.00 of the payment to election workers while the counties account for the balance. The bill would increase the State's reimbursement to counties to \$225.00 while keeping the counties balance at \$75.00. The Senate State Government, Wagering, Tourism, and Historic Preservation Committee will consider the companion version **S-1290** (*Beach D-6*) at its next meeting on March 3rd.

REALTY TRANSFER FEE

On January 27th, the Senate Community and Urban Affairs Committee was set to consider but instead held **S-114** (*Holzappel R-10*), which would eliminate the supplemental realty transfer fee. For county governments, this would mean the elimination of a projected \$40.0 to \$50.0 million in annual county public health funding and an additional estimated \$40.0 million to \$50.0 million in annual general revenues used to maintain county property tax levies and to offset other general operating expenses.

Although the Association certainly appreciates the intent of the legislation to make the Garden State more affordable for homeowners, NJAC submits that the bill misses the mark as it would

marginally benefit the sellers of real estate while imposing a significant impact on county public health funding and limited general revenues. In addition to protecting the public health, safety, and welfare of residents throughout the COVID-19 public health crisis, county health agencies have long played a vital role in disease prevention, health promotion, environmental protection, immunizations, lead abatement, cancer screening, food protection, natural disasters, health data collection, and several other public health matters. At a time in which State leaders should be making a greater commitment to investing more capital and resources into the State's public health system, S-114 would eliminate a critical source of funding.

For the reasons set forth above, NJAC opposes S-114 and will continue to urge the Legislature to consider the fiscal ramifications the measure would impose on county public health funding and general operating revenues. Special thanks to Hunterdon County Clerk Mary Melfi and Somerset County Clerk Steve Peter, on behalf of the County Clerks Section of COANJ, for their advocacy and hard work on this matter.

UPCOMING NJAC EVENTS: Don't miss NJAC's Annual Celebration of County Government set for May 4th through May 6th at Caesar's in Atlantic City. Please visit our website at www.njac.org for additional details and the action-packed schedule of events.

**TOP 7 BEST ITALIAN DELIS IN THE GARDEN STATE FOR A NICE PROSCIUTTO, WET MOZZARELLA,
& ROASTED PEPPER SANDWICH WITH SOME OLIVE OIL ON SEMOLINA**

- 7) Randazzo's in Raritan
- 6) Ernest & Sons in Brigantine
- 5) Cugino's Italian Market in Pennington
- 4) Massimo's in Kenilworth
- 3) Vilardo's in Nutley
- 2) Sapore Ravioli in Middlesex
- 1) Fiore's in Hoboken

"Conformity is the enemy of freedom and the jailer of growth," John F. Kennedy.